

40TH PARLIAMENT



Economics and Industry Standing Committee

Report 10

TURNING TO INDIA: INVESTING IN OUR FUTURE

*Inquiry into Western Australia's economic relationship with the
Republic of India*

Presented by
Ms J.J. Shaw, MLA

November 2020

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Economics and Industry Standing Committee

Turning to India: Investing in our future

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relationship with the Republic of India**

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Presented by

Ms J.J. Shaw, MLA

Laid on the Table of the Legislative Assembly on 19 November 2020

Chair's foreword

This report, *Turning to India: Investing in our future*, has been tabled at a particularly challenging time.

Nations continue to grapple with the fallout from the COVID-19 pandemic: an event that has interrupted trade flows, supply chains and the free movement of people, and continues to adversely affect population health and economic development around the globe.

China has announced a range of restrictions on Australian exports—many of which are significant to the Western Australian economy. At a time when it is essential to keep our trading relationships strong, our State—the most trade oriented in the nation—finds itself affected by the strained relationship between Beijing and Canberra.

There has never been a more important time to consider the steps WA can take to protect its existing trade relationships and develop pathways to new markets.

This inquiry was initiated at a time when WA's disproportionate reliance on a single partner and in a handful of commodities was acknowledged, but considered relatively uncontentious—and prior to the onset of the COVID-19 pandemic. Given the increased global awareness of the transformation and growth of the Indian economy over recent years, the Committee considered it worthwhile to examine whether our State was effectively pursuing economic opportunities in that market.

WA was an early mover in recognising the export potential of the Indian market. In 1996, we were the first Australian state to open an office in India, establishing the Government of Western Australia's India office in Mumbai (GoWA India). The other States soon followed suit, dedicating significant resources and opening their own trade offices.

Over time, other Australian States—particularly Victoria and New South Wales—have achieved far greater trade and investment engagement with India. While the Australia–India economic relationship has seen significant growth, with India now Australia's fifth largest trade partner, WA has not seen a commensurate increase in its bilateral trade flows.

India is widely recognised as one of the fastest growing economies in the world. By 2035, it is predicted to be the third largest national economy, behind China and the United States. A rapidly developing India will need many goods and services that WA can provide, including those from the education, mining, energy, agriculture and tourism sectors. This inquiry originally intended to examine how we might regain momentum in our trading relationship with India and broadly coincided with the release of two key State Government policies: *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA) and *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy).

At the outbreak of the pandemic, the Committee questioned whether we should proceed with this inquiry—after all, with such uncertainty, lack of information and limited ability to

predict our neighbours' responses to such an unprecedented global shock, what useful observations or recommendations could be made?

Over the past eight months, however, it has become apparent that there has never been a more important time to consider where WA's economic future could lie and the steps we can take to leverage the unique position we now find ourselves in.

On account of the McGowan Government's decisive action in response to the outbreak of COVID-19, WA is currently one of the safest and strongest jurisdictions in the world. We have, thus far, avoided the worst of the health and economic impacts that have so devastated other nations. WA is extremely well positioned for recovery. And trade has never assumed a more important role in our state-wide recovery conversation.

It is vital that WA seeks to diversify its trade base: with new partners, in new markets and across new goods and services. Whilst significant efforts are currently focused on internal recovery, WA needs to also build new industries and markets: industries that will harness our innovation and existing capacities and chart new courses to new markets. India is one such destination for our joint endeavours—and amongst all of our potential trading partners, should receive our prime focus.

There are a range of factors complicating the pathway to increased trade with India. India's system of government is remarkably complex. Unlike some of our other trading partners, the Indian Government has a limited capacity to direct the economy and the policies of its 36 sub-national governments; all of which are significant economic actors in their own right. Indian markets are complex, often impose high tariffs (particularly in agribusiness) and erect other regulatory and non-tariff barriers. Australians also generally lack an awareness of Indian business opportunities, and do not understand India's business culture well.

India is also able to meet much of its own demand for WA's traditional major exports. Where we trade with India, WA often supplements its domestic supply rather than being the main source for key commodities such as iron ore and liquefied natural gas (LNG). A far wider variety of products and services are likely to underpin our future relationship, with demand for international education and tourism in particular likely to be significant. To be successful, WA must apply a different, more nuanced, layered and proactive engagement strategy than we have traditionally adopted for other commodities, products, services and markets.

