

Ms Libby Mettam; Mr Paul Papalia; Mr Vincent Catania; Ms Jodie Hanns; Mr Chris Tallentire; Ms Lara Dalton

Division 14: Jobs, Tourism, Science and Innovation — Service 1, Defence Industry; Veterans Issues, \$49 327 000 —

Ms M.M. Quirk, Chair.

Mr P. Papalia, Minister for Defence Industry; Veterans Issues.

Ms R. Brown, Director General.

Ms L. Dawson, Deputy Director General, Industry, Science and Innovation.

Mr R. Sansalone, Chief Financial Officer.

Mrs R. Sackville-Minchin, Chief of Staff, Minister for Defence Industry; Veterans Issues.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is my intention to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by close of business Friday, 1 October 2021. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for Vasse.

Ms L. METTAM: I refer to page 205 of budget paper No 2, volume 1, under "Significant Issues Impacting the Agency". Item 10 states that Western Australia is well placed to advance more strategic partnerships between industry and defence. How much money has the state government spent on developing opportunities for industry and defence?

Mr P. PAPALIA: Does the member mean with respect to this budget, or in recent times?

Ms L. METTAM: With respect to the reporting period.

Mr P. PAPALIA: Obviously, successive state governments over many years have invested in defence, particularly in the Australian Marine Complex at Henderson. In recent times we have invested in further expansion to improve the capabilities at Henderson. The Australian Marine Complex received \$89.3 million for additional improvements at Henderson in recent times. That involved an improved transfer pathway between the wharves and a new massive shed that Civmec has there. Money is allocated towards a new shed on the waterfront that will enable us to move the adjacent Echo Marine Group site to the Australian Submarine Corporation building. Upgrades to the main wharf will enable capacity to berth one of the new frigates that are being built in South Australia, and money is also allocated to design work and other advance analysis for further expansion, as well as money for improvements to the road access around the AMC.

Ms L. METTAM: Obviously the submarine docking has been confirmed for South Australia. The state government invested in an ad campaign that took up full page advertisements in *The West Australian* and other newspapers. How much was invested in that campaign?

Mr P. PAPALIA: The overall campaign for advocating the case for Western Australia to be the site for full-cycle docking was \$1.035 million over a number of years. The point to make about that is it is quite extraordinary that after having encouraged the state government and Western Australian industry to advocate for shifting full-cycle docking to Western Australia and accommodating a relationship between the Minister for Defence's office and our public servants and industry with a view to making the case, the federal government then chose with no notice at all, after having delayed the decision for almost two years, to announce publicly that full-cycle docking would be retained in South Australia. That is very disappointing. There was agreement that Western Australia would make the case to the commonwealth that it was in the national interest for the task to be shifted to Western Australia. It was actually predicated on the assumption that had to come, because South Australia would have been incapable of conducting the construction of frigates and the new submarine and continuing to do full-cycle docking when that commenced. The original plan was for the new submarine to commence building in about 2024. Clearly, that is not happening. That is what has motivated the federal government to make this decision. There will be a lot less work happening in South Australia than it anticipated. The obvious conclusion to draw is that it kept Western Australia

in the dark in the same way as it kept the French in the dark and decided to not tell anybody until it announced it the other day.

[2.10 pm]

Ms L. METTAM: I appreciate that the government invested over \$1 million in the advertising campaign. Why was more not done?

Mr P. PAPALIA: What exactly do you mean, member?

The CHAIR: Member, keep to the budget items. I think that is an open-ended question. You need to be more precise.

Mr V.A. CATANIA: I have a further question on the same point, under “Defence Industry”, paragraph 10, which states —

Western Australia is well placed to advance more strategic partnerships between industry ...

Does the government have any plans for regional ports that can cater for defence? A good example is what Exmouth is going through with the strategic base at Learmonth. As the minister would know, with regard to the submarines in Exmouth, it has a communication station. There is a proposal for a deep water port that would facilitate the fuelling of frigates or other defence vessels. Is that part of the government’s strategy or is Henderson part of the state strategy? Is it more than just Henderson?

