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PREMIER OF WESTERN AUSTRALIA**

**COMMITTEE FOR ECONOMIC DEVELOPMENT OF AUSTRALIA (CEDA)
OUTLOOK LUNCHEON**

**GRAND RIVER BALLROOM, SHERATON PERTH HOTEL, ADELAIDE
TERRACE, PERTH**

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- Ladies & gentleman

Firstly, welcome, thanks for being here, and thank you for the opportunity of speaking to you.

You could have cancelled the whole show when unforeseen events meant that it was me and not Geoff Gallop who would be here, but you didn't. I take that as a vote of confidence.

I'm lucky. Albeit in the most unfortunate and unexpected fashion, I come into this job inheriting a dynamic State economy where our major challenges are managing the demands of growth, of ensuring we don't miss the opportunities for WA that our current economic circumstances offer.

We need to look over the horizon and prepare for the future.

We need to make things happen, not just assume they will happen – and I'll come back to that theme – making things happen - in a minute.

First, though, let me tell you about a phone call I had on the weekend.

I'd just returned home from the Council of Australian Government meeting in Canberra where I'd been busy telling everyone from the Prime Minister down that they didn't have a full appreciation of just what was happening in Western Australia.

I had told them our economy was powering along, we had record low unemployment, massive new resource projects, vitality and optimism coming out of our ears.

Against that backdrop, I get the phone call – from a national newspaper -- to comment on research at Deakin University which said West Australians were the nation's unhappiest people.

I thought about it. I see a lot of unhappy people after too many Freo Dockers games. But we deal with that with humour and make a virtue out of our misfortune. It actually makes some of us happy to be so unfortunate. It's the martyrdom thing.

But, apart from that, we've got a lot to be happy about. We are the success story of the national economy right now. As I said, record low unemployment, economic growth about twice the national figure, booming markets for our resources, an ever increasing percentage of the nation's exports, billions of dollars in expansions or new projects underway and even more to come.

I came to the conclusion the research had to be at least five years old.

We were elected on February 10, 2001, five years ago last week. This is how I would categorise the situation then, five years ago, without being too unkind to our predecessors who were led by a man I actually like and have a good deal of time for. (And who, come to think of it, might be in the audience...)

Five years ago, WA was drifting. The economy was actually contracting. Government lacked discipline, it was divided, bloated and inefficient, it had innumerable departments and agencies, and the budget was repeatedly in deficit.

We, the Gallop-led alternative, had a huge question mark hanging over our heads – it a question of credibility. Could we be trusted with running the State, with managing the State's finances? That was the great unknown.

The voters decided to find out ... to give us a chance.

The challenge Geoff Gallop faced was to give the State some direction; to insist on

discipline and accountability from his Ministers; to whip the Government bureaucracy back into shape (as much as that is humanly possible); and, critically, to drag the budget back into the black.

It wasn't easy. In the first couple of years especially, there was some real pain. Labor had inherited a fiscal mess that was none of our doing, and a financial credibility problem that was historical, but all of our own doing.

With that double burden on his shoulders, Geoff Gallop set out to establish us as a credible, serious Government, governing in the interest of the many, not the few, as he would say, echoing Tony Blair, or, put another way, of pursuing the public interest ahead of personal interests, private interests, or party political interests. From that base, he believed, we could drive forward on our reform agenda.

He was right. Geoff Gallop succeeded. As a State, we owe him a great deal.

I've been Premier now for just on three weeks. But I do know we have to do everything we possibly can to maintain the economic momentum. Everything becomes so much harder if we can't.

This is not to say that there won't be changes – there will. But we were elected with a clearly understood agenda less than a year ago. There'll be changes of emphasis, some recalibration, obviously there'll be – there is – a change of style. A different person is now the Premier. We work in different ways.

Nevertheless, I know what Geoff knew: West Australians want – and deserve – good government services; that's State Government's role. State Governments deliver services and ought to do it well.

People also want a sense of optimism and confidence about the future, and they want to feel confident about the basic quality and integrity of the government of the day. I want those things, too.

They want to feel secure in the knowledge that the people running their State are also

planning for the future; that we are managing the State -- it's finances, it's environment, and it's social structures – with an eye to the big picture and the long haul.

Earlier I said I was lucky; lucky to come into the Premier's position when the State is in such good shape.

I'm also lucky on another front ... Unlike Geoff Gallop, I have inherited a Government with a track record of successful reform.

In just five years, we have made a lot of things happen.