Evidence to this inquiry has demonstrated that State-level trade policy requires long-term planning and commitment, and should ideally enjoy broad-based political support. A non-partisan approach to trade policy would enable successive administrations to take strategic and ambitious approaches to policy and program development and deliver stronger, long-term trading ties and relationships. This will be vital to success in India.

The evidence also shows that collaboration with Australian national, state and territory governments is imperative. Both the Australian and Indian national Governments have signalled their intent to enhance the bilateral relationship through *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese AO, commissioned by the Commonwealth Government, and the forthcoming *Australia Economic*

Strategy, by Ambassador Anil Wadhwa, commissioned by the Indian Government. We have recommended that the State Government examine these documents and ensure our own initiatives complement nation-wide efforts. No Australian state has the capacity to penetrate the Indian market alone. A combined effort is likely to yield better outcomes for all.

The State Government's economic framework, *Diversify WA*, and the Asian Engagement Strategy adopt a sectoral approach to economic development. The *Western Australia Investment and Trade Plan 2019–20* identifies priority subsectors in India that fall within WA's six priority sectors. Our report considers the consistency and intersections between these documents, and the opportunities and challenges in international education, tourism, mining and minerals, energy, and agribusiness.

We observe that the State Government's commitment to India should be based on a well-resourced and long-term approach. Sustained, deep relationships between people, businesses and institutions matter in India. They need time and support to develop. We note the importance of adequately resourcing an in-country presence and support a review of GoWA India's location and the viability of establishing a second office.

People-to-people links matter. This report finds that regular and sustained ministerial visits to India build high-level connections and facilitate trade and investment, as do inbound governmental delegations from India. Trade missions also provide opportunities to build international connections, foster business relationships and identify partnering and investment opportunities. It is also important to identify local champions to promote WA and to increase cultural ties and India capability in government and the business community.

The large and growing Indian diaspora in WA is an underutilised resource and could greatly assist to strengthen our trading relationship—particularly when the capacity to travel is constrained in the COVID-19 environment. The diaspora's established ties are a vital link to India, providing a bridge when other methods to deepen relationships and obtain market intelligence are limited. There has never been a more important time to engage the Indian diaspora, to reinforce relationships between our nations, maintain informal and formal pathways to market, gain an understanding of opportunities for re-engagement and gather market intelligence. Research and development relationships can and will also continue. It will be vital to tap into and develop the networks and partnerships between universities, research institutions and academic communities. Research teams are used to collaborating across borders and can reinforce international links.

Despite the large volume of suggestions made to the Committee, evidence gathered and the range of findings and recommendations contained in this report, one finding is inescapable: the COVID-19 pandemic has wrought significant damage to the global economy and creates unprecedented uncertainty.

The pandemic struck in the very early stages of this inquiry, affecting our capacity to gather information, hold hearings and interrogate much of the evidence presented. Hearings and meetings were delayed or cancelled, and programs of work associated with specific terms of reference were not undertaken. The Committee was unable to travel and meet with many of the organisations and individuals who could have provided significant insight and expertise.

Moreover, there were understandable and entirely legitimate constraints on the capacity of State and Commonwealth agencies to engage, given their immediate and intense focus on COVID response. This again has affected the Committee's capacity to test a range of potential findings and recommendations we might otherwise have made.

The COVID-19 pandemic is also ever-evolving. Whilst the Committee has gathered information on trade dynamics prior to the pandemic, the limited resources available to us (including time to conduct the inquiry) rendered it impossible to reach firm conclusions on the impacts of COVID-19 on the bilateral relationship, or make detailed recommendations on appropriate policy responses.

The pandemic and associated restrictions have undoubtedly had significant effects across the WA economy and on our relationship with India. However, these effects have not been uniform and even within individual sectors, demand and supply dynamics vary between services and commodities.

The Committee received evidence underscoring the need for the State to remain export focused and trade oriented. Throughout this report, the Committee notes the importance of long term, consistent and sustained engagement, to foster opportunities and enhance the WA–India economic relationship. This is ever-more important in the wake of the COVID-19 pandemic.