The CHAIR: I think the minister has the gist of the question.

Mr P. PAPALIA: I referred to the recent investment in Henderson because the state has made a significant investment in capital works to essentially provide the federal government with outcomes using our infrastructure. It is not the only thing we do for Defence. Defence West has a role to mentor and support the defence industry right across all the different fields—not just maritime, but also land, air and space—in preparing for accessing opportunities both with the ADF using the federal government’s investment and also internationally. A lot of activity goes into supporting small and medium-sized enterprises and even prime contractors in preparing to make bids, being aware of them and advocacy around promoting our capabilities to the world. We recently attended Land Forces, a defence expo in Brisbane. We did not talk about Henderson at all, although there was one major reference to Austal bidding for amphibious vehicles. It was about land forces-type technology and capability. WA has a lot of other defence industry players that are active across all fields.

With respect to the Gascoyne Gateway project that the member is talking about, that is not just a Defence-focused proposal but it does have lead agency status and is supported by the department, though not under me as the minister. It is not because it is not solely defence; the department is proposing a range of outcomes or uses for that project. I am not the minister responsible for that particular project. It does have lead agency status. The Department of Jobs, Tourism, Science and Innovation is the agency that is supporting it.

Ms L. METTAM: Further to the point the minister made about the \$1.035 million spent on the advertising campaign, does he think that the government should have invested more in that campaign or does he think it had any impact on the overall outcome?

Mr P. PAPALIA: It well and truly achieved its objective of elevating the potential for Western Australia to be the home of full-cycle docking activity. We made our case comprehensively. It was not just that advertising campaign that constituted our case; we also commissioned three different papers. PricewaterhouseCoopers completed some work on the strategic benefits of, and the reason for, shifting the full-cycle docking, being in the national interest. ACIL Allen Consulting wrote a report on the financial benefits. The third one was completed by a consultant whose name escapes me at the moment. It answered some of the other questions that were posed to us by the then Minister for Defence, Minister Reynolds. All of those papers, the many and varied fora that we addressed, and our advertising campaign contributed to putting the argument for Western Australia to be the home of full-cycle docking. The director general reminded me that something like \$80 million was spent on developing a workforce plan for the defence industry and committing our government resources towards building our defence industry workforce. We made the case comprehensively. Clearly, a significant decision was made by the federal government, as is its right, to shift from conventional submarine capability towards a nuclear one. That is a really significant decision and it looks like we are collateral damage amongst that. Our argument for full-cycle docking goes by the way because it was predicated on the government building new submarines in South Australia by 2024. That will not happen. The government will need to find work for those 500 or so South Australians who are currently doing full-cycle docking. I suspect that they will continue to do that work. They will not build submarines any time soon.

Mr V.A. CATANIA: On page 202, under “Ongoing Initiatives”, is the line item “Australian Marine Complex Studies”. I notice that in 2020–21, the actual amount is \$570 000, and in 2021–22, the budget estimate is \$7.611 million. Can the minister explain the spend on Australian Marine Complex studies?

Mr P. PAPALIA: What is the line again?

The CHAIR: It is on page 202.

Mr V.A. CATANIA: It is underneath “Election Commitments”.

Mr P. PAPALIA: I am on page 202. Where is it?

The CHAIR: It is in the table.

Mr P. PAPALIA: On which line?

Mr V.A. CATANIA: The line item is “Australian Marine Complex Studies”.

Mr P. PAPALIA: What is the member talking about?

Mr V.A. CATANIA: There is an amount of \$570 000 in 2020–21 and then \$7.611 million in 2021–22. There is then no further budget for the Australian Marine Complex studies. Can the minister elaborate on those complex studies?

Mr P. PAPALIA: It is a range of studies that have essentially been funded from federal government money in partnership with our government to identify work that needs to be done to accommodate defence activities at the AMC. A range of studies are being completed with that money, paid for by the federal government but administered by Defence West.

