

Mrs Liza Harvey; Mr Mark McGowan; Ms Mia Davies; Mr Kyran O'Donnell; Dr Tony Buti; Mr Zak Kirkup;
Chair; Mrs Robyn Clarke

Division 15: Jobs, Tourism, Science and Innovation — Services 1 to 3, State Development, Jobs and Trade, \$137 155 000 —

Mr T.J. Healy, Chair.

Mr M. McGowan, Minister for State Development, Jobs and Trade.

Mr R. Sellers, Acting Director General.

Ms S. Spencer, Deputy Director General, Strategy and International Engagement.

Mr C. Clark, Deputy Director General, Resources and Project Facilitation.

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

Ms E. Fells, Executive Director, Invest and Trade Western Australia.

Mr J. O'Hare, Executive Director, Industry Development.

Mr K. Dawson, Acting Executive Director, Infrastructure, Planning and Economic Development.

Mr R. Sansalone, Chief Financial Officer.

Mr P. Carden, Chief Finance Officer.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof Hansard will be available the following day. It is the intention of the Chair 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 Friday, 30 October 2020. 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 Leader of the Opposition.

[5.10 pm]

Mrs L.M. HARVEY: I refer to page 204 under "Spending Changes". Midway down the page is reference to the local capability fund, under which is business recovery and PPE manufacturing grants of \$10 million for the 2020–21 budget. Can the Premier explain when those grants will become available and whether any applications for those grants are pending or have been awarded?

Mr M. McGOWAN: I thank the member; it is a good question. I was very keen for us to have additional personal protective equipment and mask capability in Western Australia. The Expenditure Review Committee approved \$10 million for 2020–21 to support small to medium-sized enterprises through the local capability fund as part of the state's COVID-19 recovery package. That led to the launch of three rounds of the local capability fund in July 2020 to support SMEs in their response to COVID-19, the PPE manufacturing round, the PPE market feasibility round and the COVID-19 business recovery and growth round. The objective of the PPE manufacturing round is to secure sustainable PPE manufacturing capability in Western Australia. The market feasibility round is to assist SME applicants with the cost of undertaking an independent feasibility study into their PPE manufacturing proposal. The objective of the COVID-19 business recovery and growth round is to assist Western Australians who have been adversely impacted by the COVID-19 pandemic and who supply to or are part of the following priority industry sectors: energy, mining, construction, defence, marine and state and local governments.

I will read this and then ask Mr O'Hare to make a few remarks. As of 22 September 2020, 46 SMEs have been recommended for funding for a total commitment of \$3.27 million. Forty-four of those recommendations were under the business recovery growth round and two were under the PPE marketing feasibility round. Applications under the PPE manufacturing round are yet to be assessed, as the closing date is 30 October 2020. I will ask Mr O'Hare to add to that.

Mr J. O'Hare: These rounds have been very well received by the local SME community, which is pleasing. As the Premier mentioned, a number of applicants have been successful and a number are still in the process. We have closed the rounds, so they apply under what is called a SmartyGrants program, which is an electronic lodgement version through which they lodge their application. We have a number in there. We will process those and look at

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those applications to see which are successful. Just because someone lodges an application does not necessarily mean that they are successful. We will evaluate those. We told them that even if they are first in, if the funds are no longer available and we run out due to the success, that is the way it is.

Mrs L.M. HARVEY: As I understand it, around \$3 million has been allocated and released. Is it possible to get a breakdown of who has been successful? Obviously, it might be a bit sensitive to identify the individual businesses, but could we have an account of the value of each of the grants that has been issued at this point?

Mr M. McGOWAN: As I said, the PPE manufacturing round is yet to be assessed. The closing date is 30 October, which is 10 days from now. I am not sure that the other 44 under the business recovery and growth round have all been informed yet.

Mr J. O'Hare: A number have been informed that they are successful. When we write to tell them that they are successful, they receive a form to complete about what the funding is for. They must put their own money in and they agree to that. The scheme has been running since 2011 and what we have done in the past has been very successful. If we could give two grants from the metropolitan area and two from the regions, we would approach those companies and make sure they were happy with their details being provided.

Mrs L.M. HARVEY: I seek some clarification. I thought Mr O'Hare said that the scheme had been running since 2011.