The Asian Engagement Strategy committed the State Government to developing a ten-year economic outlook to 'assess priority Asian markets and identify trade and investment opportunities, key infrastructure developments, supply and value chain creation, and trade and investment barriers.' It will be virtually impossible to develop a ten-year outlook on regional trade dynamics, given the extraordinary impacts of COVID-19 and the general level of global uncertainty. Nonetheless, it remains important to adopt a long-term approach to building relationships and markets. India is not the type of market where sporadic government-to-government, business-to-business, and people-to-people contact will result in high rates of growth. Instead, broadening and deepening the relationship will rely on sustained and consistent engagement.

It may be necessary for the State Government to adopt a more focused program of activity. The Asian Engagement Strategy lists a number of nations for which Market Plans will be developed. Given the extraordinary strain that the COVID-19 response will place on the State's resources, it may be appropriate for the State Government to prioritise markets. The content and complexion of the Market Plans will no doubt also evolve as the dynamics of the pandemic unfold.

The India Market Plan should: clearly indicate India's importance to WA; signal the State Government's long-term commitment to promoting trade; set out the State Government's vision for the relationship and strategic objectives; outline actions to achieve the vision; ensure a nuanced and tailored approach to the Indian market, reflecting WA's competitive strengths and the unique trade dynamic of the WA–India economic relationship; and include measures of success and targets.

The COVID-19 pandemic has also highlighted the need for WA to alter its traditional approach to trade—essentially requiring that it now undertake an international ‘charm offensive’. WA cannot rely on the approach it adopted with Japan, Korea and China. Success in those markets was underpinned by their demand for, and our supply of, mineral and energy resources.

Going forward, we cannot expect international trade partners to come to us with the same requirements. The growing interest in self-reliance and recognition of international supply chain weaknesses will likely cause other governments and international businesses to invest closer to home. To succeed, WA needs to adjust its model. We need to elevate trade as a portfolio and proactively sell our goods and services to our trade partners, including India. We should position ourselves so that we are viewed internationally as a dependable partner in an increasingly challenging economic and geopolitical environment.

Prior to the COVID-19 pandemic, the State Government’s major policy documents Diversify WA and the Asian Engagement Strategy signalled its intent to broaden WA’s economic base, markets and trading partners. In its response to the pandemic, the State Government has acknowledged the centrality of trade to COVID-19 recovery. The path forward is uncertain—many factors affecting recovery will be beyond the State Government’s control. However, recovery will require:

- a sustained and elevated focus on trade: it is crucial that the State Government continue to emphasise WA’s role in global supply lines and status as a dependable partner;
- broad-based political consensus: as COVID-19’s impact on global and regional trade dynamics becomes clearer, WA’s trade-related initiatives are more likely to meet with success if they enjoy broad-based political support;
- a long-term view: the WA–India economic relationship in particular will require consistent and sustained engagement;
- the formation of strategic partnerships: evidence to the inquiry suggested that the future prosperity of WA’s manufacturing sector may hinge on its ability to integrate into international manufacturing supply lines and processes with trusted partners; and
- a ‘charm offensive’: WA cannot rely on its historical approach to trade relationships, based on meeting our neighbour’s demand for minerals and energy. Our relationships with new partners will be conducted on very different terms. We will need to work harder and smarter to attract new markets and opportunities.

On behalf of the Committee, I would like to extend our sincere thanks to the many organisations and individuals who engaged so productively with us on this inquiry—especially in the face of the many challenges presented by COVID-19. We appreciated the effort so many people went to, to provide us with the best possible information and assistance in very challenging circumstances.

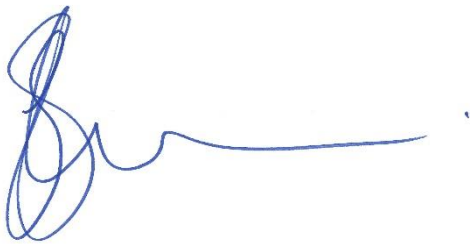
I would also like to acknowledge the amazing support provided by the Committee Office staff—our Principal Research Officer Suzanne Veletta and Research Officer Franchesca Walker. The inquiry presented a wide range of logistical challenges throughout COVID-19—all of which were met with absolute professionalism.

