

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
Ms Rita Saffioti; Mr Peter Watson; Mr Mick Murray; Mr Ben Wyatt; Mr Joe Francis; Mr Christian Porter; Mr
Troy Buswell; Mr Eric Ripper

SKILLED LOCAL JOBS BILL 2011

Second Reading

Resumed from 18 May.

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [4.00 pm]: Since I last spoke on the Skilled Local Jobs Bill 2011 there have been some changes. Some things have moved on in this debate. We have seen the announcement by BlueScope Steel that it will close down its facilities at Port Kembla and Western Port. It said that it will no longer be exporting steel. This brings to national prominence a debate that we in Western Australia have been grappling with for some time. It is pleasing to see that this place is leading the debate in trying to come to grips with this issue. Of course, one of the issues discussed in the context of BlueScope Steel was the high value of the Australian dollar and the low value of the Chinese yuan.

Since that time, unemployment, particularly in my area of Kwinana, has continued to grow. Unemployment remains woefully high, particularly youth unemployment. In July 2008 youth unemployment in the Kwinana area was around 11.6 per cent. It increased to 17.8 per cent in July 2010. In July 2011 it was at 20.6 per cent. We are starting to see an endemic spread of unemployment in our community, and in my community in particular, and we see the very nub of that problem occurring in the Kwinana strip. Fabricators in that area are really struggling to compete for contracts and get a decent pipeline of contracts from the mining industry. As discussed in my earlier contribution and the contribution of the member for Willagee, this is in part because we are designed out of the contracting process. Contracts are instigated overseas, particularly the design components. Often the construction part or the engineering part of those contracts is tendered overseas. We also know that in Western Australia the government is simply not being proactive in the area of apprenticeship. As a result, we do not have that strong growth in the cohort of employees being trained. Unemployment in Kwinana currently sits at around 20.6 per cent. This is a tragedy. It is tragic now because these youths are not getting the opportunities they need to be gainfully employed. It is a tragedy for our economy, because these young people are not getting the skills they need to make sure that our economy, particularly in the area of manufacturing, continues to thrive into the future.

To be fair, the Premier acknowledged in his speech that this was a problem and was one that his government was trying to address. He went into some detail about the work that he has been doing with industry leaders to ensure that some contracts are being rewarded to Western Australian companies. We believe that that is not enough. We think that there needs to be a stronger emphasis in law and stronger accountability for our industry to make sure that we are continuing to create those jobs in Western Australia. At least he admitted it is a problem, unlike the member for Riverton, who provided us with an analysis that essentially said that this is not a problem; this is simply a part of the adjustment of the economy. He did not seem to think it was a particular concern at all. At least the Premier had the gumption and honesty to admit that this is a problem for our community. We then heard the contribution from the member for Geraldton, who asked: who would listen to us, even if we pass this legislation? The multinationals would quite simply not respond to any legislation or our concerns about local content.

I want to look briefly at two newsletters that Gorgon has put out this year—issue 23 in January 2011, a Gorgon project update; and issue 24 in April 2011. The company's newsletter in January went to great lengths to talk about how many of its contracts are awarded to countries overseas. For instance, it states —

In late November, fabrication started on the Project's main modules, the core of the Project's three LNG processing trains, in the Hyundai Heavy industries fabrication yard in Ulsan, South Korea.

...

Within days the Project also saw the first steel cut for its critical subsea structures that are being provided by Vetco Gray at its subcontractor McDermott's fabrication yard in Batam, Indonesia.

It refers to other major pieces of fabrication, which the company proudly proclaimed in January this year —

The Manufacturing of the first subsea trees for the project has also commenced in Vetco Gray's facility in Aberdeen, Scotland.

Clearly, in January this year Gorgon thought the amount of work going overseas in relation to its project was a point of great pride. What has changed since then? Obviously there has been the WA Jobs From WA Resources campaign since then. It is a coalition of unions, engineers and steel fabricators, who have raised the issue of local jobs and local content. They have raised a concern within the community about the lack of contracts that these projects are awarding to local fabricators.

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[Member's time extended.]

Mr R.H. COOK: I refer to the April edition of the Gorgon newsletter published by Chevron. Not surprisingly—perhaps to the surprise of the member for Geraldton—the company has completely changed the tone of its communication strategy to start talking about how it is now driving the local economy. I am sure the member for Geraldton is pleased to see that Gorgon has changed its communication strategy. I know the Premier would be very pleased to see it. The member for Riverton does not care about these things; he does not think it is a problem, but the Premier would be very pleased to see this changed strategy. It is now a preoccupation of Gorgon to talk about the amount of work it is providing to local companies.

I commend the company for switching its emphasis. I commend the company for wanting to hide the number of projects it awards overseas and the number of jobs not being generated in Western Australia and for wanting to talk about those jobs that are generated in Western Australia. I understand that less than 10 per cent of the 300 000 tonnes worth of metal fabrication that Gorgon needs for its project is being done in Western Australia—less than 10 per cent. That is a real concern. It is a real concern because we want to ensure that those young people in Kwinana get the opportunities to get the skills they need to continue to contribute to our economy. A tsunami of construction work is coming forward with some of these projects in the north west. It is probably true to say that a level of work is now being undertaken in metal fabrication workshops in the Kwinana area and across Western Australia that provides a level of growth in revenue. The fact of the matter remains that the lumpiness of these sorts of contract opportunities is so unpredictable that we are not seeing the pipeline of work coming through. Therefore, we are not seeing the confidence levels in these companies increasing so that they can continue to grow their companies, to employ a permanent workforce and to engage apprentices. With this in mind, we believe that this bill will make a valuable contribution for a government and for a community that wishes to manage the great opportunity the resources boom represents.

On the opposite side of the chamber, within this state and nationally, it has been claimed that this bill is mandated local content legislation. It is not. We need to be quite clear on this. This bill requires large project negotiators to publish local content, local jobs and local contract opportunities so that we, the people of Western Australia, can shine a light on these projects and ascertain what level of local opportunities come out of them. We believe that the large mining companies will be proud to boast about the local content components of their projects. As I said before, in the past, mining companies for instance, resisted and resisted native title. Not one mining company in Western Australia today would repudiate the legal ramifications or the requirements of the Native Title Act. Nowadays, mining companies embrace it. We expect the large mining resource companies to also embrace the principles associated with this bill. The mining companies will be proud to talk about the local content and the number of local jobs generated from this legislation. This legislation provides mining companies with an opportunity to do so; in fact, this legislation provides them with an obligation to do so.

We have never said that this legislation is the be-all and end-all for ensuring that Western Australians share in the mining boom; this is one contribution towards it. To date, the campaign associated with this bill—that is, the “WA Jobs from WA Resources” campaign—has been very effective in highlighting this issue. This bill could play a very important role in making sure that we reverse the mentality in this state of simply accepting the crumbs that fall off the back of the resources truck. It would reverse that mentality and make sure that we, as a community, take proactive steps to ensure that we all share in the mining boom. However, other stuff also needs to be done. This government needs to maintain a leadership role and a proactive role in making sure that we benefit from the opportunities that resource booms represent.

In my community, a constituent who is associated with an engineering firm responsible for tendering for manufacturing jobs says that one of the other issues restricting their capacity to tender for a lot of these opportunities relates to transport infrastructure. I am pleased to see that the minister is in the chamber at the moment. This particular engineer said to us that we need greater high wide load capacity and, in particular, the Forrestfield bridge requires modification to enable these large modules to be constructed in the southern suburbs of Perth and then transported to the sites in the north.

Mr T.R. Buswell: In either 2004 or 2005 a big sum of money was put into a high wide load corridor plan and it got moved into the Mandurah rail project and that money was never spent. It is an important issue and I am looking at it.

Mr R.H. COOK: This particular engineer also explained to me that because we are moving to “modularisation” in the mining industry, these large sections may not have been a problem some five to 10 years ago; however, as these projects get bigger and bigger, the transport needs become greater. They wanted to draw that to my attention and the minister's attention to ensure that stays uppermost in the government's mind.

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In conclusion, I am very proud to support this legislation. Indeed, I think it is very important because it is not only a timely response in creating opportunities from the mining resources boom, but also a much needed response. We want to make sure that Western Australians and Western Australian workers are the key beneficiaries from the mining resources boom. We want to make sure that WA jobs are generated from the mining and resources boom. We want to make sure that when this particular boom passes us by, we leave the economy in better shape in training, engineering and metal fabrication capacity than when we entered it. It is a great opportunity and it is very sad to see some of that opportunity slip us by as these projects go overseas. This legislation would shine a light on that process. It would provide an opportunity for members of Parliament to monitor the number of local jobs created from these projects. It would provide the people of Western Australia with the capacity to monitor the number of local jobs generated from these mining projects.

We believe it is very important to support this bill and we believe if the government is serious about local jobs from the mining and resources boom, it will also support it.

MR D.A. TEMPLEMAN (Mandurah) [4.18 pm]: I am very pleased to make a contribution to this important bill introduced by the Leader of the Opposition, the Skilled Local Jobs Bill 2011. I think it is again an opportunity for members on the other side of the house to stand up for their communities, particularly backbenchers who have young people in their constituencies who are seeking to enter employment in the trades and in skilled areas such as engineering. Members need to stand up for young people's parents who have aspirations for their children to have lasting job opportunities, particularly in a state with resources being exploited in the north, the Peel region and the Goldfields in the southern region. Why should we not have a stipulation that the jobs that are created and the benefits that will be delivered from the extraction of minerals, gas and petroleum products into the future will go to Western Australia? Why should we not be saying that our Western Australian families and our kids should be the immediate beneficiaries of that effort? That is the essential thing that this bill is saying. It is saying that while we exploit the rich minerals in our vast state, those who line up to benefit from that extraction and the exploitation of those resources should be Western Australians first. They are the ones who should be at the front of the line. And if we have to have legislation that says that that is what we are aiming to do, every member of this place should support it. My region—the Peel region—like the member for Kwinana's region, has an awful reputation for youth unemployment in particular. Unfortunately, over the last two decades, we have continued to lead the nation in the highest unemployment rates amongst young people. We all know that the best way to give any person, particularly a young person, an opportunity, a chance in life, is by giving them a good job and good skills training, which they then take into their adult lives, and later, as they marry, or are involved with partners, and maybe have children, they enjoy the prosperity that this state should be delivering to its own people.

We should be unashamedly proud that we want to put in place a piece of legislation that enshrines a responsibility and an obligation on companies—those that end up having the rights to exploit the mineral wealth of the state—to ensure that when jobs are created, and when skills and skills training opportunities are created, the first people in the line to be looked at are Western Australians. It is so simple, so what is it that those opposite cannot understand?

What is this bill trying to do? This bill is simply trying to do the following. It will require major resource projects to identify the specific items of engineering, fabrication and other skilled work to be performed locally. That is the aim of this bill. Members opposite, particularly those who have young families or who are in population areas where there are a lot of young families with kids whom we are trying to give the opportunities that this state should be giving them—the opportunities that they deserve—should be thinking very carefully about how they are going to vote on this bill. I am not going to talk for very long because a number of members want to speak tonight and we want to take the legislation to a vote. I want to see where the member for Wanneroo stands on this legislation. He has a lot to say during question time and at other times in this place, but I reckon he will not stand and have a say this afternoon. I wonder whether he will. But he can demonstrate to the people of Western Australia, and to the families in his electorate, particularly the young people and particularly the kids, that he supports them being first in line for Western Australian jobs and them being first in line for skills training and opportunities, so that they have a lasting opportunity to contribute to this great state's economy and to this great state's social fabric. I will be looking very closely to see whether he decides to take part in the debate and how he votes when we come to the vote.