Mr V.A. CATANIA: Is the \$7.611 million in the budget state money or federal money?

Mr P. PAPALIA: It is federal money. It is part of a total allocation of \$9 million from the federal government. We are administering it. We have a task force that combines defence at the federal level with our state agency to work on meeting the defence requirements in Western Australia. That is part of the work that is being done. It is looking at an integrated infrastructure program, a transport program and other studies for facilitating defence activities around Henderson.

Mr V.A. CATANIA: I refer to the next line item, “Defence West”, on the same page—page 202, under “Ongoing Initiatives”. The budget for Defence West is shown as \$1.875 million and is ongoing. It seems to go up. How many employees are based at Defence West, and can the minister explain why there is a gradual increase in spend on Defence West? What is the focus of Defence West now and moving to the future, given that the federal government has made a decision to base the submarines in South Australia?

[2.20 pm]

Mr P. PAPALIA: Full-cycle docking was just one element of what we were pursuing in advocating for Western Australia’s defence industry. In 2018, we launched the *Western Australian defence and defence industries strategic plan*. One part of that was to advocate for WA being the primary location for the maintenance of frigates and submarines. The first step in making that case was arguing for the full-cycle docking to come to Western Australia, because we knew at that time that it would have to move sometime around 2024. Obviously, that is not happening, but it is not the only part of our strategic plan. We are still making the case for us to be the premier site for frigate maintenance. But also, we are in a new world now. We are going to have to assess what is happening with this argument around nuclear-powered submarine maintenance. Every indication from the Prime Minister is that the submarines will be based in Western Australia, where the submarine fleet is currently based. That is a new environment that we have to become familiar with, and we will have to seek advice from the federal government as to what its plans include.

That aside, Defence West has the role of helping all the defence industry in Western Australia to make their case and prepare for seeking out opportunities in the defence sector. The main argument we will be making and pursuing in the maritime sector is that we want certainty in Western Australia around continuous shipbuilding in the same way that South Australia has certainty. The federal government has committed to continuous shipbuilding in South Australia. South Australia is currently building the new frigates. The federal government has said that on completion of that project, it will roll over and continue to build the next frigate or next surface combatant in South Australia. Way back, when Christopher Pyne was the Minister for Defence, we were designated as one of two shipbuilding sites, but we have not been given that certainty. Right now, Luerksen and Cymec are building an Arafura-class offshore patrol vessel down at Cymec’s big shed. When that concludes, they will have no further work. As far as we are aware, there is no designated shipbuilding task for them on completion of that project. Austal is currently building Pacific patrol boats and has a short contract for Cape-class patrol boats for the Royal Australian Navy. The Pacific patrol boats are for our regional neighbours, and they have a Cape-class patrol boat contract for the Navy, but, on conclusion of that, they have no more work. So we have two shipbuilders, with no future pipeline of work. In the same way that the federal government acknowledged that we could not expect South Australia to continue to sustain a workforce at full capacity without a pipeline of work, we confront the same challenge. Our next demand on the federal government will be for it to recognise that it said we were one of the two shipbuilding sites, and we want the same commitment that it has given to South Australia. We want to know that we will have continuous shipbuilding.

The federal government was supposed to have released what it called a naval shipbuilding plan about a year ago, but it has not happened. It is pretty obvious why it has not—it was working on cancelling the submarine project and changing direction completely in the submarine world. That plan should now be released as a matter of urgency. The federal government should commit to Western Australia having continuous shipbuilding so that our industry players know that they can keep their workforce, can continue to invest in capability, and can sustain shipbuilding in Western Australia as one of only two shipbuilding sites in Australia.

Mr V.A. CATANIA: Does the minister see Defence West as being a successful partner in securing work now and into the future?