Mr J. O'Hare: The local capability fund has been running as a fund since 2011. As the Premier mentioned, the \$10 million was specifically allocated to assist Western Australian businesses that were adversely affected by COVID-19. Although they were focused on COVID-19, we received normal allocated expenditure, which has increased again to \$2 million. We are running a round to support Aboriginal businesses. We also have a round looking at the importance of WA businesses being certified. We look at funding part of the certification for businesses to reach the International Organization for Standardization and Therapeutic Goods Administration standards and other standards. We are talking here about the COVID-19 recovery rounds. The department has also been running the local capability fund. We have had some 21 rounds since it was created in 2011 and it has been a very successful program in its support of Western Australian SMEs. One of the ways we can tell that a program is successful is that in the past we have received co-funding from one mining company and one energy company. They wanted to use this program in the Pilbara with its well-established governance structures and funding to respond to issues they had in Onslow. The other was in the Pilbara when working with the iron ore companies to assist local companies get into the iron ore market. Another example is working at specific government projects such as the ring-road around Bunbury. We will have a round in the local capability fund to assist SMEs in that region to come up to speed so that they can then tender for and win work from Main Roads Western Australia. The scheme was very successful for 2011. The member is talking about the \$10 million that was specifically applied for COVID-19.

Mrs L.M. HARVEY: With regard to the applicants, can we get an idea of the range of PPE manufacturing that is likely to commence as a result of this fund?

Mr M. McGOWAN: The funding round does not close until 30 October, so that is 10 days away. We do not know who will be the applicants and then we have to have an assessment process after that. This is to set up a long-term capability in Western Australia so that we can deal with this issue should it arise in the future. We do not have their names. It is difficult to give the member the names when we do not know who they are.

[5.20 pm]

Mrs L.M. HARVEY: Premier, turning to page 217 and "Details of Controlled Grants and Subsidies", I notice that funding for the line item "Science, Technology, Engineering and Mathematics Strategy" will expire in 2021–22. I am interested to know whether a further STEM strategy is being developed to kick in to ensure that we do not drop the ball on this very important STEM strategy.

Mr M. McGOWAN: Science, technology, engineering and mathematics, or STEM, is obviously important. The state government is continuing its investment in STEM skills via grants supporting STEM professional learning. An amount of \$3.359 million was allocated over four years from 2018–19 to implement a select number of initiatives under the STEM strategy. This included \$2.698 million for grant funding for STEM professional learning for lower socioeconomic schools and their teachers in STEM enterprise schools. That was delivered by the Department of Education through an MOU with the Department of Jobs, Tourism, Science and Innovation. More than 70 schools and 700 teachers benefited from the program. The digital and technology skills program received funding of \$738 000, with eight projects awarded funding via digital and skill building programs to Western Australians under-represented in STEM and/or living in regional or remote communities. The STEM strategy implemented by JTSI is a statewide STEM marketing campaign funded with \$802 000 from June to August 2020. Funding will be fully expended by October this year. In 2019–20, there was higher digital and technology grant expenditure. All that has happened, I think, in the response to the STEM advisory panel recommendations that we have put in place, and that has

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been funded across the forward estimates. Obviously, what we put in place was a time-limited program, but across government there is lots of investment in various STEM initiatives in lots of different agencies, in particular through JTSI and the Department of Education, and also the Department of Health.

Ms M.J. DAVIES: I refer to page 204 under “Spending Changes. The first item under the COVID-19 recovery plan package is “Attraction Incentives Package for Call Centres”. Has there been any interest by, and how is the department engaging with, businesses that are looking to shift?

Mr M. McGOWAN: There is \$10 million to attract call centres here. They are not NASA-style jobs but they are reliable jobs, and jobs that suit many people’s qualifications and lifestyles, and that are transferrable in terms of location. I received correspondence from a call centre operator who indicated that if there was an incentive program, there would be the opportunity for literally hundreds of jobs to be located in an important location in WA. Consequent to that, we looked at whether there was an opportunity for a fund so that we could have a competitive process and perhaps get more call centres to come here. This is in response to that obvious opportunity, because a lot of call centres are looking at bringing their operations back from overseas in the COVID environment. When they come back, we would prefer they located here, rather than Adelaide, Melbourne, Hobart or wherever it might be. This is a direct response to an opportunity we have identified based upon the fact that call centres are now looking at locating within Australia. I ask the director general to expand on that.

Mr R. Sellers: The processes are underway. The expressions of interest closed last Friday, from memory, so there is a period when we look at those, distil them down and run the business ruler over them, and then make recommendations to government. It is not at the stage at which we can share numbers or who are the likely recipients, other than it was well-subscribed.

Ms M.J. DAVIES: Prior to expressions of interest closing, was there interaction with local regional development commissions and local governments to find whether they would add to the incentives that the state government is offering?

Mr M. McGOWAN: Regional development commissions operate with state government money, so obviously we would want to work with them on that. In terms of local governments, I do not know the answer to that particular question, so will hand that to the director general.