It is very simple: here is an opportunity for a real bipartisan approach. The Premier pumps himself up every question time about how strong he is about Western Australians and Western Australia's rights, obligations and responsibilities. Here is a chance to do it; here is a chance tonight for members opposite to show that they care about Western Australian families and Western Australia's young people. They can show that they want to make sure that there is a lasting legacy as we dig up the iron ore in this state and as we exploit the gas reserves in our

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state and offshore. Members opposite should show that they have the guts to put in place a very simple framework that ensures —

Mr T.R. Buswell: Member for Mandurah —

Mr D.A. TEMPLEMAN: No, I am talking, not the minister. He has had his chance. I am talking on behalf of the people of my electorate. I am talking on behalf of the people in my electorate of Mandurah who I want to make sure have an opportunity to work in the North West, in the Peel region and in all those places before we sell off our work overseas. So I am not going to take the minister's interjection. All I want the minister to do is vote for the bill. Here is a chance for members on the other side, particularly the backbenchers who came into this place after they were elected and said that they were going to be independent and transparent, to do that. We should train our kids first. We should make sure that the skills and the skills development are for our kids first. This bill that has been introduced by the Leader of the Opposition ensures that we put up-front to the big companies and to the international interests that we are going to look after our own first, and that the benefits from our wealth in all parts of regional WA will be shared first with Western Australians and with Western Australian families. The ones who benefit first will be the kids—our kids. That is what this bill seeks to do.

I know that other members want to speak. But on behalf of the mums, dads and grandparents in my electorate who want their kids and their grandkids to access the skills training and to be trained up as engineers, boilermakers and fabricators, and trained up in the various areas that are, and should be, the direct beneficiaries of a wealthy state, and a state that extracts so much from our mining industry, I want to make sure that they know that this bill is our clear indication that we are putting their kids and their grandkids first. If members on that side support this bill, they will be demonstrating to the families, to the grandparents and to the parents in their electorates, and particularly those Western Australian kids, that they too believe that those people should be given the first chance and that they should be at the front of the queue, not stuck at the back and, as the Deputy Leader of the Opposition said, getting the crumbs. Members opposite should show some guts, and I can tell them that they will be supported if they do.

MS L.L. BAKER (Maylands) [4.27 pm]: The Skilled Local Jobs Bill 2011 is incredibly timely. In fact, in some respects it is probably a year or two too late. We have been hearing our Premier deny that there is a boom in existence—the Clayton's boom—yet we are right in the middle of it. Today I picked out of *The West Australian* newspaper an article that many members would have seen on the change in household incomes over the last 10 years, taken from the data of the Australian Bureau of Statistics and, I think, commented on by the National Centre for Social and Economic Modelling. People who are working outside the resource sector, and particularly those on a fixed or low income, have no capacity to absorb the rises in the cost of living that are being experienced. The mining boom in this state has made Western Australian families the wealthiest in our nation. However, when we look at the figure differences between the rich and the poor, it is absolutely clear that the benefits are not flowing on.

When we first read through this bill, we would probably be forgiven for thinking it is about steel fabrication, engineering and draftspersons. I share my electorate with a fantastic organisation called the Master Plumbers and Gasfitters Association. It does a mighty job, and it has a great relationship with John Forrest Senior High School and the brilliant new trade training centre in that school. How do members think those people feel? How do members think the parents in my electorate feel when they give their children advice to go into an apprenticeship or a trade to take advantage of the amazing new facilities in my electorate and the incredible training that is offered by the Master Plumbers and Gasfitters Association, only to find out that the jobs are outsourced offshore in contracts? It is not okay for this to be happening. Youth unemployment in this country and in this state is at phenomenally record highs. I cannot remember them being so bad for a very, very long time. When I first started working for the government, youth unemployment was about 20 per cent and now we see the levels reaching up in that direction yet again. This bill aims specifically at tackling youth unemployment and trying to ensure that people who live and work in this state get some benefits from the opportunities that these industries offer. This is not happening now. If it is not happening now, and this is the second boom we have had in the last 10 or 15 years, what does it take to make it happen? It takes this kind of legislation. All parts of industry have worked on this and come together and said that they need to do something. This legislation is the most intelligent and economically sound way of going, despite what members on the other side have argued. This government simply has to realise that it has to increase its support for Western Australians to train for these high-skilled jobs. More must be invested in apprenticeships, traineeships and in ways of getting people into jobs. Jobs cannot keep being signed offshore in the way the government has been doing. We have to aggressively pursue a more diverse economic base so that the children in this state do not get locked into, and caught forever, in this dreadful two-speed economy that we see emerging in our state. It is simply not good enough to continue down that path any longer.

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If we look even closer at how the scope of this bill would be played out, we see that it is not restricted to the industries that I mentioned before, even though they are urgently in need of this attention. There is capacity in this bill to look further on the economic diversity of our state. We could look at an area like Indigenous employment, and it becomes very clear when we read this bill that there is a capacity to use it to build a more diverse base for our Indigenous workforce as well.

I have been part of a great deal of debate in the last few months around a particular industry that this state has been relying on. In fact, I heard the Premier say at the beginning of this debate that it was time that the live export industry looked at things in a bit of a different way and tried to position itself differently, or words to that effect, I cannot quite remember what he said in the media, although I do have a copy of the article. The Premier's words are a very good case in point; we know that it is timely that that industry looks at a more diverse base for the future. We cannot allow our Indigenous communities and our pastoral and farming communities to also be left out in the cold. Markets are changing; times are changing. This bill will allow industry capacity to move with markets and to change direction far more effectively.

It is a timely bill. It will be extremely sad, but I predict and expect that members on the other side will not support it. It will be a very sad day. This bill is not about mandating levels of local content, it is about a new level of transparency and openness between the WA people and the WA government, and I think it is well overdue.

MR P. PAPALIA (Warnbro) [4.34 pm]: I rise to support the Skilled Local Jobs Bill 2011 and to state that it is an opportunity. I have sat and listened to the contributions from this side of the house and there have been a number of interjections from the other side that may not have been audible to the people in the gallery, but they were of a derisive nature, suggesting that the bill will not have any impact or will somehow have no effect; that it will not support the industry that we are talking about and it will not support those individuals who may be looking for employment in industry in the future. I would like to say to those individuals who made those interjections in a fairly cowardly fashion, from right down the back of the chamber, member for North West, to others who have seats in the outer metropolitan area, that this bill represents an opportunity for them to demonstrate whether they care about an industry that is a national strategic asset. The steel fabrication industry is an essential asset for the Australian nation. It is in our national interest to maintain that industry. It will not be maintained, it will not be sustained through provision of a service industry alone—it must be manufacturing. We have the opportunity today —

Mr A. Krsticevic interjected.

Mr P. PAPALIA: I do beg your pardon, member for Carine; I could not hear that, could you speak up?

Mr A. Krsticevic: I said what is the Prime Minister doing about this then?

Mr P. PAPALIA: I do not think the Prime Minister is doing enough. I feel that this is an opportunity for all of us in this place to send a message to the Prime Minister, and especially to Martin Ferguson, that they are wrong; that they need to act in the national interest and defend our steel fabrication industry. Government members need to stand up and join us to send that message. If they do not vote for this bill; if they fail to support this bill, the Premier is siding with Martin Ferguson and disagreeing with us, because we stand up for the steel fabrication industry in Western Australia, and government members are not doing that unless they support this bill. This is an opportunity for them to place clearly in *Hansard*, on the public record, that they care about the strategic national interest and that they care about the Western Australian state interest. If they do not stand up, they are playing petty political games and no matter how many times Hon Phil Edman goes down to the Kwinana strip and has his photo taken at an empty warehouse, or claims that he acts on behalf of industry in Western Australia, it means nothing unless government members support this bill, which offers the opportunity to demand a commitment from the big proponents in this state to demonstrate just how much of their work is coming to Western Australia. That is all that this bill asks; it does not mandate a minimum percentage of local content. The Minister for Transport knows that. Why does he not stand up and support this bill? Why does he not just say that it is a fair thing that proponents are transparent, that they do not just list how many contracts are tendered to Australian companies, without saying how many of their other contracts go overseas and how many subcontracts are delivered overseas? How about the minister saying that he is in support of transparency, he is in support of the steel fabrication industry in Western Australia and he is in support of the Western Australian state interest and the national interest? If he does that, he will support this bill. If he does not do that, he is playing games and he is pretending that he cares, but he does not really.

MS J.M. FREEMAN (Nollamara) [4.38 pm]: I also rise to speak in support of the Skilled Local Jobs Bill 2011. The purpose of the bill is to provide an appropriate framework to ensure that the Western Australian government and proponents of major resource projects detail procurement practices that will provide a fair opportunity for

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Western Australian industry to participate in projects; detail information on methods through which Western Australian businesses will become part of the supply chain of the resources developer; detail how Western Australian suppliers will be given the same opportunities to participate in projects as existing interstate and overseas suppliers; provide information on the expected percentage of local content; explain why Western Australian businesses are being overlooked for work that could be done in this state; and detail which regions of Western Australia would benefit from participation in major resource projects.

The community in the electorate of Nollamara is very supportive of the campaign for local jobs, and believes that what can be made here should be made here. Historically, Nollamara has a higher unemployment rate than the rest of the state. When the rest of the state is tracking at about three per cent, Nollamara and the regions that I represent track at about three per cent higher than that unemployment rate. The people of Nollamara certainly want to see the benefits from our resources flow into the local communities.

One such person who wants to see those benefits is Mal. He is a Western Australia father of two. He has worked his whole life in the steel fabrication industry and until this year he was employed as a foreman in a local steel fabrication workshop in Perth. Late last year the company Mal worked for closed its workshop and laid off all its employees. The workshop was a thriving business that serviced Western Australia's oil, gas and mining industries and had grown to employ over 30 people. The company even managed to survive the global financial crisis, but even as the rest of the Western Australian economy recovered from the GFC, the fabrication work the business relied on to survive dried up until the business was no longer viable. Mal looked for work in other workshops only to discover that the same problem that had crippled the company he worked for had spread across our state. Mal now has a job. Despite previously working 10 kilometres from where he lived and where his children go to school, he is now a fly in, fly out worker. He works a roster that sees him leave his high school-aged students and their school work and sporting achievements for a month at a time. When he is home, he is only home for a week. Mal has to work as a fly in, fly out worker. He is not seeing the benefits of what he can do in a local job and in his local place. Mal is basically one of thousands of Australians who are struggling to find employment in the fabrication industry in their local area; that is, utilising skills they have developed over a lifetime of work in Western Australia. There is no reason to resist this legislation. It is right that we do those things for the purposes set out in this bill.

A recent poll found that 44 per cent of voters considered themselves financially worse off than they were 12 months previously. In July 2011, 56 per cent of voters reported they were financially worse off than a year ago. People are missing out on the benefits of the boom. Even the Chamber of Commerce and Industry of Western Australia reported last year that we were in a technical recession during the last six months of 2010. Where are the benefits? We are now about to embark on some history-making resource projects. People in the electorate of Nollamara and people in the state of Western Australia need to benefit from those resources. They are our resources. This is about us going out there and saying: these are our resources; if companies want to exploit our resources, these are the terms and conditions to operate under; and they are about local jobs, local people, local income and the wellbeing of our community.

MR W.J. JOHNSTON (Cannington) [4.41 pm]: I rise to put on the record my support for this important piece of legislation—the Skilled Local Jobs Bill 2011. It is interesting to listen to the criticism that has been made of this bill. It has been said that we are mandating local jobs for people in this state and that we are mandating that people in Western Australia get an opportunity to get benefits out of the resources sector in this state. What a terrible accusation to make against the Labor Party!

It is interesting to read the Premier's press release of 14 September 2009, when he announced the final approvals for Gorgon. In his press release headed "Gorgon set to take Western Australia to new heights in oil and gas industry", he said —

"The project will create about 10,000 jobs during the peak construction phase ...

What else did he say? Did he say it will be up to the Gorgon partners to decide how industry participates in the project? Did he say the state government would have no role in determining how resources would be allocated by the private venturers? No, he did not. In fact, the Premier went on to say —

"The State Government has a local content policy in place and has been working with the Chamber of Commerce and Industry through the Industry Capability Network to ensure local businesses can be involved and benefit from the Gorgon project."