Mr P. PAPALIA: I do. Our defence industry strategic plan identified that the contribution of the defence industry to the Western Australian economy is around \$3 billion a year, and our objective was to double that within a decade. We are on our way to doing that. Full-cycle docking got a lot of profile, intentionally, because we were trying to make the case as forcefully as we could, but it is only one element of opportunity in the defence industry field. Plenty of other things are going on, and they are being sustained and supported by Defence West, but right now the whole environment has shifted as far as submarines go—not just maintenance, but submarine capability. That whole world is new. Defence West will be researching and providing advice to government and industry on where the opportunities lie in that new world. Apart from that, in all the other sectors, we are working all the time to realise opportunities for the defence industry.

Mr V.A. CATANIA: So not all is lost with losing the submarines?

Mr P. PAPALIA: No; we have other things. We have the Defence Science Centre, which came about only because we have Defence West, and we advocated to the federal government to create the Defence Science Centre in Western Australia to access some of the federal Defence Science and Technology Group's funding. Before that, as with a lot of federal grant schemes, Western Australia missed out because we just were not in the space. We now are. We are regularly funding PhD research. The idea is for all of our public universities to collaborate under the leadership of the Defence Science Centre, which is co-housed with Defence West. They are working to ensure that we get our share of defence research grants and that we realise the opportunities around Western Australia's competitive advantages. We have always said, as part of our strategic plan, that we recognise we have a lot of capability in research, development, problem-solving and equipment capabilities through meeting the demands of offshore oil and gas, and mining. We want to apply that to defence, and that is our competitive advantage. Those sorts of things are happening all the time.

Mr V.A. CATANIA: The minister said that his aim was to double the defence contribution to the economy from \$3 billion to \$6 billion. Without the submarine contract, which has gone to South Australia, does the minister still see that vision and will try to double the defence contribution? Does the minister think we are still on path?

Mr P. PAPALIA: I think we will exceed that. It is not beyond our reach at all. There is a lot of other activity in the maritime sector, but there is also activity in air, land and space that is being supported by Defence West, often facilitated and enabled through working with other government agencies to make sure that our local players get to meet their —

Mr V.A. CATANIA: So not all is lost.

Mr P. PAPALIA: No, absolutely not. I am disappointed, as we all should be. The way things played out was disappointing. We know why, because retrospectively we can see what happened. The federal government at some point made a decision that it did not tell us about, which was to shift completely from a conventional submarine-build in contract with the French naval group —

Mr V.A. CATANIA: The minister can understand why it had not told him.

Mr P. PAPALIA: Yes, but that does not make it any easier. It determined that it was going to change from that. What is disappointing is that the federal government was encouraging us and the defence industry in Western Australia to continue down this pathway, and we were pursuing that path until that announcement was made. That is disappointing. The defence industry is one way of diversifying the Western Australian economy that the government is pursuing, and it is already making a big contribution. There are a lot of opportunities in other fields. The agency is right now working in collaboration with the federal Department of Defence on a number of projects that will facilitate greater opportunities for our industry and also ensure that the nation's defence infrastructure and support for our ADF forces is well served in WA.

Ms L. METTAM: Federal members have discussed a dry berth docking facility in Henderson. What is the minister's view on that? Is that something that the state government would be looking at pushing for?

[2.30 pm]

Mr P. PAPALIA: I saw that the federal member for Stirling, Vince Connelly, had written an article in the paper some months after we had commenced consideration last year of a large vessel dry berth. It was no secret; it was

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public knowledge. Vince wrote about it as though he had just discovered it, which was fine for him, but he was not initiating any great new discussion around the subject. Our strategic infrastructure and land use plan, which was delivered in November 2020, identified the potential for a large vessel dry berth to be built. We have been aware, ever since the defence “2020 Force Structure Plan” was released, that there will potentially be the need for another graving dock in Australia by about 2026, because the Captain Cook Graving Dock in Sydney will have to go out of service for a significant time for maintenance. It is currently the only graving dock in the country capable of taking large vessels. That would leave Australia without the ability to dock a vessel for emergency work if, say, a frigate or another Navy ship touched bottom and damaged its propeller or something of that nature. If it required maintenance and needed to be taken out of the water, the only alternative would be to tow it all the way to Singapore probably during that time. We knew about that and we have been working in collaboration with the federal government on some work.