Suffice to say, this is not the report the Committee intended to table when we commenced this inquiry. The fact that we have managed to produce a report containing such a wealth of information is testament to the extraordinary lengths Suzanne and Franchesca went to, to provide the Committee with as much information as possible in the absence of our ability to gather evidence in the ‘normal’ way. Their assistance in preparing the report—in actually getting us to the finish line before the 40th Parliament rises—has been truly remarkable!

Finally, and on a personal note, I would like to thank my colleagues on the Committee. This will be the last report we produce together in the 40th Parliament. It has been an absolute pleasure to work with each of you.

Whilst the recent addition of Dr David Honey to our Committee has been very welcome and valuable, I want to express my sincere and particular gratitude to Deputy Chair Terry Redman and members Stephen Price and Yaz Mubarakai, all of whom have served on the Committee for the duration of the 40th Parliament.

We have been a remarkably collegiate and collaborative Committee and I believe have produced a body of work we can be proud of. We have approached significant and complex public policy issues with open minds and have managed to avoid the pitfalls of partisanship that so often unnecessarily afflict many aspects of political life. I’ve gained much through the experience and am grateful to have had the opportunity to learn from you all. Thank you for your friendship, comradery and support: it has been a genuine privilege.

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a long horizontal line.

MS J.J. SHAW, MLA
CHAIR

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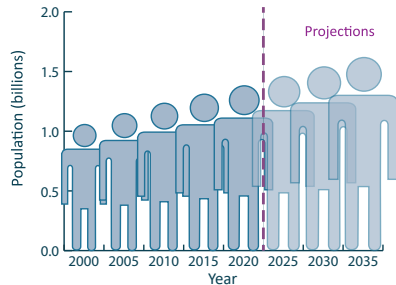
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INDIA: AT A GLANCE

POPULATION

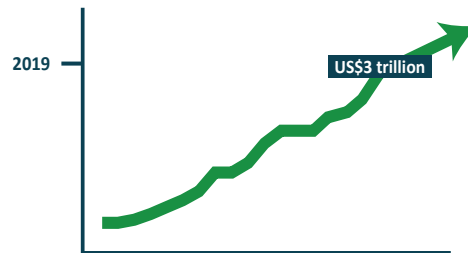


In 2019, 1.37 billion people lived in India.

India's population is projected to become the world's largest in 2027.

By 2035, almost **1.6 billion people** will live in India.

ECONOMY



India is the world's **5th largest economy** measured by gross domestic product (GDP).

India is projected to have the **3rd largest economy** in the world by 2035.

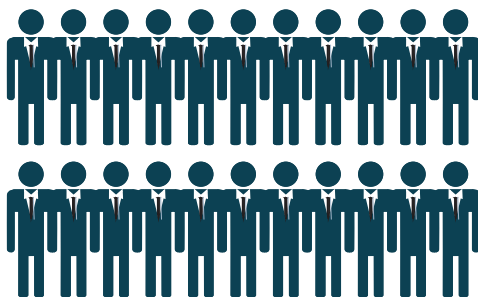
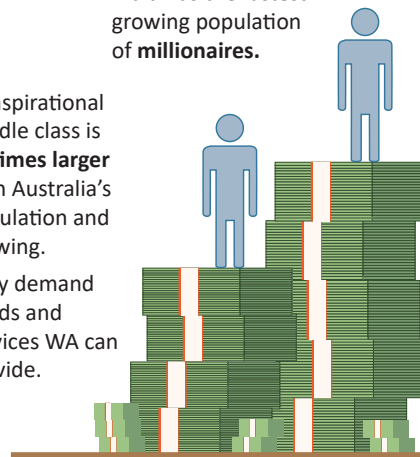


By 2025, India will be home to **one-fifth of the world's working population**.

India has the fastest growing population of **millionaires**.

Its aspirational middle class is **12 times larger** than Australia's population and growing.

They demand goods and services WA can provide.



By 2022, India will need **120 million additional skilled workers**.

There are opportunities to educate and train workers.



In the last three years, it has become **easier to do business in India**.

Its World Trade Organization ranking for ease of doing business has more than halved from 130 to 63.