What is the Liberal government's position on local content? It has a local content policy; it has a policy that is about delivering jobs to local workers! Somehow or other when we say, "Let us formalise that; let us put it into

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the legislative framework so companies know what is required of them and they can be in agreement and there can be some sort of transparency in that process”, we are holding back development in this state. Why is the Premier not apologising to the Gorgon partners when he says there should be local participation? Why is he not apologising to these companies for what he says is about demanding local content from those partners? All we are saying is: let us not just take the Premier at his word; let us put it here in Parliament so it is for everyone to see. When reading and listening to the Premier speak on this topic, it reminds me of the Premier’s words in *Hansard* on 26 October 2004 when he said —

That press release by the Premier and the minister was the great lie of this project.

It just draws to my attention the Premier’s words, because if he is not prepared to stand in this chamber and say “Not only am I going to say that I want Gorgon partners to have a local content plan, I will do something about it; I am going to roll up my sleeves and do some work”, then the Premier’s press release of 2009 will become the great lie of the project. I will go further. The Premier says lots of things in this chamber. He also says lots of things outside this chamber, such as exporting liquefied natural gas to Queensland, which is an interesting concept. On 16 October 2003 the Premier said —

Any company can comply with the letter of the obligations of an agreement Act. The real issue is whether the minister—it is not a matter of answering questions—is willing to roll up his sleeves and become directly involved in the project and its procurement.

Why is it that the Premier is not prepared to do that now that he is in government? Now that he can actually make a difference, it is somehow the market’s fault. He is always happy to blame others and chip in with some advice when he is in opposition, but when he gets to sit in the chair and make a difference, he does not do that. We are saying it is time the government went past rhetoric and actually did something. We are saying it is our resources, it is our benefits that are available to these multinational corporations, and it is time they paid up to the people of Western Australia. As the Premier said on 18 May 2011 —

If companies are required to indicate levels of local content up-front, do members reckon they will go high or low? They will go low.

The idea that the Premier will accept a low-ball contribution from the resources of this state is ridiculous. We need to see proper work done by this Premier. It is easy to talk; now it is time for the Premier to deliver. All these opportunities are in front of the Premier. This legislation says let us not just talk about local content, Premier, let us not just issue press releases talking about 10 000 jobs and full workshops, let us do something to help the businesses in this state give opportunities to people such as the people of Cannington whom I so proudly represent.

MS R. SAFFIOTI (West Swan) [4.46 pm]: I want to speak briefly on the Skilled Local Jobs Bill 2011. As many members have stated, this is not a radical bill; it requires our major resource companies to provide information to the public about what is being done to provide jobs to Western Australians. It is about increasing and improving the level of transparency and reporting by our major companies. That is what this bill does. It creates an obligation on those companies to explain to the Western Australian people why they choose to send jobs overseas. It creates an obligation to try to increase the amount of work that is undertaken in Western Australia. That is what it is doing. This is not radical. For any member on the opposition to vote against this bill is absolutely ludicrous. All it does is require our resource companies to report to the people of Western Australia what is being done to improve the number of jobs in Western Australia in the fabrication and other related industries. It is a very necessary step. As members have outlined, companies tell us they have X million dollars worth of contracts, but they do not tell us exactly how many contracts are going overseas. They do not tell us exactly how much value of that contract has been produced in Western Australia and Australia generally. This bill will put an obligation on companies to do more in Western Australia. It is not radical. When people talk about these types of initiatives and talk about protectionism and all those types of things, it is absolutely ridiculous.

I was around when we were negotiating the domestic gas policy a number of years ago. I remember some of the threats made then by major oil and gas companies that were just not true. I believe Western Australia should be strong enough and mature enough to actually say, “Hang on, what are the maximum benefits we can get from our resources for all Western Australians?” That is all this bill will do. It is actually engaging with resource companies and saying, “What can we do? How can we maximise those benefits?” Frankly, people are sick of seeing our major resource companies deliver massive profits and not deliver enough to the people of Western Australia. They are our resources. As we have heard numerous times in debates about the minerals resource tax, and as we hear again and again, these are Western Australia’s resources. Yes, they are. They are our resources.

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They are our children's resources. But what are we doing to ensure that these resources deliver not just today, not for the short-term bottom line of some of our major international resource companies, but for the future of all Western Australians? As I said, this is not radical. This is in no way radical. What it will do is force our major companies to report and to make an effort to try to engage local workers and local industry. That is what it will do. As I said, for any member of the government—before, I said opposition; I meant opposition to these benches—Liberal Party, National Party and Independent, to vote against this is ludicrous—absolutely ludicrous.

Several members interjected.

Ms R. SAFFIOTI: Members opposite should actually read the bill. How can they say that companies should not be reporting on how many jobs they are creating? How can they say that companies should not be reporting on what they are doing to encourage local industry? If members opposite think it is good enough for companies to come to this state and take our resources, and not encourage industry in Western Australia, then I am sorry, that is not our future. We have to do more, as I said, for our children and for the future of Western Australia.

I urge members to put aside party-political lines. This is not a party-political bill. This is a serious bill. It is a bill that is supported by industry, and it is supported by unions. Most importantly, it is supported by Western Australians. I ask all members to go into their electorates and tell their residents, their constituents, that they do not believe it is right to get more jobs in Western Australia for Western Australian people. I urge members to go out and tell them that—because that is what they will be doing if they vote against the bill. As I said, this is not radical. But it is the right thing to do, and it is the right time to do it as well, as we see these enormous projects all around Western Australia. I urge everyone in this house to support this bill.

MR P.B. WATSON (Albany) [4.51 pm]: I stand up to fully support the Skilled Local Jobs Bill 2011. This is a commonsense bill for all those people who care about Western Australians, care about the future of our young people, and care about Western Australia as a whole. I am a fly in, fly out pollie, so I am at Perth Airport quite a lot, and I sit down and talk to the fly in, fly outs. When I first started 11 years ago, they would say they are from Mandurah or from Bunbury. Most of the guys I talk to now are from Tasmania, Queensland, New South Wales and Victoria. All these people are coming into this state for our jobs. This is the little chink in the armour that is going to take all the profits and all the money that should be going to Western Australia.

We have a situation in Albany in which the Grange Resources project will be coming up very soon. My main concern is that everything for that project—all the parts and all the engineering work—will be done overseas, when we have very good industries in Albany, smaller industries, that could do that work. We have noticed that with the new hospital that is being built in Albany, everything has gone through Perth. Not one of our local businesses has been given any major contracts. The Premier came to Albany the other day, and there were people working there; I think 50 people. But these are just locals. Not one of our local electricians, our plasterers or our cement workers—all those sorts of people—has been given this work. It has all gone to people from Perth.

Many young people in Albany are unemployed. The unemployment rate in Albany is very high. Even the ones who want to get work up north cannot get it. There are tradespeople in Albany who have been trying for six months or more to get jobs up north, but the companies are just not interested. Then I go to Perth Airport and see all these eastern states people who are getting the jobs over our local people.

I would be interested to hear about the Buy Local policy up north, because we are talking about all sorts of industries, about engineering, and about all sorts of contracts, but I would be interested to find out all the other money that goes up north that does not come from Western Australian industry. I know this is getting a bit away from the bill, but the mining companies in the north west do not do any training up there. A lot of young people in Albany say they want to go up north and they are looking to be trained. But the companies will not do the training. They are just bringing in people from the eastern states. To me, that is a bane on Western Australia. This is our iron ore that we are talking about. It is not somebody else's iron ore. We are talking about Western Australians' iron ore. We own it, and we should be responsible as members of Parliament to make sure that our industry, our trainees and our apprentices get that opportunity to become part of the Western Australian future and Western Australian boom.

We will be letting all the marginal seat holders on the other side know what will happen if they do not stick up for this bill. This is a non-partisan bill. I will be interested to hear what their thoughts are, and whether they want to talk against it, and whether they want all the engineering and other work to go overseas, and prevent Western Australian people from getting the jobs. The member for Wanneroo gets up and chatters here and chatters there. But when a bill like this comes in, which is going to affect his electorate, what will he do? I bet he will not get up. The Liberal Party policy is, "Oh, we can cross the floor; we can cross the floor." We will find out today if any of them over there have ticker. They will get up and they will waffle on. But what we are looking at here is a

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commonsense bill. It is looking after Western Australian industry. It is looking after Western Australian families. It is looking after Western Australian youth. If anyone in this house does not support this bill, they do not support Western Australia.

MR M.P. MURRAY (Collie–Preston) [4.56 pm]: I too want to add my very brief comments of support for the Skilled Local Jobs Bill 2011. This bill is about something that is dear to my heart. It is about local people getting local jobs. But it has not just happened in recent times. We have seen the fly in, fly out from Cairns. People are flying in from all around the world, in fact, to take over jobs in this state. I believe people in this state are being let down because of the lack of training and the lack of effort to make sure people in this state are employed. That is the case especially for our youth. In some areas, youth unemployment is at 20 per cent. That is not because they do not want to work; it is because they have been disappointed. If we ask them, “Why aren’t you working?”, they say, “I don’t have the experience, and no-one will take me on; people with experience are brought in first up.” That is a great disappointment to any young person in Western Australia. When we tout Western Australia as the boom state, and people cannot get a job, I think it is a disgrace, and it certainly is a reflection on us in this Parliament.

So, we need to do more. We need to look at creating more apprenticeships. We need to train people to fill the positions in that area. Another problem is that a lot of people will not do that first year in an apprenticeship, because some of them are on only \$7 an hour. That is not a very good rate for people to start their working life on. But sometimes we have to make sacrifices to be able to get through to the other end. When there is a downturn in any industry, the first people to go out the door are the apprentices. But when there is an upturn, they are the last ones to come back in. However, they come back in only when the pressure is put on. Why can we not have contracts that have employment contracts written in them? If a job needs a state agreement act, why can we not say there shall be 400 apprentices on that job? We do not do that, and we are not strong enough in that area. I believe we should be a lot stronger in making state agreement acts reflect into employment. There is not enough of that work being done. We say the market will settle itself. But the companies will take every short cut, including bringing in train loads, or plane loads, of 457 visa-type people. Some people in Western Australia have made a very good living out of bringing in migrant labour, or 457s, when we should be training our own first. That is something that, again, is so dear to my heart and that I am passionate about. I am glad to be standing here to support this bill. I walk down town, and I hear people say, “I have applied for 20 jobs in the mining industry, and I can’t get one. What is all this rubbish that we read about in the press? What is it all about? Why are they saying we need labour when I can’t get a job?”

I remember very clearly that with the Worsley contract in the Collie area, there was a website that people could put their name on. There were 2 500 people on that website, yet they could not get a job. They were still bringing in people from Queensland, from New Zealand, and from other places. The Kiwi guys who have come in have been trained up very quickly on scaffolding, and one of the jokes is: Why have the Kiwis not landed a man on the moon? Because there is not enough scaffolding to get them there! There are so many New Zealand scaffolders around; we could do that. Those are the types of jokes that go around those jobs. That is no disrespect to the Kiwi guys; it is a fact that they have been trained in their own country. Why are we not training our own? That skill is not at the same level as fitters or other areas, but it is a skill that is needed on every construction site. Again, let us look at our state agreement acts and at how those companies can be encouraged to employ those people. It is a free market out there, but we see time and again the shysters who bring in overseas workers, as happened off the north west coast, and pay them ridiculous money—\$1 000 a month, when their colleagues were getting \$10 000 or \$15 000 a month. Why is that allowed to happen? Why is it not being checked up on? Why is this government not making sure that, during our so-called boom time, our people have jobs? Why will the government not support this bill? It is time we took action. We hear that there is money for training, but it is not happening. There are people in every electorate out there who need a job. Any member in this chamber can stand and say, “My house is full; we don’t need any more jobs.” Let us hear that; let us see members put their hands up if they are in that position. If they are not, they should support this bill.