Mr R. Sellers: The only interaction with communities that I was aware of was with the proponents putting together their EOI with the areas in which they were interested in putting their call centre. Again, without going into detail, some of those were talking to particular towns, and sites within the towns, so that they could run their business ruler over it and get the numbers together that they presented to us on Friday. Did we take a communication role in that? No, that was the business part of that application process. It was not for us to try to seek money out of anyone as part of that; it was part of the group that was presenting their EOI to work out their strategy and how they would fit into that community.

Mr M. McGOWAN: Hundreds if not thousands of jobs could be created out of this initiative. We are very hopeful that we will get some significant activity out of this, particularly in lower socioeconomic areas with high unemployment rates. Expressions of interest closed on Friday, so hopefully we will get some outcomes soon.

Ms M.J. DAVIES: Are you able to advise whether there has been any interest in setting up in regional locations?

Mr M. McGOWAN: The correspondence that came to me that spurred this interest was for an outer metropolitan location—an outer urban area—with high unemployment. It spurred this interest that perhaps there is an opportunity here, but we will wait for what the proponents come back with. As the member knows, we set up a call centre in Collie for the Department of Mines, Industry Regulation and Safety, and we set up another one, maybe in Broome, for another agency. Maybe Mr O’Hare knows the answer to that. We are waiting for an outcome here, so I will hand over to Mr O’Hare.

Mr J. O’Hare: Thank you, Premier. Member, Horizon Power has recently moved its call centre from Melbourne to Broome.

Mr M. McGOWAN: Yes, that is it.

Mr J. O’Hare: They advised us of that at one of our regional communications forums. The department has also had a longstanding relationship with Royal Life Saving, which runs a call centre in Bridgetown that was set up as part of the previous government’s old-growth forest program.

Mr J. O’Hare: The one we own is in Bridgetown; there is one in Manjimup as well. We still have a lease, which we are currently negotiating with Royal Life Saving. I know it is keen to expand its role and, as the Premier mentioned, the number of jobs it has put through that regional community in 20-odd years has been substantial. It is a great employer in the Bridgetown region. That regional focus will be a focus of JTSI as we go forward to ensure as much as possible, where it is equal, that jobs in regional areas are considered as well.

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[5.30 pm]

Ms M.J. DAVIES: Was there any differential to account for some of the additional costs that might be presented for setting up in a regional location?

Mr M. McGOWAN: I will get the director general to comment but I think it is plain that under this government one has been established in Broome and one in Collie already. I will get the director general to respond to that question.

Mr R. Sellers: I have not been through the detail of what has come in. I have had only very brief conversations with our staff who are dealing with the proponents prior to lodging, but discussions have been happening since the announcement was made that the point of lodging it was to try to make sure that it is value for money and the sorts of jobs they will create can be verified. It has a very clear value of what any subsidy is in it. They will bring into that a range of things that might be different between one applicant and another, and that is just part of the business component of their expression of interest. I do not have those details until we have sorted through the applications.

Mr M. McGOWAN: To be fair, I think the view would be that areas that have the highest unemployment are probably the areas where we want to establish these. There might be technical issues with bandwidth and things they have to have in order to connect appropriately. All those things would need to be considered. I doubt any operator would be interested in putting one of these into an area that already has a dearth of people available for other work. because they would not be able to attract employees. I think they would be more interested in areas that have a ready supply of labour that is perhaps not fully utilised at this time.

Mr K.M. O'DONNELL: I refer to the service summary on page 208 of budget paper No 2, volume 1 and the first seven items: international engagement, project facilitation, industry development, science and innovation, destination marketing, event tourism, and tourism destination development. Except for event tourism, the budget for every one of those items goes backwards in the forward estimates for the next three years and will be less than is budgeted for this year. If the government's goal in those seven line items is to grow and diversify the economy, create future jobs and support skills development, how does the Premier envisage that can be done when the budgets for six out of those seven items are going backwards?

Mr M. McGOWAN: My observation whilst awaiting advice is that the 2020–21 budget estimate for this item is \$295 million. The member is correct that across the out years, it is not as strong, but we have brought forward to this year as much spend as we possibly could. That has been a deliberate strategy. I am unaware that that applies here. I will await further advice, but across the board, we have put as much effort into this year as we possibly could because of the external threats to the state's economy.