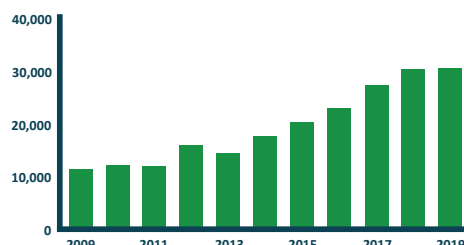
WA-INDIA TRADE

INTERNATIONAL EDUCATION



In 2019, **India was WA's largest market for international students**. Untapped opportunities include providing vocational education and training (VET), curriculum services, twinning programs, and research collaborations.

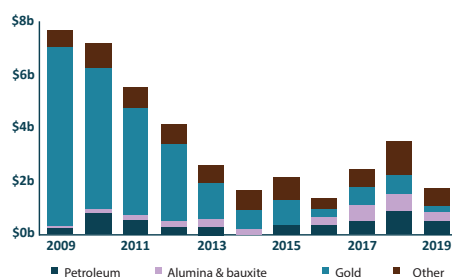
INDIAN VISITORS TO WA



Over **60 per cent** of Indian travellers to WA are **visiting friends and relatives**.

There are opportunities to increase business and holiday travellers, including high net worth individuals.

EXPORTS

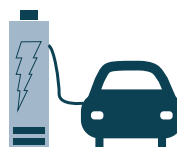


WA mainly exports resource commodities to India. WA's merchandise exports to India have **declined 75 per cent in the last 10 years**.

SERVICE EXPORT OPPORTUNITIES



Mining equipment, technology and services (METS)
Petroleum equipment, technology and services (PETS)



Battery (lithium) exports and services



Renewable energy, microgrids and associated technologies



Agricultural technology and services



Research and development

TARIFFS



Although they have declined significantly over the past 30 years, **India's tariffs remain amongst the highest in the world**.

Ministerial response

In accordance with Standing Order 277(1) of the Standing Orders of the Legislative Assembly, the Economics and Industry Standing Committee directs that the Speaker of the Legislative Assembly; Premier and Minister for State Development, Jobs and Trade; Minister for Asian Engagement; Minister for Tourism, Small Business; Minister for Mines and Petroleum, Energy; Minister for Local Government; Minister representing the Minister for Education and Training; and Minister representing the Minister for Regional Development, Agriculture and Food report to the Assembly as to the action, if any, proposed to be taken by the Government with respect to the recommendations of the Committee.

Findings and recommendations

Chapter 2 – The opportunity of India

Finding 1

Page 9

Western Australia must diversify its trade base to ensure the future prosperity of the State:

- across export markets;
- across export sectors, beyond mineral and energy commodities;
- within sectors, including by expanding the products or services offered within one sector; and
- across foreign investment markets, beyond the United States, Western Europe, Japan and China.

India is an important market for economic diversification.

Finding 2

Page 9

Currently, Western Australia enjoys a mutually beneficial and productive relationship with the People's Republic of China. Half of Western Australia's exports are bound for that market. Half of Western Australia's exports are in one commodity (iron ore). Diversifying export markets and sectors spreads risk.

The State Government has acknowledged the need to broaden Western Australia's range of partners and sectors in its economic development policy *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*.

Finding 3

Page 15

In 1991, India began opening its economy to the world. Since then, liberalising reforms have seen the economy transform from a protectionist economy with slow growth to the world's fifth largest economy measured by gross domestic product. India is projected to have the third largest economy in the world by 2035.

Finding 4

Page 15

The scale of India's economy is extraordinary. In 2019, India's gross domestic product (GDP) was US\$3 trillion. Prior to the outbreak of the COVID-19 pandemic, India's GDP was predicted to grow an average of at least six per cent each year over the next 20 years.

India's trajectory of liberalisation, trade openness, investment, and its aspirations to upskill its people generate a range of economic opportunities for Western Australia in the short, medium and long term. India's young population, urbanisation and growing middle class will continue to demand goods and services that Western Australia can supply.

Finding 5**Page 18**

Western Australia does not have a diverse or advanced economic relationship with India. Resource commodities account for the majority of merchandise exports, and the value of merchandise exports has declined by around 75 per cent in the last 10 years, mainly due to a decline in gold exports.

In 2019, the main commodity exports were petroleum, alumina and gold, and there was an annual decline of between 44 and 63 per cent in the value of these exports.

Finding 6**Page 21**

There is considerable potential for Western Australia to grow service exports to India, particularly in international education and tourism, and to export consulting and advisory services in mining, energy, renewable energy, and agriculture, among other sectors.