MR B.S. WYATT (Victoria Park) [5.01 pm]: I too rise to make a few comments in support of the Skilled Local Jobs Bill 2011. Many of my colleagues have already made the point that this is not a radical bill; this is a bill that creates transparency and does not mandate percentages of local content, as some members have suggested. By creating a transparent process, it will create a public expectation, a public obligation and public pressure on those groups that are making significant amounts of money out of the assets of Western Australians to ensure that work stays here in our state and, importantly, to ensure that Western Australians are trained and educated and can become more productive. Over the last little while, much has been made of the importance of productivity at the federal level, but more so at the state level. Although it seems to carry out mainly at the federal level, productivity in a country like Australia and a state like Western Australia is all about investing in

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human capital. That is what this bill will do. It will ensure that companies face public scrutiny of how much investment they make in our human capital as they go about mining our resources—a finite asset that will not be there forever. What are Western Australians getting beyond a revenue stream by way of royalties and payroll taxes? What is it?

Productivity is something that I do not think this government takes particularly seriously; beyond the simple desire to increase royalty rates on the iron ore sector, there has actually been no further thought about the economic base of our state. How do we go about broadening the economic base? This debate has gone on in this Parliament for decades; the Premier has participated in many of those debates, but what is he doing to actually ensure that our children, the next generation, are equipped, prepared and trained to do something more than simply benefit from the resources sector? I understand that this bill deals primarily with the resources sector.

What else is going on? I will tell members what else is going on with this government, and it will give us a good example of the priority that this government places on anything that is not simply digging something up, sticking it on a ship, and sending it away. I refer to the government's science and innovation budget over the few short years that it has been in power. Science and innovation grants have been cut from \$36.5 million in 2010–11 to \$3.2 million in 2013–14. Members will remember that the first Minister for Science and Innovation, the member for Vasse, cut funding to the Gravity Discovery Centre, and it was not until the subsequent Minister for Science and Innovation took over that that some of that funding had to be extended. Funding for the Western Australian Science Awards has been cut by more than 80 per cent. There is also the Technology and Industry Advisory Council and the Science and Innovation Council. We have heard from Charlie Morgan and we have heard from John Poynton, who voted with their feet in their view of the way this government treats science and innovation, and any other area beyond simply mining and shipping out resources owned by Western Australians. Mr Morgan and Mr Poynton have been very accurate in the fact that they can spend their valuable time doing something other than being ignored by the state government. Barry Marshall, commenting on the resignations of Charlie Morgan and John Poynton, made the point that this Premier and his government treats science like the poor cousins of the resources sector with which the Premier is so infatuated.

Every member of Parliament understands the importance of mining, oil and gas to the economy of Western Australia; but, ultimately, why we actually mine is to create opportunities for Western Australians. That is what this bill will do; it will create a public mechanism by which companies have to explain what they are doing in the way of training Western Australians. I know that the government will vote against this bill. It will have to go back and explain that vote to the workshops in their electorates and their constituents who are not being trained or employed. Ultimately, it is the economy of Western Australia that will suffer—not now, but in the not-too-distant future—from the neglect of a Premier who is one-eyed about the nature of the Western Australian economy. As can be seen by the stance he has taken with science and innovation over the last three years, he has absolutely no vision beyond simply digging up our resources and sending them away. This is one of the first pieces of legislation to create an opportunity for Parliament to debate a vision beyond the mining of our products and shipping them away to foreign countries.

MR J.M. FRANCIS (Jandakot) [5.07 pm]: I want to make a couple of points on the Skilled Local Jobs Bill 2011. I start by saying to the house that I have read every single word of this bill, word for word. From what I have heard from some speakers opposite, I could place a comfortable bet, knowing that I would win, that not every single member of the Labor Party who is supporting this bill has even bothered to read it. One of the points made by the member for Collie–Preston —

Mr P. Papalia: Are you going to support it or do as you're told?

Mr J.M. FRANCIS: Does the member mind? Does he have to be rude his entire life?

The member for Collie–Preston made the point —

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr J.M. FRANCIS: The member for Collie–Preston made the point that some of the scaffolding workers up north are on \$10 000 to \$15 000 a month. Is he kidding me? And he wonders why companies are exporting jobs offshore. If he were to walk onto the floor of some of the steel manufacturers in Western Australia and ask them how much they pay, some welders and fitters are up to \$90 an hour. As a member of Parliament, if I average about 80 to 100 hours a week, I would be on about \$35 an hour, but welders on the floor of Fremantle Steel Fabrication are on more than double that income. Good on them, but if we want to know the reasons why some of these manufacturing companies cannot compete with overseas companies on some of the big steel projects, they will tell us why, if we ask. I have done that, and I would like to thank James England for organising that,

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and Hon Phil Edman. The reason there is daylight that stops them from being so cost competitive is the price of the labour. There are two clear reasons why the price of labour is so expensive in Western Australia and across Australia—a shortage of skilled labour, and the fact that the union movement in this state has made the price of labour so expensive.

It takes more than two years to get an apprenticeship ticket, member for Albany. One of the things that really irks me in this game is hypocrisy. I am going to rule out the member for Albany in my general observation on this because the member for Albany is the guy who drives the white Commodore, which has the Buy Local numberplates and which is parked in the members' car park. All credit to him. When I talk about hypocrisy, I am not talking only about the steel industry; we can look also at the textile industry. I ask every single person in this house: who is wearing a suit that is made in Australia? But I am not going to do a Jeff Kennett!

Ms L.L. Baker: Made in Western Australia.

Mr J.M. FRANCIS: Three members in this house are wearing locally made clothes. The member for Maylands is. I am.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr J.M. FRANCIS: We can go out into the car park and see that half the number of Labor members drive Toyotas. They do not even drive Australian-made cars.

Mr P. Papalia interjected.

Mr J.M. FRANCIS: If the member for Warnbro is such an expert on industry and content and car manufacturing, here is a challenge for him. Who can tell me the model of the last car that was 100 per cent made in Australia when it rolled off the production line?

Ms L.L. Baker: Your's.

Mr J.M. FRANCIS: No; it was not. It was a Mitsubishi Magna in 2008.

The DEPUTY SPEAKER: Member for Jandakot, please stop engaging in discussion with members opposite and address your remarks through the Chair.

Mr J.M. FRANCIS: I find it absolutely amazing that members opposite can claim to be leaders and that they are passionate about local content while they insist on wearing imported clothes and driving foreign cars. That brings me to a point I have made previously in this house; I will touch on the history of this again.

Mr P.C. Tinley interjected.

The DEPUTY SPEAKER: Member for Willagee.

Mr J.M. FRANCIS: In 2003, 50 per cent of the population of the state were not born here. If the member wants to have a go at every single person who has migrated, he can start with the next person who wants to be leader of the Labor Party, who is from New South Wales. We can go through them all; I am not the only person who was not born in Western Australia.

The DEPUTY SPEAKER: Members! Member for Jandakot, address your remarks through the Chair.

Mr J.M. FRANCIS: Thank you, Mr Deputy Speaker.

I want to touch on one of the issues I have raised before.

Mr P.C. Tinley interjected.

The DEPUTY SPEAKER: Member for Willagee!

Mr J.M. FRANCIS: When we are talking about local content, it comes down to the issue of integrity. The biggest government-funded steel project in the history of Western Australia is the floating dry dock down at Henderson. I have raised this before and I will raise it again because it is worth noting. The upgrade of the common-user facility in Henderson was originally meant to cost \$90 million, of which in 2007 the state Labor government —

Mr P. Papalia interjected.

Mr J.M. FRANCIS: The member for Warnbro should have some manners.

Mr P. Papalia: Now that you are in government will you build the second half of the floating dock?

Mr J.M. FRANCIS: I am not the one making the issue out of it; the member for Warnbro is.

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Mr P. Papalia: I do not care about it; you think it is a symbolic argument.

The DEPUTY SPEAKER: Member for Warnbro! Member for Jandakot!

Mr J.M. FRANCIS: Thank you, Mr Deputy Speaker.

Several members interjected.

The DEPUTY SPEAKER: Member for Warnbro, I call you for the second time.

Mr J.M. FRANCIS: The biggest steel project in Western Australian history—the floating dry dock down at Henderson—was paid for by the taxpayer. It was originally meant to cost about \$62 million, of which 91 per cent was funded by the state government, four per cent by the Australian Submarine Corporation and five per cent by Defence. It is a great project; I do not have to defend its merits because everyone knows that it creates great opportunities for local jobs down at the strip at Henderson.

The history of this project is that it was originally announced in 2006 and the cost of constructing the dock was meant to be \$35 million. The final cost went out to \$62 million. The state government initially called for tenders for the dock in 2006, but it obviously balked at the high cost of producing it in Western Australia. The original tender process actually highlighted Australian content as a key objective. The four companies that were short-listed when their tenders came back were Ausclad Group, Leighton subsidiary John Holland, Tenix and Forgacs Shipyard from the eastern states. This was followed by a six-month pause while the government thought about the implications of it. A second round of tenders went out and John Holland and Forgacs were the two bidders who responded to it, but they were still too expensive. Therefore, when it went out again, the project included an entitlement to include off-shore fabrication. Strategic Marine ended up winning the contract to build it. There is no guessing where the floating dry dock section of that was made when the state Labor government was in power. It was built in Vietnam because it would have cost more than twice as much to have had it made locally. It is right for government to be prudent with taxpayers' money, but members opposite are saying here today that it is not okay.

Several members interjected.

Mr P.C. Tinley: Comprehension zero, mate.

The DEPUTY SPEAKER: Member for Willagee!

Mr P. Papalia interjected.

The DEPUTY SPEAKER: Member for Jandakot.

Mr J.M. FRANCIS: Strategic Marine is a great company; it has got —

Mr P.C. Tinley interjected.

The DEPUTY SPEAKER: Member for Willagee, I call you for the third time! I suggest that you take heed of these warnings.

Mr J.M. FRANCIS: In 2007, the manufacturing union accused the state government of selling out the local industry by sending work for the floating dock to Vietnam. I have quoted before what Hon Jock Ferguson said on this issue, but it is worth noting again what *The West Australian* reported the minister at the time, Hon Alannah MacTiernan, as saying —

In reply then Planning & Infrastructure Minister Alannah MacTiernan said the project had 64% local content.

Importantly, she also said —

“The Government’s investment will create many employment opportunities, not only in its construction, but also in billions of dollars in contracts it will help attract. Calling this a betrayal is ridiculous.”

WA Business News reported as follows —

“It’s nonsense that the government would pay money into a facility to attract industry ... and then get part of the infrastructure built offshore. ...”

“Ms MacTiernan told *WA Business News* the high cost of Australian fabrication made it unviable to build the floating dock locally.”

When members opposite are in government and trying to be prudent with taxpayers' money, it is okay to go offshore, but when they are in opposition and seek to make a cheap political point, it is okay to try to use this chamber to score points on something that even the Labor Party, at all levels, is bitterly divided on. When I say

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“bitterly divided”, I have always said that the reason the Labor Party in Western Australia is so extremely left wing, which it is, is that the puppet masters who pull their strings, the left wing union leaders —

Several members interjected.

The DEPUTY SPEAKER: Member for Jandakot.

Mr J.M. FRANCIS: A couple of weeks ago I went to the Australian–American leadership dialogue. After the dinner, I could not help but notice one union man from the eastern states poke the Leader of the Opposition in the chest. I would love to know what Paul Howes said to the Leader of the Opposition that night. It is very clear that the Labor Party in this state has gone very far left wing. It is so far left wing that it is further left than the socialist Prime Minister of Australia. That is absolutely amazing. Even she does not agree with members opposite on this issue.

Mr P. Papalia: She is wrong.

Mr J.M. FRANCIS: Do members opposite not see where that puts them on the political spectrum? It puts them so out there that even a federal socialist government can realise that what they are trying to do will not solve the problems. I have looked at this issue before. In March this year Martin Ferguson said about mandating local content in the past —

Mr P.B. Watson interjected.

