

SKILLED JOBS (BENEFITS FROM THE BOOM) BILL 2012

Second Reading

MR P.C. TINLEY (Willagee) [4.02 pm]: I move —

That the bill be now read a second time.

According to the latest national accounts, Western Australia's economy grew by almost double the rate of China's in the 12 months to March. With a 14.5 per cent annual growth rate, WA is outperforming the rest of the country, with much of this growth due to the resources sector. In a recent "State of the States" report from CommSec, WA finished on top of the five key indicators—economic growth, retail trade, equipment investment, construction work and employment. This outstanding performance is primarily due to the boom in the state's mineral and energy sectors, which is linked in part to economic expansion in China.

According to the Department of Mines and Petroleum's most recent statistical digest, in 2010–11 mineral exploration expenditure was \$1.59 billion, an all-time record; the value of the industry reached a record high of \$101.2 billion; and 95 per cent of the state's merchandise exports were from the mining and petroleum industry. The digest goes on to state that Western Australia is in the midst of a major investment cycle led by the construction of large mining and petroleum projects. Projected capital expenditure relating to resource projects in the next five years is estimated to be over an enormous \$300 billion.

It is clear that Western Australia is in the midst of a mining boom, yet despite this growth and the contribution this industry is making to Western Australia's and Australia's economy, there are sectors of the economy that are struggling. These are not old, inefficient sectors that are not connected to the resource and energy sector; rather, they are industries that are complementary to the minerals boom. These are businesses that should be benefiting from the boom with more work for their workshops but are not. These are industries that should be training and employing more young Western Australians but cannot. Local businesses continue to struggle. Family-owned businesses continue to go bust. These businesses could be expanding, and more young people could be in apprenticeships. Youth unemployment in suburbs close to concentrations of steel fabrication workshops is increasing. Despite the degrading comments of the member for Jandakot about young people in and around his own electorate, many young people want to be trained and want to work.

These small businesses could be sharing in the minerals and resources boom, but are not. They are being left behind by their government, and by large sections of the resources sector. I refer to businesses such as Steelwise Fabrication in Bibra Lake. Steelwise closed its doors only a few weeks ago—in fact, the day after the Barnett government handed down the 2012–13 state budget. It was a budget delivered off the back of the state's mining boom, including more than \$4 billion in iron ore royalties alone, but which included no new initiatives or programs to grow Western Australian industry that should also be booming alongside the resources sector—industry in which businesses such as Steelwise Fabrication should be enjoying the golden age of their economic growth. Instead, they are shutting up shop, closing the door on a family-run business of 20 years that employed 12 people.

I quote from an article by Rebecca Lawson from *The Sunday Times* of 19 May 2012 titled "We're being sent broke". This is what Steelwise Fabrications' Michelle Bradshaw had to say at the time —

But the Premier bangs on about the open market and being more competitive, but everyone knows a business like ours can't be competitive with overseas companies in the open market because it's a completely different market they don't have the same cost pressures that we do.

She also observed, rather dryly I suspect, "The Government could help by not sending our work offshore, that would be a big help." In an effort to remain competitive over the years, profit margins on contracts had shrunk from 15 per cent to just five per cent. She concluded, "For 20 years in business, we're going to end up with nothing." With the closure of this business, along with the 12 jobs that it supported, including four apprenticeships, the skills, knowledge and local employment opportunities that have been fostered and developed for over 20 years have been lost to this state. When companies that have been operating as long as Steelwise have are shutting up during "boom times", we know something is going wrong.

In 2011, the then Leader of the Opposition, the member for Belmont, introduced the Skilled Local Jobs Bill 2011, many sections of which are replicated in this bill. In his second reading speech, he stated that the level of growth in Western Australia requires policy and decision makers to make sure our state retains the economic value of this growth into the future. He also said that local workers and businesses should expect that there be a correlating economic improvement in their industries. Although that bill was defeated at second reading stage, I believe these statements remain true today. For these reasons I believe that more needs to be done to ensure all Western Australians benefit from the boom. As a Parliament, we need to do better than sit back while businesses close, workshops remain empty and youth unemployment rises. This bill seeks to address these issues by giving

the government the tools required to ensure the benefits from the mining boom flow through to local business and industries and their workforces.