Dr A.D. BUTI: I refer to page 206 and the heading "WA Recovery Plan". The first four items under the subheading "Western Australian Jobs" refer to how the Western Australian Jobs Act and the Western Australian Industry Participation Strategy are supporting local jobs. I have a two-part question. First, can the Premier confirm that the figures on jobs and apprenticeships in the third item are current; and, if not, can he provide an update on what the Western Australian Jobs Act has achieved on jobs? Second, I note that recently, some misleading and incorrect claims have been made about the WA jobs act. Can the Premier elaborate on its success and provide an update on how it is supporting WA businesses and suppliers?

Mr M. McGOWAN: I thank the member for the question. Yes, I can. The government undertook this important initiative over the course of 2017–18, and we are pleased to say that it has gone well for the state. Since the full implementation of the jobs act and the industry participation strategy in October 2018, 306 participation plans have been submitted. They have created 27 063 Western Australian jobs and 1 794 apprenticeships and traineeships for Western Australians. In regard to those jobs, 28 per cent, or 7 459, are in regional WA, and about one-third of the apprenticeships and traineeships, or 547, are in regional WA. Across the 306 participation plans, we have seen 90 per cent Western Australian content. The majority of individual participation plans have 100 per cent Western Australian content. I will highlight a few: Balcatta High School, Bunbury Regional Prison, Darling Range Sports College, Karratha–Tom Price Road, Utah Road, and Port Hedland pavement rehabilitation plan. Each of those projects has created literally thousands of jobs.

The jobs act and the industry participation strategy will be important in delivering the recovery plan and stimulating Western Australian businesses. We obviously have a very constructive relationship with businesses across the state to make sure that this has happened and worked well. I think it is a national example of how to put something in place to ensure we maximise local content in Western Australia whilst maintaining some competitive pressure and ensuring there is the opportunity for businesses in Western Australia to grow and expand into other locations, not remain stuck in one location, and get value for money. I think we have the balance right across the board. I know there were some naysayers about this, but I think it has worked really well.

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Mr Z.R.F. KIRKUP: I refer to page 214, works in progress, and the allocations for overseas offices and the overseas offices motor vehicle replacement program. Can the Premier update the house on what those allocations are currently spent on?

Mr M. McGOWAN: The advice I have for the second one is that it is a rolling program for overseas vehicle purchases. I assume that on occasion people in our overseas offices need a car. The cost is \$65 000 this year. The other allocation is for offices, I assume—I will get some advice in a moment. That \$45 000 for this year and \$75 000 in each of the out years is not a lot of money, but I will ask the director general to provide an answer on that.

Mr R. Sellers: Given that it requires a detailed answer; I might ask Renato to comment on that.

Mr R. Sansalone: Again, it is a rolling program for office and IT equipment replacement for overseas offices.

Mr Z.R.F. KIRKUP: The overseas offices motor vehicle replacement program is \$65 000 and then jumps to \$175 000 for each of the years in the forward estimates. I assume that is a broadening of the overseas motor vehicle fleet provided to those offices?

Mr M. McGOWAN: I will ask the director general to comment.

Mr R. Sellers: I think it is more a reflection that when vehicles come up in the program, it might be multiple vehicles. For confirmation, we can check with Renato again.

Mr R. Sansalone: I would say that is correct, yes.

Mr Z.R.F. KIRKUP: What is correct; sorry?

Mr M. McGOWAN: To the director general.

Mr R. Sellers: That, depending on the year and when vehicles were leased or purchased, there is a cycle when we replace. In some years, two might be replaced, and in other years there might be one, so we get some fluctuation.

Mr Z.R.F. KIRKUP: I appreciate that, thank you, but I wonder whether we have an understanding about what that might be. Is it for two offices; is it for two vehicles? Do we have an understanding about what that might be? It is not an insignificant sum.

Mr M. McGOWAN: I will ask Mr Sellers to comment.

[5.40 pm]

Mr R. Sellers: I do not have the detail of whether the \$100 000 plus was for one or two cars. We would need to check the replacement cycle process to answer that question for the member.

Mr Z.R.F. KIRKUP: Sure. Is it possible, Chair, by way of supplementary information, to get a breakdown of the expenditure in the forward estimates for the overseas vehicle replacement program as to what offices they are and what vehicles they might be?

Mr M. McGOWAN: No. I invite the member to put a question on notice.

The CHAIR: Before I give the call to the member for Central Wheatbelt, I indicate that we have a couple of other divisions to get through before six o'clock. Make sure you spread your time as you seek to. Member for Central Wheatbelt.

Ms M.J. DAVIES: I am on page 217 as well, the Ferguson Valley–Wellington forest marketing. Has there been a request for additional funding for that project or initiative, or has consideration been given to providing additional funding in this budget round going forward?

Mr M. McGOWAN: I do not know the answer to that question so I will defer to the director general.