The DEPUTY SPEAKER: Member for Albany!

Mr T.G. Stephens: Are you part of the Tea Party?

Mr P. Papalia interjected.

The DEPUTY SPEAKER: Member for Warnbro!

Mr J.M. FRANCIS: When Martin Ferguson was here in Western Australia, *The Courier Mail* reported as follows —

Resources Minister Martin Ferguson has announced his vehement opposition to mandating the level of local content utilised on WA’s major resources projects.

...

“To mandate, that means there is no pressure on our industry in terms of cost competitiveness.

Mr W.J. Johnston interjected.

Mr J.M. FRANCIS: It is clauses 4 and 5. This is the key to the message that the state Labor Party has got it absolutely wrong, because if local content were mandated, it would take away the pressure on industry to be cost competitive. Martin Ferguson said —

“Local content is not state specific, it’s Australia specific, we’re a nation.”

Even Martin Ferguson does not think this is a state issue, but opposition members are so keen to score cheap political points that they will come in here and deal with an issue that, even if I agreed with them, is not an issue that should be debated in this house. This is a federal issue. Even Martin Ferguson is saying that this is not a state issue. He said —

“Local content is not state specific, it’s Australia specific, we’re a nation.”

The article continues —

He explained that an incredible amount of work was already required to secure the enormous levels of capital to get the projects off the ground, and mandating the level of local content would add to the cost of delivering them within Australia.

If we were to do this, we would make the Western Australian industry even less competitive. If that is what opposition members want to do, they can go ahead and keep pushing their point. Even most of the Labor Party around the country disagree with them. They are out on a limb here.

Mr P. Papalia interjected.

Mr J.M. FRANCIS: Further, the article states —

“It’s a tough world in terms of winning resource investment and capital is footloose,” he said.

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“In regards to Australian content we have to start focussing more on productivity to remain cost competitive.

I refer to recent comments by Prime Minister Julia Gillard on this issue. I am going to go back only four days here. This is from an article in the *Illawarra Mercury* about the Prime Minister visiting that steel manufacturing hub south of Sydney —

Prime Minister Julia Gillard pledged to stand “shoulder to shoulder” with sacked Port Kembla steelworkers but is offering a fraction of what’s needed to fix the Illawarra —

The DEPUTY SPEAKER: Sit down, please, member for Jandakot. If you want to take part in the debate, member for West Swan, just move back to your seat.

Mr J.M. FRANCIS: If we consider the decorum shown on our side when members opposite were speaking and we consider what has gone on in the last 13 minutes, it says a lot about the manners of members opposite.

Several members interjected.

The DEPUTY SPEAKER: Member for Jandakot, continue.

Mr J.M. FRANCIS: The article also states —

Ms Gillard has also refused to mandate the use of Port Kembla steel in major government and mining construction projects.

...

Ms Gillard yesterday described protectionism as “cheap populism” and a “slippery slope”, claiming that mandating the use of Australian steel would hurt the mining sector.

Mr P. Papalia: So you stand four-square with the Prime Minister.

Mr J.M. FRANCIS: It is not a Liberal Party politician I am quoting. It is all right for members opposite to walk in here and say, “Oh, do you agree with this?” or “Do you agree with that?”, but when we ask whether they agree with people on their own side of politics, they question me. The article continues —

“We are a great trading nation [with a] turbo-charged resources sector and it would make us the subject of trade retaliation,” she said.

This comes down to state sovereignty and the risk that is involved. Martin Ferguson has commented on this many times. I will not go into it.

Even the steel industry as a whole is not united on this. I refer to some comments from Mark Vasella, the chief executive of BlueScope Australia. The article states —

... yesterday he declined to call for mandated local content, saying he just wanted to compete on merit.

“We’re not about policy that doesn’t promote fair trade,” he said.

“From our perspective, we operate with all of the other countries that are WTO [World Trade Organisation] members so we’re not looking for an unfair advantage.

“Where I probably get cranky is where projects are let and we haven’t even had a chance to get a look at it —

I would agree with him on that. I would encourage Chevron and Woodside in Western Australia to do everything they can to give local producers—

Mr T.G. Stephens interjected.

Mr J.M. FRANCIS: So members opposite are about mandating. Either they are or they are not. The bill says it or the bill does not say it.

I will keep going until I get it out —

“From our perspective, we operate with all of the other countries that are WTO [World Trade Organisation] members so we’re not looking for an unfair advantage.

“Where I probably get cranky is where projects are let and we haven’t even had a chance to get a look at it, that are driven out of central procurement businesses elsewhere. If we can have a go at it and win it in our own right, then that’s the right outcome.”

It is not only Prime Minister Julia Gillard who is saying this.

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
Ms Rita Saffioti; Mr Peter Watson; Mr Mick Murray; Mr Ben Wyatt; Mr Joe Francis; Mr Christian Porter; Mr
Troy Buswell; Mr Eric Ripper

[Member's time extended.]

Mr J.M. FRANCIS: It was not only Martin Ferguson saying this; even Kim Carr is on the bandwagon. An article last week in *The Australian* stated —

And Industry Minister Kim Carr has unambiguously rejected calls by trade unions and employers for a formal inquiry into the future of manufacturing, insisting the sector put its faith in innovation and ruling out any form of protectionism.

Even Kim Carr is saying something totally different from what the state Labor Party is saying on this.

It is worth noting Martin Ferguson's recent comments. On 25 August *The Australian* stated —

Resources Minister Martin Ferguson says he has seen no evidence that companies are importing steel for multibillion-dollar resources projects without first putting lucrative contracts out to tender in Australia.

...

Mr Ferguson said he had seen no evidence that Australian resources companies were using design specifications that favoured foreign steelmakers.

I think that is a question that is worth looking into. I will give credit where it is due. An allegation that James England has raised with me is that some of the big corporations are changing the standard in order to rule out local companies from being able to tender. I think that is something that the federal government should look at. Martin Ferguson is saying that that is not happening and he has seen no evidence of that. The article went on to say —

“I can assure you in my discussions with the big resource and energy companies that there is no tender process trying to lock out Australian companies,” he said.

Mr P.C. Tinley interjected.

Mr J.M. FRANCIS: I do not. I just think if members opposite really want to have some integrity on this issue, they should probably stand up and say, “When the Labor Party was in government just a couple of years ago, we thought it appropriate to have the biggest taxpayer-funded steel project in the state's history built in Asia, because we know that it is going to cost twice as much to have it made here.” It is right for governments to be prudent with taxpayers' money, but what the opposition is doing today is turning around and saying, “Our position has changed. When we were in government, it was okay to be prudent with taxpayers' money, but it is not okay for the Chevrons and Woodsides of the world to be prudent with shareholders' money. We are basically a party of socialism, and we want to enforce local content across Western Australia even though it is against what our WTO agreement stipulates is possible.”

Opposition members want to promote local content. As I said, it is okay for them to drive imported cars and it is okay for them to wear imported clothes, but it is a little hypocritical to say that they are the champions of local content—unless it is the member for Albany; I will give him credit for his number plates—when they do not practise what they preach. I think opposition members should all go and have a good look in the member for Rockingham's well-lit mirror tonight and ask, “Do we really believe what we are doing is going to help the Western Australian steel industry?”

In closing—I am looking at the member for Warnbro, who is nodding his head—one point the member made that I place on record that I absolutely agree with him on is that steel manufacturing in this country is a strategic asset. It is something that we really need to ensure stays profitable and sustainable. It is a strategic asset. I would hate to see something happen to that industry that meant that we did not have that capability left in Australia anymore, but this is not the answer.

If members opposite really want to talk about skilled workers and the lack of skilled workers, they must recognise that we cannot create a tradie in two years; the lack of skilled trade in Western Australia is the legacy of the Labor Party when it was in government. It is not as though the government changed and all the skilled workers flew out and we stopped producing them.

Mr W.J. Johnston interjected.

Mr J.M. FRANCIS: There is a legacy for which the member for Cannington must bear some responsibility! The Labor Party has to bear some responsibility for the lack of skilled workers in this state because it was in government for eight years. The Labor Party really needs to stand up and say, “We got it wrong and we will accept some of the responsibility for that.”

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
Ms Rita Saffioti; Mr Peter Watson; Mr Mick Murray; Mr Ben Wyatt; Mr Joe Francis; Mr Christian Porter; Mr
Troy Buswell; Mr Eric Ripper

MR C.C. PORTER (Bateman — Treasurer) [5.30 pm]: I will make a brief contribution to this debate on the Skilled Local Jobs Bill. I think that everyone's intentions are very sound. Having looked over the legislation, it raises a range of questions on whether it will achieve what it sets out to achieve or whether it will present consequences that are adverse to the interests of the state and local jobs, which is what the bill is supposed to be about.

The way I read the bill is that it is meant to apply to, if you like, state agreement-type projects with values exceeding \$200 million. The bill is also meant to apply to projects with no government agreements, the non-state agreement projects. The types of state agreement projects and non-state agreement projects to which the bill will apply are set out in clause 3. The bill applies to projects that involve —

- (a) the taking of a non-renewable resource ...
- (b) the processing of a non-renewable resource; or
- (c) the construction of road, rail, pipeline or port infrastructure for the primary purpose of transporting a non-renewable resource; or
- (d) the generation of electricity ...

Then, interestingly —

- (e) any other purpose that, in the Minister's opinion, is to be taken to be a major project ...

The bill is meant to apply to major projects. Generally speaking, major projects are characterised as resources-type projects, but the minister has a discretion to decide that any project is a major project. Pursuant to the minister's discretion, any single project in the state could meet the definition of "major project" under this bill. Then we move to the next stage and ask whether it is a state-agreement major project or a non-state agreement major project. One thing is certain; some state agreement-type major projects that are prospective—that are going to happen—will likely fall under the definitions in this bill. I would probably argue that for projects such as Wheatstone and Browse, and possibly Anketell and Oakajee, it is likely that we will have state agreements and it is likely that those projects will fall under the definition of "major project" and be over \$200 million in value. They are the types of state agreement-type projects that this bill seeks to target. In a moment I will come to what the bill seeks to achieve with those projects. In my view, the other interesting question that arises on the drafting is the non-state agreement projects. When we go to clause 5 of the bill, we see that it reads —

5. Skilled work agreements for major projects where no Government agreement

- (1) The minister must, on behalf of the state, enter into negotiations with the proponents of each major project for a skilled work agreement in relation to the project.
- (2) Subsection (1) applies only if the services for the project are to begin on or after commencement day.

It seems to me that this is meant to try to target major projects, which are the projects that involve resources or the generation of electricity, or anything that the minister determines as a major project, and are valued at more than \$200 million, but are not facilitated by state agreement. I invite interjections from members opposite. I wonder whether anyone can nominate the types of projects that we know about and that this bill is meant to target.

Dr M.D. Nahan: The Mandurah railway.

Mr C.C. PORTER: That is one possibility. I wonder whether members opposite have any suggestions of any projects that this bill might seek to target.

Mr J.M. Francis: They have not read their own bill.

Mr C.C. PORTER: There is silence. The member for Cannington is always very quick to get up and make a comment or two. Does the member for Cannington have any ideas about the non-state agreement projects to which this bill is meant to apply? Member for Rockingham? No.

Mr W.J. Johnston: Sorry; are you still speaking?

Mr M. McGowan: Numerous projects around Western Australia meet that definition. You do not have to be an enormous mining project to meet that definition. If you look at the mining projects around Western Australia, you will find that there are in excess of 200, maybe 400, mining projects and many of them meet that definition.

Mr C.C. PORTER: Could the member nominate one?

Mr M. McGowan: You have named a few that would probably be in excess —

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston; Ms Rita Saffioti; Mr Peter Watson; Mr Mick Murray; Mr Ben Wyatt; Mr Joe Francis; Mr Christian Porter; Mr Troy Buswell; Mr Eric Ripper

Mr C.C. PORTER: Yes, but they are the state agreement-type projects. The non-state agreement projects —

Mr M. McGowan: They are not always state agreement projects.