Finding 7**Page 22**

Measuring exports in their dollar value, and not in terms of jobs created, does not reflect the true value of service exports, including international education and tourism, to the Western Australian economy.

Finding 8**Page 22**

Narrow approaches to export valuation may cause policy makers to ignore important broader, but less quantifiable, factors in the development of trade initiatives, such as indirect jobs generation, establishing strategic relationships, and cultural links.

Finding 9**Page 22**

The Asialink Business, PwC Australia, and ANZ Banking Group publication *Australia's Jobs Future* advocates for a trade and value-added approach to measure the true value of exports, where the value of the exported product and the value of services embodied in its production are assessed. Measuring trade in value-added terms enables a better understanding of which industries generate the greatest returns from trade.

Australia's Jobs Future also argues that the value of the sales of Australian subsidiaries offshore should be taken into account when assessing the total value of trade to a country.

Finding 10**Page 23**

The services sector, particularly international education and tourism, is disproportionately affected by the COVID-19 pandemic.

Finding 11**Page 23**

Increased economic activity in one sector often increases activity in other sectors. This is particularly evident in the international education section, where onshore students increase tourism and people-to-people linkages between Western Australia and India.

Finding 12**Page 25**

There is a common misunderstanding that Western Australia's trade relationship with India will follow the same development pathway as the trade relationships with partners such as China, Japan and Korea.

Western Australia's trade dynamic with India differs from its other trading relationships. This affects the nature of the trading relationship, how we trade, and what we trade. In particular:

- India's system of government is complex. The Indian Government has a limited capacity to direct the economy and the policies of its 36 sub-national governments.
- India is able to meet much of its own demand for Western Australia's major exports.
- Western Australian exports often supplement the Indian market, and demand can often be volatile.
- A range of products is likely to underpin the relationship.
- Inbound and outbound capital investment is low. Relationships often begin with foreign investment in India.
- India is a consumption and services-driven economy. Its demand for services is significant.
- India is a crowded market, and may become more crowded in the future.

Western Australia must therefore employ a different, more layered and proactive engagement strategy with India. Western Australia must pursue India.

Chapter 3 – The role of government**Finding 13****Page 29**

All levels of government—national, state and local government—must strategically invest in developing the Western Australia–India economic relationship. The Department of Jobs, Tourism, Science and Innovation must liaise with other departments and coordinate State government policy.

Finding 14**Page 29**

State-level trade policy requires long-term planning and commitment and should ideally enjoy broad-based political support. A non-partisan approach to trade policy enables successive administrations to take strategic and ambitious approaches to policy and program development and assist in the development of stronger, long-term trading ties and relationships.

Finding 15**Page 32**

The State Government, businesses and institutions should collaborate and proactively engage with Commonwealth Government strategies, resources and engagement initiatives with India to raise Western Australia's profile, improve stakeholder relationships and promote our products and services.

Recommendation 1**Page 32**

That the State Government ensure that Western Australia maintains a strong presence at high-level Commonwealth Government events and on advisory groups and entities promoting the bilateral economic relationship. Where practicable, ministers should represent the State at significant Commonwealth-led business missions and other trade delegations to India.

Finding 16**Page 35**

The landmark *An India Economic Strategy to 2035: Navigating from Potential to Delivery* by Peter Varghese AO (Varghese Report), published in 2018 and endorsed by the Commonwealth Government, provides a national level roadmap on how to grow the economic relationship with India, and a detailed analysis of the complementarities of the Australian and Indian economies.

The Varghese Report:

- identifies 10 sectors in which Australia has competitive advantage;
- recommends prioritising 10 of the 36 Indian states and territories; and
- includes targets for Australia to triple exports to India by 2035 (from \$14.9 billion to \$45 billion), and increase tenfold outbound investment to India (from \$10.3 billion to over \$100 billion).

Finding 17**Page 36**

The forthcoming *Australia Economic Strategy* is the Indian Government's response to Australia's *An India Economic Strategy to 2035: Navigating from Potential to Delivery*. The Strategy is expected to stimulate additional Indian interest in developing the trading relationship with Western Australia across a range of opportunities and sectors prioritised by the State Government.