Some of that \$9 million to which the member referred earlier has been dedicated to some of the work needed to determine whether a dry berth can be built and if it were built what sort of scale would be needed, and what would be required in terms of all the other studies associated with doing something like that. All of that has been underway for some time. From the comments made by the Prime Minister the other day, I think we can pretty safely say that the federal government is very likely to commit to that project, but it will need the federal government to commit to it. It is not an asset that Western Australia as a state should fund or would necessarily be expected to fund. We might recognise that it is a national asset with potential benefit, certainly in construction, for Western Australians, but we are not intending at all to be the ones funding it or seeking funding for it. We expect the federal government to take on that responsibility and we can assist with facilitating it.

Ms L. METTAM: What is the cost of this infrastructure?

Mr P. PAPALIA: It is a big project. It will depend on the scale of it; they are large things involving a lot of steel and a lot of fabrication work. I will argue and I expect—I do not think anyone would argue against it—that it should be done with Australian steel by Australian workers in Western Australia. If it comes about, we are talking about something significant. It is worth well north of \$1 billion. I do not have specific costs or anything of that nature yet but it would be in the order of \$1.5 billion to \$2 billion if you are talking about —

The CHAIR: Minister, I have enough trouble getting members to stick to the budget papers without you getting into speculation.

Mr P. PAPALIA: Sorry, you are right. Just so the member knows, it is a really big project. The member asked earlier about whether we are disappointed about the full-cycle docking campaign. Yes, we are disappointed, but a lot of other things are going on. There is potential well in excess of what was being contemplated.

Mr V.A. CATANIA: I refer to item 10.2 “Defence Industry” on page 205, where it states —

supporting the Defence Science Centre to facilitate collaboration in research, which will lead to the enhancement of Australia’s defence capability ...

Can the minister elaborate on how the government plans to support the Defence Science Centre?

Mr P. PAPALIA: I might get the deputy director general to give the member a bit of insight into the Defence Science Centre and where we are at the moment and perhaps where we are looking to go.

Ms L. Dawson: The Defence Science Centre is co-funded by the state and federal governments through the Defence Science and Technology Group. The intent is to look at next generation technologies and capabilities 20-plus years out that defence might require and to stimulate research capability through the local universities active with local small to medium-sized enterprises to problem solve and identify pathways that could be around surveillance, autonomous systems capability, artificial intelligence or machine learning, to actually look at the safety and security of the nation. A number of PhD scholars have been funded through the Defence Science Centre in partnership with the universities. We run a number of defence teaming research programs to get them to collaborate effectively together in pitch for a solution to a project. Small grant funding is then provided to allow them to develop and shape that solution out further and work with the Defence Science Technology Group to, hopefully, prototype, then get into a trial position and look at potentially producing products for Defence direct.

Mr V.A. CATANIA: Is a figure attached to the funding allocation for that item? The deputy director general said that it is both state and federal funding.

Ms L. Dawson: It is both state and federal funding.

Mr P. PAPALIA: We do twice as much as the federal government, it should be noted.

Ms L. Dawson: It is under \$1 million overall, but we provide three-quarters of the funding.

Ms J.L. HANNS: I refer to the line item “Defence West” on page 202 under “Spending Changes”. What milestones have been achieved in response to government investment to help develop a pipeline of workers for Western Australia’s growing defence industry?

Mr P. PAPALIA: We have covered a fair few of these but we invested \$18 million towards defence industry, first of all for workforce planning, which is a really significant thing that had not been done before whereby the Department of Training and Workforce Development worked with Defence West and the industry on what the workforce requirements would be into the future. We have invested as part of the state government’s overall investment in training and education. However, defence certainly got a good share, \$80 million, towards industry apprenticeships; training and development; tailored short courses and scholarships for women and veterans, although we are still waiting to see some of those veterans get the scholarships; and facility upgrades to South Metropolitan TAFE. South Metro TAFE is renowned in the country as a leading developer and deliverer of training for the defence industry, not just here but over the entire nation. The member will have heard about the state government’s Defence Science Centre, which is bringing together all our universities in collaborating and seeking out grants that we then fund jointly with the federal government for research directly linked to problems identified by Defence. We enable a problem to be recognised from a defence operator and then we try to put researchers together with those people to develop a solution in the hope that they will develop a solution for our idea, for the Australian Defence Force, but we are very focused on any export opportunity to the rest of the world. That is something that happens all the time. They do not do just grants; they also have a range of collaboration activities that bring people together on a regular basis to think about subjects they might not have considered.