Mr C.C. PORTER: I understand that.

Mr M. McGowan: No, you do not. You do not understand that these days a lot of these projects do not go through state agreements. It is government's policy, or at least the department's policy, to try to not go through that.

Mr C.C. PORTER: I understand that. We are at cross-purposes.

Mr M. McGowan: We are suggesting that we must have a threshold. We do not want to necessarily apply these rules to an asphalt pit somewhere. Therefore, we put in a threshold.

Mr C.C. PORTER: I am after an example of a non-state agreement project, resources or non-resources, which is valued over \$200 million, which we know about and which is prospective to which this bill will apply. That is a fairly simple question to have answered, because if this bill applies to both state agreement-type projects and non-state agreement projects, we must be able to name at least one of the latter.

Dr M.D. Nahan: A wind farm.

Mr C.C. PORTER: A wind farm—I am wondering whether we can nominate a project that we know about.

Mr M. McGowan: You do not have a lot of projects under your government. I will give you a list if you want. If you want me to give you a list, I have a list.

Mr C.J. Barnett: There is \$107 billion worth last count!

Mr M. McGowan: Do you know how many new mines have opened since you have been in office?

Mr C.C. PORTER: Okay. Let —

Mr M. McGowan: I am asking you a question: do you know how many new mines have opened since you have been in office?

Mr C.C. PORTER: I will try to nominate one that seems to —

Mr M. McGowan: No, I will tell you, if you want. Do you want to know how many?

Mr C.C. PORTER: I will try to nominate one that potentially falls into that definition.

Mr M. McGowan: You do not know.

Mr C.C. PORTER: A stadium might be an example of a project. A stadium is worth over \$200 million and it is not facilitated by a state agreement.

Mr C.J. Barnett: The Perth Arena—that is well over \$200 million!

Mr C.C. PORTER: It is, yes.

The stadium is not facilitated by state agreement. Notably, it is not a resources-type project or an electricity generating-type project, but the minister has perfect and absolute discretion to say, "For the purpose of getting domestic content, this is a major project." That is one possible example. There might be others. Can the Leader of the Opposition nominate a few examples of the non-state agreement major projects that he is seeking to target through this bill?

Mr E.S. Ripper: That is an enabling clause that would enable discretion for the government if there was a suitable project.

Mr C.C. PORTER: A lot of projects worth over \$200 million are on the books. What are we talking about? I ask the Leader of the Opposition to nominate just one.

Mr E.S. Ripper: I do not have to name a project. The provision is there as a saving clause in case there is a particular project to which the government wants to apply this scheme.

Mr C.C. PORTER: Returning to the beginning of my contribution, it seems to me that the state agreement-type projects that the opposition seeks to target are likely Wheatstone, Browse, Anketell and Oakajee. I think that much is obvious. Those projects will be facilitated by state agreements. This legislation would allow the minister to enter into domestic content negotiations and then agreements for those projects. However, the Leader of the Opposition must see other projects on the horizon that are not facilitated by state agreements. As the member for Rockingham points out, to a certain extent there is movement away from state agreements with the smaller projects.

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
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Troy Buswell; Mr Eric Ripper

Mr E.S. Ripper: Lots of projects proceed under the Mining Act without state agreements and lots of projects proceed in the oil and gas area without state agreements.

Mr C.C. PORTER: I guess that is the answer that I perceive: potentially lots of projects fall within the definition in clause 3(a) to (e) that are worth over \$200 million and do not require a state agreement. My submission to the Leader of the Opposition on this—leaving aside state agreement-type projects for the moment—is that this bill potentially applies to all projects worth over \$200 million, but in reality applies to none of them. The reason being this —

Mr E.S. Ripper: I would be interested to hear how you argue that.

Mr C.C. PORTER: I will show the Leader of the Opposition how I argue that. Clause 5(2) reads, “Subsection (1)”—which is the subsection that requires the minister to enter into negotiations on the non-state agreement project—“applies only if the services for the project are to begin on or after commencement day.” That gives rise to a fairly obvious question: what type of \$200 million project that is prospective and more than a glint in its mother’s eye has not already had services being delivered to it a decade or so back? When we look at the definition of “services”, we see that it states —

Services means engineering, manufacturing, fabrication or construction services and includes —

- (a) design and drafting services relating to engineering, manufacturing, fabrication or construction; and
- (b) making specific components;

There will not be a single \$200 million project out there which we know about and which is prospective in a substantive sense that has not already started to have those services delivered. That is a fact.

Mr E.S. Ripper: And if it weren’t the case, you’d be arguing that the bill was horrible because it was retrospective legislation.

Mr C.C. PORTER: I do have alternative arguments. I could argue that the bill would be horrible if it were retrospective, but what I am saying here is that the bill does not target a single project —

Mr E.S. Ripper: Vote for the bill at the second reading stage and present some government amendments.

Mr C.C. PORTER: It is true that if the Leader of the Opposition makes his bill deficient in two ways, he has a choice of which deficiency to highlight, but the fact is that there is not a single —

Mr E.S. Ripper: It is also true that people can argue mutually contradictory positions in the one speech, which is what you are doing.

Mr C.C. PORTER: There is not a single non-state agreement project in this state to which this bill will apply—not a single one—so in that respect it is a great piece of media stuntery, but it actually applies to nothing; absolutely nothing. Take, for instance, the example of the foreshore project or a stadium. The engineering services for those things have already started to flow, and it would be open to any private proponent—“proponent” is the word used in the bill—or, indeed, any government proponent to simply say, “Well, this does not apply to my project because the engineering services were first contracted and were first flowing in 2006”, or probably more likely 1998 as the projects get larger and larger. It applies to absolutely nothing.

It also raises the other interesting question that the bill seeks to get the government minister to negotiate with the proponent of a project. It seems to me that the proponent of a project will be a rather complicated thing. It might be that what the Leader of the Opposition is requiring the government minister to do is to negotiate with the executive government. The Leader of the Opposition could nominate a project such as the stadium and then require a government minister to negotiate with the government to have a domestic work component.

Mr T.R. Buswell: What if it’s the same minister?

Mr C.C. PORTER: That would be a very interesting meeting, and how a person would get leverage in that meeting, I do not know. But aside from the fact that I simply cannot realistically nominate a non-state agreement project to which this bill would apply, which seems to me to be a substantive deficiency because that is half the projects that the Leader of the Opposition is seeking to apply the bill to, if it were to apply to, for example, any non-state agreement-type projects, what does it actually seek to do and what might be the costs associated with seeking to do those things?

Clause 7 of the bill basically seeks to compel the executive government of the day, through the minister, to enter into negotiations with the proponent. That proponent might be a consortium, it might be purely the private sector

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
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or it might be purely the government sector, so the government might end up negotiating with itself. However, the bill compels the executive government to negotiate to come up with an agreement that is about WA services, if you like—the domestic content. What the executive government is meant to do is to come to some kind of agreement about what percentage of that project will flow through into WA services, into a domestic component. I will come back in a moment to the types of things that will be required to come up with that WA services agreement. However, clause 7(k) states —

the amount, or method of assessing the amount, of money payable to the State or other persons in the event of a breach of a provision of the agreement about a matter mentioned in paragraph (a), (b), (c), (d), (e), (h) or (j);

Dr M.D. Nahan: It's a penalty clause.

Mr C.C. PORTER: Indeed. What the bill does is create a contractual relationship between the state, which is compelled to negotiate with the proponent, and the proponent, which may be the state, oddly enough, or it might be a purely private sector component; and the bill is saying that if the terms of the things that the state agreed on, such as the number of services that will be pushed into the WA economy, are not met for any reason, there is going to be some method of assessing damages. What is absolutely fascinating here is that the money is payable to the state or other persons.

Dr M.D. Nahan: Who do they have in mind?

Mr C.C. PORTER: Indeed. The fact is that contractual arrangements can be breached by both parties to that contract. So if the state negotiated with a \$200 million plus mining proponent and said, “We promise, pursuant to this agreement we have reached, that we can service 20 or 25 per cent of this using WA skilled labour; indeed, we can service it using that WA skilled labour in a particular region of the state that we have nominated”—presumably these things have been nominated and agreed upon well before the work actually starts to flow—and if for one reason or another the state fell short of that 25 per cent target and got only 22 per cent, or it could not deliver its 25 per cent target in the region nominated, guess who would be up for contractual damages to the major player in the private sector? The state government of Western Australia would end up paying money because it has breached its contractual arrangement. That seems to me to be an absolutely likely and completely counter —

Mr M.P. Murray: You're bringing it down to a level that I thought you were better than.

Mr C.C. PORTER: This bill has more mistakes in it than the member for Collie–Preston reciting Shakespeare. It is a bad, bad piece of legislation. When we go through what the agreements with the state, which is negotiating with either itself or a private-sector proponent, are meant to contain, we see that they are meant to go into the type of detail that follows in paragraph (c) through to paragraph (i); namely —

- (c) the number and type of skilled work positions that are required to carry out the WA services;
- (d) the number and type of apprenticeships and other trainee positions that are required to train people ...
- (e) the number of person-hours for each type of skilled work position that it will take to carry out the WA services;
- (f) which of the services that are required for the project will not be carried out in the State;
- (g) why each of the services mentioned in paragraph (f) will not be carried out in the State;
- (h) the monetary amount to be invested in research and development programmes ...

So some time before the project proper commences, the state and the private sector proponent have to reach an agreement on how much of the construction or steel manufacture or skilled labour will be provided by WA, the type of skilled work positions that will involve, the number of apprenticeships that will involve, the number of person hours that will involve, the amount of research and development that will involve —

Dr M.D. Nahan: And total tonnages.

Mr C.C. PORTER: Indeed. I am not a major projects lawyer, but one of the things that happens with major projects is that things change. If we look at BHP Billiton's efforts outside Port Hedland to have some form of downstream processing, we see that things changed; processes had to be changed. In the Anaconda Nickel situation, the acid leaching of the raw material for Anaconda did not work, and it had to change that process. Sometimes these things require an extent and level of flexibility that this bill just does not provide for. Those flexibilities and failures and the necessity to adapt to changing circumstances will not arise just on the part of the

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private sector proponents; they will arise on the part of government, which, under this set of legislative changes, will be required to promise a certain amount of labour and a certain number of skills in a certain place at a certain time. What government on earth can promise that? That would mean that if we breached that promise, which is, I would argue, more than likely from time to time, we would end up paying damages to the companies that we are supposed to be trying to get work from. This has not been thought through at all well.

I would say, first of all, that the bill does not apply to at least half the things it was meant to apply to, which is probably a good thing, as the Leader of the Opposition says, because that would have turned out to be a disaster. Where it does apply, the Western Australian government would enter into contractual negotiations to do certain things to a certain detail and standard at a certain time, which we would have no confidence of being able to produce and which would make us liable for damages into the future.

MR T.R. BUSWELL (Vasse — Minister for Transport) [5.48 pm]: I think I am the last speaker on behalf of the government. To conclude where the Treasurer left off, it is our view quite clearly that the Skilled Local Jobs Bill 2011 is not workable, it is not practical and it quite simply will not deliver. That is not to say that the intent of the bill is not something that we support—of course we do—but, quite simply, it will not deliver on what it promises. I want to raise a couple of points, but, firstly, I will pick up on a more detailed analysis of the bill. A number of members opposite have talked about the great need to leverage off our non-renewable resources, be it in energy or be it in iron ore. I am interested to note that clause 3(d) refers to a major project as being the generation of electricity, whether from renewable or non-renewable resources. This bill also applies to power stations, powerlines and other means of transmission. I do not think that the opposition has been entirely forthcoming and clear in its representation of the intent and coverage of this bill. I suspect it is because opposition members do not know themselves. It is a significant issue; it is difficult to see how bills like this that are designed around local content could be applied, for example, to wires on high-voltage power lines or to gas turbines in new gas generation facilities. I listened to most people speak this afternoon heard the comment that was made earlier about the closure of BlueScope Steel's export facility. It is true that the matter has brought into sharp public focus, it would be fair to say, issues about Australian manufacturing and, more loosely in this state, Australian content. Quite clearly, the point that needs to be noted with the BlueScope Steel closure is that it is the closure of an export facility. The reason the export facility is being closed, as I understand it based on the company's advice and certainly the address by its chair to the National Press Club, is that with the high Australian dollar it is very difficult for the company to compete. The company also argues that there is a whole range of investment uncertainties, including factors such as the carbon tax. To suggest that what has happened at BlueScope Steel is in any way, shape or form a justification for this bill is very wide of the mark indeed.