Mr R. Sellers: If I can just check with the member, the Ferguson Valley–Wellington forest market was 2018–19. Is that the money the member is referring to?

Ms M.J. DAVIES: Yes, that is correct.

Mr M. McGOWAN: That obviously ceased a couple of budgets ago. I do not know if there has been a replacement program or otherwise. I will defer, again, to the director general.

Mr R. Sellers: In my time in the agency, we have not discussed any extension or application for extra money.

Ms M.J. DAVIES: Is the Premier aware that there has been a request for additional funding or ongoing funding?

Mr R. Sellers: Sorry, I was not clear. I have not discussed it; I have not had a request come to me for extra funding.

Mrs R.M.J. CLARKE: My reference is to budget paper No 2, page 211, the third point, "Industry Development", and the reference to increasing the involvement of Western Australian businesses in the supply chain for government

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and private industry works and contracts. I note the WA recovery plan included investigation opportunities for manufacturing and maintaining iron ore railcar wagons. Can the Premier outline the work that is being undertaken to develop these opportunities, and what would be the flow-on benefits for local steel fabricators?

Mr M. McGOWAN: Thank you. Obviously, there is an opportunity with railcar manufacturing. We are doing it for our Metronet project in Midland. That will be the first time in 35 years that railcars have been manufactured in Western Australia. We are doing that for not only Metronet, but also the *Australind* rail service, and we are building a diesel maintenance facility there. I had a round table with the iron ore miners and the Chamber of Minerals and Energy, in which I said to industry that, where we can, this sort of work should be conducted in Western Australia. The iron ore industry uses 3 000 or so railcars. It is a big industry and obviously a big opportunity for the state. We are putting in place an action group, in conjunction with the Chamber of Minerals and Energy, the Australian Steel Institute, the Freight and Logistics Council of Western Australia, union representatives and iron ore proponents to look at the opportunity for further iron ore railcar manufacturing and maintenance to be done within Western Australia, the potential for the development of an industry, the use of the existing facilities we are constructing, the potential barriers, and the extent of local capability. We anticipate that there will be several options for us to consider and we want to get on and ensure that there is that opportunity for Western Australian manufacturing. I note that these days there is lots of discussion nationally about railcar manufacturing. Various people are saying various things about it. What I find is that sometimes the east coast commentators and politicians do not realise that we are actually putting in place an industry here in Western Australia that New South Wales cannot do. We are already doing it, but we want to expand it and make sure that whether it is iron ore railcars, movement of grain or whatever it might be, we get additional manufacturing out of this industry. We are putting in place all these measures to see what can be done, building on our success in doing it for rolling stock for our Metronet program and for the *Australind*.

Dr A.D. BUTI: I also refer the Premier to page 211 and the third point, “Industry Development”, which refers to increasing the employment of local workers and the involvement of Western Australian businesses in the supply chain for government and private industry works and contracts. My question relates to the announcement as part of the recovery plan that the government will be exploring opportunities for local wind farm manufacturing. I note that the department has launched an independent feasibility study into opportunities for local business in the supply chain for wind farms. Can the Premier please provide an update on the feasibility study, including what it is seeking to deliver?

Mr M. McGOWAN: Thank you for the question. We have committed to more local manufacturing opportunities. We have launched an independent feasibility study into the wind farm supply chain across the metropolitan and regional areas. As members know, over the last 20 years there has been an enormous installation of wind farms in Western Australia; that has continued and actually jumped in recent years. Total funding for the study from the Department of Jobs, Tourism, Science and Innovation is \$100 000. It provides an opportunity for high-tech industry and manufacturing in Western Australia. Some steel fabricators have expressed an interest in providing some of the support infrastructure for a wind farm, and the Department of Jobs, Tourism, Science and Innovation has established the local industry participation wind farm supply action group, which includes a whole bunch of companies that are working cooperatively with government on this. The aim of the action group is to initiate discussion with wind farm proponent steel suppliers, fabrication industry and the like to look to develop this industry in Western Australia. This builds on our efforts in defence, submarines and lithium, and railcar manufacturing, which I spoke about a moment ago, to get enhanced manufacturing in Western Australia. The study will identify all the issues, the capacity and capability, the size of the market, local industry participation, training opportunities and the like. I expect it to be completed and handed to government by the end of the year. Hopefully, we will then have a better understanding of what we need to do in this area. Obviously, it is an area that is growing in importance, and one in which Western Australia has some advantage, considering our energy mix, our technical capability and our location in the world. This sort of long-term thinking in manufacturing is something we are working hard on.

The appropriation was recommended.