We have good connections into the resources sector. We try to bring in those people to think about problems that Defence confronts because often they operate in very similar environments and the challenges they confront are also similar. We do things like that when we put them together with the problem to try to solve it and then get our researchers to fix the problem and then work with an SME to provide the solution with a view to owning the internet protocol and being able to exploit it. As I indicated earlier, we are working on advocating on behalf of all parts of the defence industry in Western Australia to get its share. Obviously, the maritime thing tends to get the most attention just because the Australian Marine Complex is established; it is a pretty special location. Half the surface fleet and all the submarine fleet is based here in Western Australia, so navy and maritime projects get a lot of attention, but we do a lot in other sectors. Recently, we gave an opportunity to a company called Sea to Summit based in Belmont, I think—I have been there—to have a little platform at one of our Indo-Pacific conferences where I walked the Chief of the Defence Force down to its site and it got to do a little pitch to him.

Not unrelated, but sometime later, it was successful in a bid to outfit the Australian Army with non-combat equipment, camping gear and the like. It has developed world-class camping gear that is used in the private sector, in the civilian world, and applied it to the defence opportunity. We have helped it a bit with that. I cannot take credit for all of that, but they are a great bunch. That is a significant contract. I think that is worth \$20 million and I expect it to get bigger over time.

Another example in the aviation world is Orbital Welding, a Malaga-based company. The member might reflect on the orbital engine—that is where it came from originally—but a little Western Australian company, based in Malaga, is now building mid-range uncrewed air vehicle engines for Boeing to be used across the world. The state government helped that company by giving it an affordable loan and then giving it a holiday on that loan at a crucial time when, had the government not done that, it might not have been able to expand and realise the benefit of what it is doing now. It has one competitor, an American company, but Orbital is far better than that company. I expect that it will have unlimited opportunities in the future.

The government is doing a lot; there is a lot going on in all fields of endeavour in this space right now. Curtin University has a strong relationship with Defence West and in the defence push from Western Australia. It is a key player in a lot of space research that is going on. Even though we did not get the full-cycle docking, Western Australians should be comforted by the knowledge that our defence industry is really capable. It punches above its weight and is well and truly competitive for getting greater growth in the future.

[2.40 pm]

Mr C.J. TALLENTIRE: On page 219, mention is made in the table “Details of Administered Transactions” to the Anzac Day Trust fund. A commitment was made to provide additional funding through the Anzac Day Trust. What impact will this increased level of funding have to support veterans?

Mr P. PAPALIA: At the outset I have to acknowledge that responsibility for veterans really lies with the federal government. The Department of Veterans’ Affairs is a very significant agency and has a bigger budget than we will ever have. It also has responsibility for caring for veterans in many respects. What I am really happy about is that at a state level we can enhance the effort to support veterans to try to fill some gaps. We use our budget effectively to get not only the services that we can provide, but also some degree of funding for commemorative purposes. My predecessor in the portfolio took the case to the government before the last election. There has been significant

growth. We went from a budget of \$300 000 a year of state government money to \$1.3 million. That is administered through the Anzac Day Trust and that board undertakes deliberations on behalf of the state.

Mr V.A. CATANIA: Is that board made up of veterans?