There is one other little issue. I saw an interesting article—I think it was called “A Tale of Two Premiers”; I do not have it here with me—that discussed arrangements in place in Newfoundland. Is that the province —

Dr A.D. Buti: It is pronounced “Newfindland”.

Mr T.R. BUSWELL: Yes, that place as well!

The article discussed arrangements in place in Newfoundland on Canada's east coast, particularly around the Hebron oilfield. The article basically said that our Premier needed to do more about local content out of energy-based projects relative to what had been achieved in Newfoundland. I was very interested to read recently a couple of things about that approach, and one is that last year a very substantive contract was awarded for the front-end engineering and design, and that contract was awarded to a Western Australian company, WorleyParsons. WorleyParsons, when going to the market to talk about that contract, said it expected subcontracts to be awarded to multiple third parties and that there would be a special emphasis on placing engineering work in those local Canadian provinces. Indeed, when we dig down and look at the arrangements in place in those Canadian provinces, we see that those arrangements are very similar to the arrangements we have in place in Western Australia—encouraging local content and working with major resource projects and local business to encourage those links and relationships. I know for a fact that when the Premier meets with major resource proponents in Western Australia, in the energy sector or the iron ore sector, he encourages them to embrace an alliance-based model that states that we want those companies to forge alliances with Western Australian firms, and for those companies to use their influence on their major international partners to form alliances with Western Australian firms, because it is our view that that is one of the most effective ways to generate the sorts of outcomes that we are after. In relation to the Hebron benefits agreement, when we dig down, we generally find that the Canadian approach is very similar to the approach we currently have.

Mr C.J. Barnett: The alliances also invariably extend beyond construction into ongoing production, so they go on for decades.

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston; Ms Rita Saffioti; Mr Peter Watson; Mr Mick Murray; Mr Ben Wyatt; Mr Joe Francis; Mr Christian Porter; Mr Troy Buswell; Mr Eric Ripper

Mr T.R. BUSWELL: That is a point well made, Premier, and I wish you had added that onto the note you passed me earlier!

Mr C.J. Barnett: I can only do so much!

Mr T.R. BUSWELL: “You can’t polish a ...”! As I said, there have been some interesting points made and I might just touch on a couple of those, because I think it is important to put those on the public record. The member for Kwinana made a very important point. And I think I heard the member for Willagee, in his normal deep, voluminous manner, make the point about high, wide corridors, or how we move big loads around the state. It is a huge issue. Back in 2002 or 2003, a sum—I cannot recollect it exactly, but it was between \$6 million and \$8 million—was allocated by the former Labor government to advance —

Mr E.S. Ripper: It was more like \$20 million.

Mr T.R. BUSWELL: Beautiful, talk it up! It is about \$20 million; okay. As I say, I could be wrong, but the member for Belmont was the Treasurer at the time.

Mr E.S. Ripper: I would have to go back and check that.

Mr T.R. BUSWELL: No, the Leader of the Opposition was the Treasurer with his iron-trap mind, so I will accept that it was \$20 million. The unfortunate reality was that none of that was spent on any of the projects it was allocated for. That money was redirected to the Mandurah rail project. I am not saying that the Mandurah rail project was a bad outcome —

Mr E.S. Ripper interjected.

Mr T.R. BUSWELL: I have all the questions on notice from the upper house, Leader of the Opposition; that is what happened. The money was redirected and very little money was invested in those corridors.

Mr M.P. Murray: What about the \$20 million you took out of the railway in the Collie electorate and put up in the Avon electorate?

Mr T.R. BUSWELL: That is the money that now enables the member to drive along the rebuilt Collie Coalfields highway.

Mr M.P. Murray: Is that why there are more crashes there today?

Mr T.R. BUSWELL: It is a really big issue —

Mr M.P. Murray: There are more press releases than bitumen put on that place!

Mr T.R. BUSWELL: It is only \$1.5 million; if the member wants us to move it somewhere else, I am happy to.

Mr M.P. Murray: The work had already been done before you put the press release out.

Mr T.R. BUSWELL: It most definitely had not, member.

Mr M.P. Murray: The only thing you need is a wider lane so you can put your head on the back of the semitrailer and take it up there!

The DEPUTY SPEAKER: Member for Collie–Preston!

Mr P. Papalia: Just say you’re not going to support it.

Mr T.R. BUSWELL: No, we are not going to support it. It is all right, member for Collie–Preston. I know that he has been driving on those roads for a long time. I know that he was one of the few graduates from his primary school to drive home from graduation, so he has had a lot of practice on roads in that particular area!

A couple of comments were made, and I want to put on the public record the comment made by the member for Albany about local content in the Albany Regional Hospital development. I think what he said may well be right. Albany had a very interesting example, with the Albany Entertainment Centre, for which the contractor, Doric, made a committed effort to engage the local business sector. I do not know what has happened at the hospital, but I suspect there has not been that level of commitment and I can understand why the member of the Albany would make those points. It is something we probably need to look at, and the Premier raised that with me.

I will just mention a couple of other quick things. In my brief time in the science portfolio, a point highlighted by —

Mr P. Papalia: Brief but eventful!

Mr T.R. BUSWELL: Brief but eventful!

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
Ms Rita Saffioti; Mr Peter Watson; Mr Mick Murray; Mr Ben Wyatt; Mr Joe Francis; Mr Christian Porter; Mr
Troy Buswell; Mr Eric Ripper

That was highlighted by the member for Victoria Park. I had the pleasure of visiting a couple of Western Australian success stories in fabrication. I went to a truck chassis and trailer manufacturer called Howard Porter south of the city—I cannot remember the exact suburb, but suffice to say —

Mrs M.H. Roberts: O'Connor?

Mr T.R. BUSWELL: In O'Connor. That company had secured a massive contract to supply trailers to the Gorgon project, and in its view that contract would never have happened had it not been for the participation of the Industry Capability Network Western Australia. That is a success. I was at the opening held by the Fitzgerald family of the Civmec facility, which is an undercover fabrication workshop that is the size of Subiaco Oval.

Before I sit down, I will very quickly read from a press release put out by my very learned colleague the Minister for Finance; Commerce; Small Business. I do not think I will read from the first one I have; I will just read from the second one. The minister announced some changes to the local industry participation framework back in June. Earlier this month, on 23 August, he announced —

... more than \$4billion worth of contracts had recently been awarded to locally-based supply companies.

Minister O'Brien pointed out that —

... decisions by Chevron, FMG, Alcoa, Worsley and BHP Billiton resulted in local companies winning contracts.

As I said, his view was that those contracts had been reported to be to the value of \$4 billion —

Chevron has awarded an estimated \$2.6 billion in work packages for the Gorgon LNG project to AGC, Kentz/CBI, Civmec and —

Some other company. The release further said that FMG has been active with \$1.2 billion flowing to local companies, and so on. The minister also pointed out that Alcoa had recorded 78 per cent of spending on WA content as part of that recent expansion. Worsley was at 68 per cent of local content, and BHP at 90 per cent in relation to the rapid growth 5 project. I tried to ascertain from members opposite what they felt would be a suitable level of local content, but it would seem to me that those sorts of figures are at the upper end of a successful scale. Sure, there is more work to flow through and more capacity to be absorbed, but our very strong view is that this legislation will not activate that capacity. What will activate that capacity is the approach that the Premier has taken—his work, along with that of the Minister for Commerce, with those major companies on this alliance model and the fact that those major projects continue to happen in Western Australia.

For the house's information, as members would have gathered from a number of our speakers, we will not be supporting this bill, although of course we support the intent of supporting Western Australian manufacturers and, by extension, Western Australian jobs.

MR E.S. RIPPER (Belmont — Leader of the Opposition) [6.00 pm] — in reply: I reject the arguments put forward by the government on this occasion. We strongly support the passage of the Skilled Local Jobs Bill 2011. We think the government ought to have another look at the bill and should take another look at the scale of the problem we are experiencing. The government should look at an article in today's newspaper which drew attention to widening income gaps in Western Australia. The article pointed out that the richest 20 per cent of households in Western Australia —

The DEPUTY SPEAKER: Leader of the Opposition, I believe we are having a dinner break tonight, are we not?

Several members interjected.

Mr E.S. RIPPER: Before I was interrupted by the Deputy Speaker's gastronomic instincts, I was referring to an article in *The West Australian* which pointed out that the richest 20 per cent of Western Australian households have, in recent years, become richer, while the poorest 20 per cent of Western Australian households have actually lost income in real terms. The article pointed out that the income gap in Western Australia is widening. This is yet further evidence of the problem the opposition is concerned about. We have \$106 billion worth of resources investment occurring in Western Australia. That is investment in projects under construction or committed to. There is \$115 billion worth of investment under consideration, and there is another \$77 billion worth of potential investment. These are very large figures indeed, in an economy about \$184 billion in size. There is no doubt that there is a resources boom. There is not a boom in the rest of the economy, but there is a resources boom. At the same time as we have that resources boom, we have a very flat tourism sector, we have a retail sector that is struggling, and the property market is at one of its lowest levels in years, yet there are lots of

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people not doing very well in Western Australia. We have rising youth unemployment, in particular in the south west metropolitan area. We have this two-speed economy. It is a reality in Western Australia that lots of people are not doing well despite our resources boom. What is the responsibility of the state government in these circumstances? The state government needs to manage this resources boom so that all Western Australians get their fair share of the state's prosperity. The state government is not accepting that responsibility. That failure has economic consequences that I have talked about.

The failure also has social consequences. When there is rising inequality in a society, we will have higher levels of all sorts of social ills. Recent research has charted the levels of inequality in 20 advanced countries and compared those levels of inequality with a range of social conditions including mental illness, obesity, crime, dysfunction in families of various sorts, and teenage births. All sorts of other factors have been measured against the level of inequality in 20 advanced countries. The studies have also looked at those social conditions measured against inequality in different states of the United States. What is the conclusion? The higher the level of inequality in society, the more likely we are to have higher rates of negative social conditions. What is happening in Western Australia is that the resources boom, correlated with the failure to deliver benefits to other sectors of our economy, is widening the income gap, widening the wealth gap in Western Australian society, and creating more inequality in society. That inequality will have its social consequences.

Mr C.C. Porter: What do you mean by “widening the gap”?

Mr E.S. RIPPER: Have a look at the figures in this morning's paper. The top 20 per cent of households have done very well and the bottom 20 per cent have gone backwards. The gap has widened.

Mr C.C. Porter: That is not actually correct.

Mr E.S. RIPPER: What—the article is not correct?

Mr C.C. Porter: Yes.

Mr E.S. RIPPER: The Treasurer might like to provide me with commentary on that.

One thing I know about the resources boom is that some people do very, very well indeed, and good luck to them. I am glad when people get high-paid jobs in the resources sector and they are able to set themselves up for life by working hard for four or five years in the resources sector. That is a good thing. If we are not translating the benefits to other people, some of those other people see only fierce increases in the cost of living and, in a boom economy, it is quite possible for a significant proportion of the population, if it is not managed properly, to actually go backwards. If that happens, if there is widening inequality in boom conditions, there will be social consequences of that widening inequality. This has long been the position of parties at the centre left. It is now borne out by the academic research: the higher the level of inequality, the more we get these negative social conditions. That has been measured across 20 advanced market economies. Countries such as Japan and Norway have fewer lower instances of these social problems because of lower inequality, it would appear, than countries such as the United States or the United Kingdom.