We have changed the way that Government goes about its business. We've slashed the number of State Government departments.

We have saved our old growth forests from logging, it's easy to forget how big an issue that was and it actually took a hell of a lot guts to do it – it was a pivotal moment in Geoff's leadership.

We've protected Ningaloo Reef.

We have raised the school leaving age, and in the process given a whole lot kids opportunities they would never have had otherwise.

We're undertaking a massive upgrade of our schools – the physical infrastructure of education.

We have got hold of the health system, given it clear direction for the future and are demanding accountability.

We're building a railway line to Mandurah and in the process we are transforming the city centre.

We have spent hundreds of millions of dollars revitalising our regional cities and towns – like Geraldton.

We have transformed Geraldton. It is almost unrecognisable as the dispirited town it was when we came to Government. We decided to do something about it, and we did.

We have reformed our energy market - against fierce opposition disaggregated Western Power, paving the way for a modern energy industry and with it benefits for the rest of the economy.

So, the momentum is there, the record is there and I haven't got all day.

But I said there'd be some change of emphasis, some recalibrating, and there will be.

The Economy

When I became Premier, I made a deliberate decision to retain a key economic portfolio in State Development.

My reasoning is quite simple. I believe a strong economy underpins our ability to deliver high quality, world class services

A quick economic snapshot of WA, if I may:

The State's economy has grown by 23.7 percent over the last four years, well above the national growth of 14 percent.

We've got a strong job market – the unemployment rate has been at or below 5 percent for 19 continuous months – including a low of just 4 percent last month. Virtually full employment.

More than 100,000 new jobs have been created over the past 4 years.

Exports from WA are at an all-time high, accounting for around one-third of the value of Australia's exports.

And the future looks positive, with our Treasury officials forecasting continuing growth of 5 percent for this year.

I want to ensure our Government continues creating the right conditions to allow the economic prosperity to continue.

While I acknowledge overseas factors play a large part determining the level of the State's economic activity, I want to ensure we play our part in ensuring the prosperity continues.

This means ensuring we have a taxation and regulatory regime that encourages, not impedes, investment.

This means ensuring we invest in physical infrastructure around the State to help fuel new projects.

This means investing in our human infrastructure to make sure our people have the skills and education they need to succeed in the modern economy.

This means an industrial relations system that provides balance and fairness.

This means we continue to undertake economic reform to deliver the benefits of growth across the economy.

Innovation

But let me now turn to a part of our economy to which I want to give new emphasis. A big emphasis. A part of the economic spectrum where we are incredibly rich with potential.

Its our innovation industries.

Western Australians are innovative. Our history demonstrates that.

Today, I'm referring to our biotech innovators, our IT innovators, our medical researchers. We've got people who are world leaders.

Professor Barry Marshall is the current Nobel Prize winner for medicine. He shared the Prize with Robin Warren, who worked as a pathologist at Royal Perth Hospital for thirty

years.

His research work on the causes of stomach ulcers has made him an international figure.

In April I want Barry Marshall to accompany me to Chicago for the US Biotech conference and exhibition to help us promote WA innovation.

Then there's Fiona Wood, the 2005 Australian Of The Year. She invented spray-on skin for treating burns victims.

We've got the people and the companies out there competing successfully on the world stage everyday.

Late last year I went to Silicon Valley, California, to attend the ANZATECH technology conference.

West Australian companies and innovations stood out.

Technology Park in Bentley is now rated ninth in the world by the International Association of Science Parks and ranked top in Australia.

Its home to over 80 innovative technology companies and has an annual turnover of \$500 million each year.

An Innovation Centre is being established at the Technology Precinct that will help companies at the smaller end of the spectrum – helping them commercialise their ideas and find investors to back their plans.

Then there's the Australian Marine Complex at Henderson. A high-technology facility which will become a hub for marine and defence technology industries which will be worth billions of dollars.

Importantly, too, our traditional strengths - the resources sector and the agriculture sector have also fostered these emerging industries.

The petroleum industry and the resources industry have fuelled the growth and development of our services and technology industry in Western Australia.

Exports of technology and services to the global petroleum industry have increased substantially. We are on the cusp of something truly remarkable here.

Given the enormous opportunity that exists for Western Australia's innovation industries I have ensured that we have increased the profile and role of Science and Innovation by creating a dedicated new portfolio which I've given to Fran Logan.

And as part of this new emphasis I am pleased to announce today that the State Government will invest \$4.5 million to establish the Centre for Food and Genomic Medicine.