Mr P. PAPALIA: It is partly, but not entirely. There are only three members on the board, but we might be expanding it shortly. The fund is not only for veterans. Guided by some advice from government, the board determines what proposals will be funded and prioritises the effort. We have said, as a way of guidance, that now that we have this \$1.3 million annually, we will allocate the lion's share, which is 1 million or thereabouts, to service delivery, and focus at a state level—because we are not the ones responsible for patching veterans up and helping them with most of their needs—on easing and assisting them through a successful transition from their defence careers into post-military careers. It is our view that if we can successfully transition someone into a new career path, they will be able to make a contribution and be recognised as a positive asset to the community. That will sustain them and build their resilience and make them less likely to become isolated and spiral out of control so that they need to be patched up. Most of that money will be focused on that. A little bit will be dedicated towards services for people who have been victims of the trauma that they have encountered, but most of that is the Department of Veterans' Affairs' responsibility; it has a far bigger capacity than we have.

We anticipate to be able to dedicate about \$300 000 annually to commemorative projects, events or nationally-significant sites. There are a couple of proposals around at the moment for monumental sites to commemorate the Korean War, and also the Battle of Crete, noting that both those events have key Western Australian significance. About \$1 million will be dedicated to services, hopefully mostly towards achieving successful transition for veterans, and about \$300 000 annually towards a commemorative project or nationally-significant event.

Mr V.A. CATANIA: Like HMAS *Sydney*.

Mr P. PAPALIA: Yes, like the eightieth anniversary of the sinking of HMAS *Sydney*; that sort of thing.

Ms L. METTAM: I refer to page 103 of budget paper No 3 and the paragraph headed "Australian Marine Complex Upgrade Project". I also note the recent government media statement regarding the inability of the WA government to attain the full-cycle docking contract. There is a discrepancy. The media statement refers to \$89.3 million for four upgrades to the AMC, while the budget states \$55.7 million as the total cost for the upgrades. I am wondering what the gap in funding is due to.

Mr P. PAPALIA: It is just over a couple of budget periods. The part that the member has referred to is on top of a previous budget allocation. It is the work that we referred to earlier on the design of the finger wharf. In the event that we got the full-cycle docking, it would have required a finger wharf. Nothing has been constructed. Money was allocated for the planning, but we will not need that. A significant amount of work would have been needed on the main wharf to not only improve the services for the ships, but also extend the wharf to accommodate the new frigates, because they are bigger ships. A transition pathway would have been needed between the wharf and Civmec's shed. It would have also meant moving Echo Yachts and building a new site down near the waterfront, and some work on road access.

Mr V.A. CATANIA: I refer to page 218 and the table "Net Appropriation Determination". A quarter of the way down the page is the item "Department of Training and Workforce Development—Defence Industry Veterans Employment Scheme". There is an allocation of \$130 000 for 2021–22, \$135 000 for 2022–23 and \$135 000 for 2023–24, but then there is no further funding. It is funded for three years. Can the minister explain what the employment scheme is for defence industry veterans?

[2.50 pm]

Mr P. PAPALIA: What was the last question, sorry?

Mr V.A. CATANIA: A small amount of funding has been allocated over three years for the defence industry veterans employment scheme. Can the minister explain that scheme?

Mr P. PAPALIA: It is a similar concept to the activity we were talking about in the veterans' issues portfolio, but this is being budgeted out of Defence West. The idea is that the government assists people who are currently in the Australian Defence Force to look for a potential future career path in the Western Australian private sector, and if a skills gap needs to be filled through training, we will provide that training and link them to an employer. That is the model, but I cannot say that we have the numbers yet. It is a great idea and the funding is available, but we have to deliver on connecting people who are in defence right now or who have just left with this system. I know that the Anzac Day Trust will be considering proposals from people who will fill the gap in connecting people. We have the money for the program. I am pretty sure that we also have defence industry people, at least, and potentially other private sector players, who view defence personnel as an attractive proposition, particularly right now because we need people. We need to connect them together. I know that people are proposing a business case to the Anzac Day Trust to deliver that service. Once that happens and we connect them to this money, potential future

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employees might take someone on as an adult apprentice or there might be some training that we can fund for free so that they are not out of pocket. We will connect them to an employer immediately post the delivery of that training.