Under this bill, all new major projects will require a skilled work agreement to be negotiated by the government with the proponent of the project, regardless of whether the project is subject to a government agreement under the Government Agreements Act 1979. A major project is defined, as with the previous bill, as one in the minister's opinion will have a carrying amount of over \$200 million and is for the taking or progressing of a non-renewable resource and its transportation; and the generation of electricity, and its transmission.

One of the criticisms made by the member for Bateman of the Skilled Local Jobs Bill 2011 was that that bill could potentially apply to any project in the state if deemed a major project by the minister, with the suggestion that projects like a new stadium could be included. It would be my hope that many local industries and workers would be beneficiaries from work on projects like a new stadium, or the expensive monument to the member for Cottesloe's premiership, the Perth Waterfront. However, the clause to which the member for Bateman took exception has been removed from the definition of a major project.

Clause 3 of the bill also defines the services that would be covered in a skilled work agreement. Engineering, procurement, construction or management services would fall under the scope of this definition. In some of these industries, such as steel fabrication, there is a real need to ensure the benefits from the resources boom trickle down. Services will also include design or drafting work relating to engineering or construction. These are areas in which Western Australians can be trained in skills that will contribute to the Western Australian economy well into the future. These skills will outlast the current resources boom.

Clause 7 of the bill outlines the matters that must be included in a skilled work agreement. Several of these provisions remain the same as those in the Skilled Local Jobs Bill 2011. New provisions include the requirement for the agreement to include the process by which local businesses will have an opportunity to participate in the project, including to tender and compete for any aspect of the project. It will also require the disclosure of financiers and investors that are financing the project and any global supply chain rebates that may accrue to businesses outside Western Australia. These provisions directly relate to Western Australian businesses being afforded a full, fair and reasonable opportunity to compete. These provisions relate directly to the "Australian Industry Participation National Framework", which contains the following definitions —

- **Full:** *Australian industry has the same opportunity afforded to other global supply chain partners to participate in all aspects of an investment project (eg. design, engineering, project management, professional services, IT architecture);*
- **Fair:** *Australian industry is provided the same opportunity as global suppliers to compete on investment projects on an equal and transparent basis, including being given reasonable time in which to tender; and*
- **Reasonable:** *tenders are free from non-market burdens that might rule out Australian industry and are structured in such a way as to provide Australian industries the opportunity to participate in investment projects.*

It is critical that these provisions are disclosed so that the minister can negotiate a better outcome for Western Australian businesses, and that those businesses have a better opportunity to compete for work. Like the previous bill, this bill does not seek to mandate any level of local content. However, this bill provides a transparent mechanism for the government of the day to negotiate for a better outcome for Western Australia and its people, businesses and economy.

There are several differences between this bill and the previous similar bill. In the second reading debate in 2011, several members of the government pointed out some of the issues they had with the bill and voted against its second reading. At the time, the member for Belmont suggested that some of these issues could be dealt with by amendment at a later stage, but government members were not interested in this proposal. This bill does deal with some of the concerns raised by government members. I make this commitment: if any government member has an issue with any particular part of this bill, I am open to sitting down with them to try and nut out a bipartisan outcome that will see more Western Australians being trained, and fewer WA businesses going to the wall.

WA Labor has a plan to ensure we use benefits flowing from the resources sector to help build our state's future economy. WA Labor supports the resources sector and acknowledges the enormous contribution that is being made to the state's economy, but we must all look further than the current boom. We are committed to a skilled services sector that is supported by an agile education and training sector to drive new jobs for future generations. We want all young Western Australians to receive training and qualifications that will outlive the current economic circumstance the state finds itself in. We want complementary industries, like steel fabrication,

to be fully utilised by the mining industry through the provision of fair and equitable opportunities to compete with overseas companies. We want the resources boom to help our state prepare for the economy of the future, the jobs of the future, and the business and industries we will need for the future in our engagement with the economies of South-East Asia and further abroad. This bill goes some way to doing this and, for that reason, I commend it to the house.

Debate adjourned, on motion by **Mr D.A. Templeman**.