It'll bring scientists together from across biotech, agriculture and food technology to develop new approaches to the prevention and treatment to major health issues like diabetes and obesity.

This centre comes under the WA Government Major Research Facility Programme which has already helped fund the WA Energy Research Alliance and the WA Marine Science Institution.

And, if we want to achieve a strong science and innovation State for the future, we need to inspire our young people, to become scientists, mathematicians, researchers and teachers. We're doing that through a range of scholarships and Peer Tutor schemes as well as \$24 million support for the Scitech Discovery Centre.

Skills

I spent all of the first term of the Gallop Government with responsibility for education, and the second half or so with training as well.

When I started in the job as Education Minister, I saw retention rates actually going

downwards; inadequate attention placed on children's basic skills of literacy and numeracy, particularly in schools where it was needed the most; a system that ignored the impact of bad behaviour and discipline in schools; and only ad hoc attention at supporting innovative ways for making kids interested in school and wanting to actually go there.

Critically, from a skills perspective, there was a complete disconnect between high schools and our training effort – TAFE and apprenticeships: You couldn't be at school and at TAFE: you had to be in one or the other.

When I saw some schools retaining less than half of their kids through to the end of Year 12, I knew we needed to shake things up. So we did. The reality is that the school leaving age should have been raised years ago.

We didn't just grumble about it. We made things happen.

And we're starting to see some positive outcomes from our efforts.

Between 2001 and 2005, the number of apprentices and trainees in training in WA rose to 30,000 – an increase of 60 percent compared to a national increase of 30 percent.

And half of those in training in WA are in the traditional trades – the areas of most critical need.

I can assure you we will maintain the momentum – it was only in November last year that Geoff Gallop committed an additional \$31 million, aimed at an extra 14,000 training places, as well as support for the School Apprenticeship Link and expanding the trade skills recognition program.

We are at an important point in history. We are presented with an opportunity to make an historically significant improvement to the standard of living for young people who have traditionally found it difficult to tap into education and employment.

But we can't do it alone. It's one of my pet themes – Governments can't do things on their own. Governments have been trying for decades to find ways to engage a greater

percentage of young Aborigines with the economy.

I believe the resources sector, in particular, is in a position to succeed, where so many Government efforts have failed. The Argyle Diamond Mine in the Kimberley has led the way. In 1998, 11 per cent of the Argyle workforce was from the Kimberley. By 2004, it was 42% ... and about half of them Aboriginal. It can be done.

The Environment

Let me now turn to the environment.

Our Labor Government has brought the environment into our mainstream political thinking.

The environment is integral to decision making. It's no longer a separate issue to be considered in isolation or as an afterthought.

That won't change. While I'll be pushing economic development it won't be to the detriment of the environment. I have no intention of sacrificing the environment in the process.

Western Australia's recent environmental history is marked by two major decisions; both of them driven by Geoff Gallop. Geoff ended logging in old growth forests, and said 'no' to the development at Mauds Landing alongside the Ningaloo Reef.

Those decisions reflected a sea change in attitude in the West Australian community. People now value our natural environment in a way we haven't seen before.

We all know bad environmental policy is also bad economics, and vice versa.

You only need to look at salinity problem that Western Australia now faces to understand the point.

With our extremely fragile environment in WA we have to be particularly careful, particularly vigilant.

Conclusion

Before I finish can I go back to our researcher from Deakin University. I heard him interviewed on radio. He attributed WA's lower well-being rating to our insecurities born of isolation from the rest of Australia.

What can I say?

I've set out to have a positive, constructive relationship with the Federal Government. So far so good. I didn't see much value in adopting the stereotypical anti-Canberra stand. Far from it.

But, and I told the Prime Minister – in the friendliest possible way – that the importance of Western Australia and the challenges that our nation-leading economy presented us with, did not seem to be well understood or appreciated among our national decision makers.

Hence, the WA office in Canberra. We need to keep our issues at the forefront of the national political and economic debates. It's hard from 3000km away. Hopefully, that'll help with the insecurity issue we all apparently suffer from.

I have been given a great honour in being sworn in as Premier of Western Australia.

This is a time of immense opportunity and I feel the responsibility that goes with making sure that opportunity is not wasted. The way I see it, we are all in this together. You've all got responsibilities too. We share them. Governments can't do it alone, and nor, obviously, can Premiers. The story of our State is really only just beginning. We have to make sure that when future generations look back at our time, they see people who didn't just wait for things to happen, or assume things would happen, but people who made things happen.

Thank you.

Ends