Mr V.A. CATANIA: I have heard that there has been a push for veterans to get into the agricultural sector and to drive headers and so forth. It is my understanding that veterans have been plugging some of those gaps. I do not know whether that is the result of a push by the federal government to get those who have been in defence to take jobs in agriculture. Is that what the minister is talking about?

Mr P. PAPALIA: It is not the federal government; this is state government money.

Mr V.A. CATANIA: I understand that, but it is my understanding that there has been a push by the feds to get defence personnel who have left defence into agriculture. Is that what this scheme will try to do as well?

Mr P. PAPALIA: I do not know about that. This scheme is exactly what I said it is. We have planned it for some time and we are delivering it and we have got the budget for it. It is now a matter of getting the structure around connecting people who are departing defence with potential employers and the training that is necessary to meet demands of those employers. That is what we are doing. This is our own system. I am not aware of anything by the federal government, certainly not in WA, that connects veterans with agricultural opportunities, but there is no reason why that could not be accommodated by this program. The only problem with that is that such work is seasonal and there is a one-off emergency right now, and there may be people whose skill sets can be applied to that task right now without any training.

We are trying to identify potential employers for people who are either serving in defence right now or have just departed. Ideally, we will do it before they depart defence. Normally, people will undertake a transition period during which they will attend various fora and be connected with potential employers. We have a great opportunity in Western Australia right now because, like most of the country, we desperately need skilled labour and people with potential. We can provide them with the skill sets needed to fill any capability gaps and make them very attractive for employers. The idea with this scheme is to connect them with an employer so that they have certainty.

A lot of people coming out of defence are doing so at a time when they are in a different stage of their life than they were when they entered defence. They often have a family, a mortgage and all the responsibilities associated with needing an income, so if we can deliver training and hook them up with an employer, the moment they step out of uniform they can go straight into new employment and a new life, which will be wonderful for the state, wonderful for the employers and wonderful for the individuals, and that will contribute to our ongoing booming economy.

Ms L. DALTON: I refer to page 215 and details of controlled grants and subsidies, specifically the line item “Defence Science Centre”. Western Australia’s universities have a proven research record in a wide range of discipline areas applicable to Australia’s national defence strategies and priorities. What actions are being undertaken to support researchers in the defence sector?

Mr P. PAPALIA: Thanks, member. We have referred to this a couple of times. The Defence Science Centre is co-housed with Defence West and is a collaboration between the federal government and the state government. I put on the record now that I expect the federal government to step up and match our funding. It can no longer ride on the coat-tails of the state; this is something that it owes us. It needs to invest in Western Australia’s defence sector a lot more now that it has let us down on full-cycle docking. The Defence Science and Technology Group is a federal government agency that essentially oversees a lot of funding for research. In the past, Western Australia has not had its share. The idea of this is that we get all our universities to collaborate. We identify opportunities for research in areas in which we have a competitive advantage and then we make a pitch to get funding from the federal government.

Quite apart from the process of seeking funding from the federal government, we might bring together players that might not work together in this field of endeavour. The Defence Science Centre has hosted things such as the Cyber West Summit, defence and research team workshops and pitch fests, which bring together players from across the sector and other sectors, including resources and offshore oil and gas. They will be given a task or problem to focus on. They might break up into teams. They will have a short time frame to concentrate on developing a potential research pathway that solves that problem. If they solve the problem and identify something good, there is potentially an opportunity to seek funding from the federal government, the Defence Science and Technology Group, or the state government for other research grants with a view to solving the problem that has been posed, fixing something for the Australian Defence Force, providing great equipment and better outcomes for Defence Force personnel and potentially an export opportunity for not only defence, but other sectors, because some of these things go across sectors, such as leasing, security and any number of other fields of endeavour. It is a great opportunity to leverage off what has been here all along but was not supported in the past. Before we created Defence West, the defence industry in Western Australia did not have a voice on the national stage. We were out of the discussion.

The appropriation was recommended.

[3.00 pm]