This is an issue with significant economic and social consequences. We cannot rely on the federal government to sort this issue out for us, or on local governments to sort this issue out for us. We own the resources. This is the responsibility of the state government. What concerns me is there is no openness or transparency about this issue. We have long had local content clauses in state agreements but no-one in this house, apart from the Minister for State Development, sees those local content reports or sees the correspondence that the government sends back. No-one here is able to judge the worth of those local content reports or the robustness of the government's responses to the resources companies. I think that is a major flaw in our public debate. We have this public debate about local content, yet we do not have a common base of information upon which to conduct that debate. At the very least, the government should be tabling in the house all those local content reports, and the government should be tabling in the house its responses to those local content reports. The government has been asked to do that. The government has refused, citing commercial-in-confidence reasons, and then has failed to even abide by its basic legal obligation to make a notification to the Auditor General of its failure to provide that answer and to submit itself to the judgement of the Auditor General on the reasonableness of its use of that excuse. The government has not only failed to table those reports, but also arrogantly flouted the law governing its accountability to this Parliament on those matters.

This bill is not as the government has painted it. The government has tried, through its ministers in public pronouncements, to act as though the Labor Party has tried to mandate a set percentage of local content across the industry regardless of the nature of particular projects. The Skilled Local Jobs Bill 2011 does not do that; it is a more sophisticated approach. It seeks to involve negotiations for each project. We need to negotiate for each project because some projects are marginal, some are very profitable, others need technology that is not available

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in the state and sometimes the workshops will be full and sometimes they will not. The bill provides the sort of flexibility that is needed to avoid putting too much risk or burden on a marginal project, thus losing that project and all its work from the state. There is a measure of sophistication in the way the bill has been drafted.

I did not hear all the speeches of the government members, but I heard the Attorney General trying to argue that the bill is poorly drafted. At one level he said that it would apply to a lot of projects and then he ran the contradictory argument that it would not apply to very many. He cited the clause that allows the minister to declare a project to be a major project for the purposes of this bill. That is a pretty standard clause in legislation such as this. We cannot legislate for every circumstance, but this bill allows the minister to respond to any unusual circumstances that might arise. The minister will be accountable to Parliament for the decision that the minister makes. The Attorney General went on to say that the legislation would not apply to many projects at all because it applies only if the services for the project are to begin on or after the commencement date. I read the bill as the Attorney General made those comments and noticed that “services” means engineering, manufacturing, fabrication or construction services. Of course front-end engineering and design work for projects is done ahead of the final investment decision, but that work is not done, as the Attorney General alleged, 10 years before the project reaches the final investment decision stage. Sometimes it occurs a year or two before the final investment decision is made. If the Attorney General thinks that that is a major problem with the construction of the legislation, he is perfectly free to vote against it at the consideration in detail stage and get his experts in government to draft a relevant amendment to clarify that matter. Right off the top of my head, as I listened to the Attorney General’s argument, I thought of an amendment that would clarify exactly what is required if the Attorney General’s argument is correct. We need only put after the word “services” the words “covered by the agreement are to begin on or after the commencement date” to deal with the point the Attorney General raised. It is not very hard.

What we do in this Parliament is vote on the policy of the bill at the second reading stage and then we go into consideration in detail and debate particular clauses. If the Attorney General had pointed out an absolutely fatal flaw in the bill that was unfixable and made the whole thing unworkable, he might have an argument to vote against the bill. However, even after just 30 seconds of consideration, and assuming that the Attorney General was right in his legal determination, which is a bold assumption, I could see a quick and easy way to clarify the matter. I am sure that if the Attorney General went to parliamentary counsel, he could come up with a government amendment to make it absolutely crystal clear what is required.

The government cannot run the usual argument that I expect it to run. Every time the opposition introduces a bill, a government member says that the government understands the objectives of the legislation but that it is poorly drafted and full of holes and that the government cannot support it because there are plenty of mistakes in it. That is the formula. That is what the government is expected to say with any opposition legislation. However, the fact is that this legislation is well drafted. It is a sophisticated and flexible scheme that will not damage investment prospects in this state, and it does the job that needs to be done in this state. We cannot have rising youth unemployment, many people in our society doing it tough, a widening gap between wealthy and poor people and whole sectors of our economy that are, in effect, in recession coexisting with a huge investment in resources without the government having the responsibility to do something about it. I sheet home the responsibility to the Premier—who is also the Minister for State Development—and his government colleagues.

The government might think that it can dispense with this legislation, but it will not dispense with the issue. As we move around the community, we have received very substantial support for this legislation and for our arguments on this matter. We are receiving that support from not only people who have always voted for the Labor party, but also middle-of-the-road people and business people. Everyone in this state is concerned about the fact that we have a sluggish domestic economy on the one hand and a resources boom on the other yet the government does not seem to be doing anything about it.

I think that the Premier is stuck in the 1990s. He has taken a lot of his approach to government from his period in the failed Court government of the 1990s. In the late 1990s this state was desperate for investment. In the wake of the Asian financial crisis we were not getting projects. The culture was to do everything possible to attract projects and minimise the risks to the projects. No thought was given to what was needed to secure further benefits from the projects; getting the projects was a sufficiently big challenge and that was the government’s priority. When we got the projects, the work came to Western Australia. We are now in a different position. Now people are queuing up to invest in this state. Commodity prices are high and there is a strong demand from people wanting to invest in Western Australia. Therefore, we have the capacity to assert ourselves more than we did in the 1990s and there is a greater need for us to assert ourselves more than we did in the 1990s because post the global financial crisis, the work is going to hungry, empty workshops in other parts of the world and not to

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workshops in Western Australia. Our capacity to act and the need to act is greater than it was in the past. We want the Premier and the government to be prepared to adjust to the changed circumstances.

I do not blame the government for the fact that this type of work has started to go overseas, but I do blame the government for failing to recognise the seriousness of the situation and failing to respond to the changed circumstances. I blame the government for applying a 1990s paradigm to our resources development and not a paradigm that is relevant to 2011. Something has to happen. If this bill is defeated, as I expect it will be because the government will use its numbers, the opposition will not let the issue go. We will use every parliamentary tactic available to us to bring this issue up again for debate. We will also investigate other legislative options. I think it is absolutely outrageous that the existing local content clauses in state agreement acts do not result in local content reports that are available to the public. It is absolutely outrageous for the government to keep secret the local content reports that it receives from resources proponents. It is absolutely outrageous for the government to not release its own correspondence to the resources companies on these matters. The local content reporting and the government's response have become very formulaic. I do not think the government's response has the substance, grunt and content that it should have. We need to shine a light on this reporting process and on the process of government monitoring. If a light were to be shone on those matters, the public debate and public pressure would force a better response from the resources proponents and a much better response from the government.

The Skilled Local Jobs Bill 2011, at its heart, is really about openness and transparency; that is what it is about. It is about giving the public information on an issue that they regard as vital, and letting them have their say on what they think about the performance of the government and the performance of resources companies on this vital matter. The government is really saying, "We don't want this openness; we don't want this transparency. We'd rather refuse to provide the local content reports, citing commercial-in-confidence reasons, and fail to even advise the Auditor General, as we are required to do under the law of this state".

I ask every single member sitting on the other side to think carefully about what the public wants on this matter. This is not a radical bill. This is a sensible, sophisticated, flexible approach that will give the government and the public more of a chance to secure what we all want, which is benefits from these resources projects for other sectors of the economy, and for all people in Western Australia.

We own the resources; Western Australians own the resources. They are ours. They are finite and they cannot be mined twice. We have a responsibility to secure the maximum benefits for these resources for our people. Every Western Australian deserves their fair share of our resources prosperity. No-one wants to choke off resources investment; no sensible government would want to collapse a project by putting too big a burden on it. There is flexibility built into this bill, there is room for different arrangements for different projects, there is plenty of room for public scrutiny and there is plenty of room for the performance of the government to be assessed by the public.

I do not think the government is going to pass this bill, but it could make a public commitment to table all the local content reports that it receives. It could make a public commitment to table all its correspondence with the resources companies on these matters. It could demonstrate some good faith to the public by making those commitments, even if it insists on defeating this legislation. The government should go ahead and defeat this legislation, if that is its choice, but it will pay a price electorally for doing so, because I know from my conversations with lots of people in our community that there is very, very strong support for it.

I ask the National Party in particular to think about it. It adopts an independent stance. If National Party members were to go and talk to these businesses, they would see that there is strong support for this legislation from a constituency that I am sure they would like to cultivate. There are other members in this house who might feel that they, also, should support this legislation. The government can rest assured that the Labor Party will not let this issue go; it is going to go national and we are going to campaign vigorously to hold the state government to account on securing the benefits of resources projects.

I will finish with this: it is not enough in today's world to get the projects. That is an important challenge, but it is not the end of the government's job. The government has to secure the benefits of those projects for ordinary Western Australians, and transfer the benefits of those projects to other sectors of the economy. The government has to take all Western Australians along with what is, undoubtedly, a resources boom. There is no boom in the rest of the economy and that is, in part, the fault of the Barnett government.

Question put and a division called for.

Bells rung and the house divided.

Withdrawal of Remark

Extract from *Hansard*
[ASSEMBLY — Wednesday, 31 August 2011]
p6517b-6541a

Mr Roger Cook; Mr David Templeman; Ms Lisa Baker; Mr Paul Papalia; Ms Janine Freeman; Mr Bill Johnston;
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Mr M.P. WHITELY: I distinctly heard the member for North West call the Leader of the Opposition a hypocrite. Coming from someone who was elected to this side of the house and who ran over to that side of the house, I think that is a bit rich. I ask that he withdraw.

The SPEAKER: I have given the member for Bassendean the opportunity to make a point of order during this division, and members are entitled to do so. Member for Bassendean, there was such an uproar in this place that I was unable to hear anything. I am going to leave it at that point.

Mr M.P. WHITELY: Do you want me to clarify the point?

The SPEAKER: No, I do not need any clarification.

Mr M.P. WHITELY: The member for North West distinctly called the Leader of the Opposition a hypocrite!

Division Resumed

The division resulted as follows —

Ayes (25)

Ms L.L. Baker
Mr J.J.M. Bowler
Dr A.D. Buti
Ms A.S. Carles
Mr R.H. Cook
Ms J.M. Freeman
Mr J.N. Hyde

Mr W.J. Johnston
Mr J.C. Kobelke
Mr F.M. Logan
Mr M. McGowan
Mr M.P. Murray
Mr P. Papalia
Mr J.R. Quigley

Mr E.S. Ripper
Mrs M.H. Roberts
Ms R. Saffioti
Mr T.G. Stephens
Mr C.J. Tallentire
Mr P.C. Tinley
Mr A.J. Waddell

Mr P.B. Watson
Mr M.P. Whitely
Mr B.S. Wyatt
Mr D.A. Templeman (*Teller*)

Noes (26)

Mr P. Abetz
Mr F.A. Alban
Mr C.J. Barnett
Mr I.C. Blayney
Mr I.M. Britza
Mr T.R. Buswell
Mr G.M. Castrilli

Mr V.A. Catania
Dr E. Constable
Mr M.J. Cowper
Mr J.M. Francis
Mr B.J. Grylls
Dr K.D. Hames
Mr A.P. Jacob

Dr G.G. Jacobs
Mr R.F. Johnson
Mr A. Krsticevic
Mr J.E. McGrath
Mr W.R. Marmion
Mr P.T. Miles
Ms A.R. Mitchell

Dr M.D. Nahan
Mr C.C. Porter
Mr M.W. Sutherland
Mr T.K. Waldron
Mr A.J. Simpson (*Teller*)

Pairs

Ms M.M. Quirk
Mr A.P. O'Gorman
Mrs C.A. Martin

Mrs L.M. Harvey
Mr D.T. Redman
Mr J.H.D. Day

Question thus negatived.

Bill defeated.