Recommendation 2**Page 36**

That the State Government examine the findings of the Indian Government's *Australia Economic Strategy* upon its release and explore how Western Australia can be a first-mover State with the Commonwealth and Indian governments in relevant areas of implementation.

Finding 18**Page 38**

Western Australia's economic relationship with India can grow in the absence of a bilateral trade agreement between Australia and India; however, an agreement is likely to bolster bilateral trade and investment.

Australia and India commenced negotiating the bilateral Comprehensive Economic Cooperation Agreement (CECA) in May 2011, but after nine rounds of negotiation the process stalled in September 2015. However, in June 2020, Australia and India agreed to re-engage in negotiating CECA.

Finding 19**Page 39**

It is understandable that Western Australia and other states would promote a brand identity in overseas markets to elevate their profile. However, states projecting different brands in India may confuse and dilute the message of 'Brand Australia'.

Finding 20**Page 39**

No Australian state has the capacity to penetrate the Indian market alone. A combined effort between the states is likely to yield better outcomes for all.

Recommendation 3**Page 39**

That the State Government ensure that Western Australia's trade promotion activities and 'Brand WA' complements 'Brand Australia' in the Indian market.

Recommendation 4**Page 42**

That the State Government:

- continue to partner with and leverage the resources, networks and skills of India-focused institutions, such as the Perth USAsia Centre, the Chamber of Commerce and Industry of Western Australia, the Australia India Business Council: WA Chapter, and Asialink Business;
- maximise ministerial and agency engagement with India-based organisations and institutions that are relevant to opportunities in target sectors, and support and encourage Western Australian organisations to do so; and
- consider the viability of supporting business chambers and industry institutions based in India to establish a Perth office.

Chapter 4 – A long-term, strategic approach

Finding 21**Page 47**

The State Government's economic framework, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, and *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* take a sectoral approach towards developing the economy, focusing on the following six priority sectors:

- energy;
- tourism, events and creative industries;
- international education;
- mining and mining equipment, technology and services;
- technology and advanced manufacturing; and
- primary industries.

Finding 22**Page 47**

Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia applies to 23 countries. Under its auspices, Market Plans are being developed for 'key markets', including India.

Finding 23**Page 47**

The *Western Australia Investment and Trade Plan 2019–20* (Investment and Trade Plan) identifies priority subsectors in India that fall within Western Australia's six priority sectors. The website of the Government of Western Australia's India office lists further 'priority industry sectors' not identified in the Investment and Trade Plan.

Finding 24**Page 51**

Launched in November 2019, Invest and Trade Western Australia (ITWA), a section of the Department of Jobs, Tourism, Science and Innovation (JTSI), will be Western Australia's 'front door' for investment and trade prospects. The State Government is in the process of building ITWA's resources to the allocated 30 full time equivalents for all markets. It is developing an online presence (portal), which is an important tool to communicate with the public and advertise events.

JTSI has established a Business Advisory Forum and International Education Advisory Group. There is no India-focused group or committee.

Recommendation 5**Page 51**

That the State Government ensure that the Invest and Trade Western Australia website provides useful, practical and accessible information relevant to the Western Australia–India economic relationship such as:

- India market intelligence including market data and market sectors reports (see findings 102 and 103);
- workshops, programs and resources to build India capability (see finding 108);
- details of awareness-raising and networking events (see recommendations 30 and 33); and
- details of upcoming and past inbound, outgoing and virtual trade missions (see recommendation 31).

Finding 25**Page 56**

The Government of Western Australia's office in India based in Mumbai plays a very important role in growing the Western Australia–India economic relationship.

Finding 26**Page 56**

The Government of Western Australia's office in India (GoWA India) employs a Commissioner and seven locally-engaged staff, including four Business Development Managers.

The Committee supports a review of GoWA India's location and the viability of establishing a second office.

It is vital that GoWA India is resourced to proactively support Western Australian and Indian businesses seeking to trade with, invest or operate in the other market.

Finding 27**Page 59**

The State Government's commitment to India should be long term. Sustained, deep relationships between people, businesses and institutions matter in India. It is vital to view India as a trusted, equal partner to Western Australia.

Finding 28**Page 63**

The State Government is developing an India Market Plan. It has indicated its intent to release an 'external outlook' which will be publicly available.

Finding 29**Page 63**

The Commonwealth and other Australian governments have set targets for the Indian market, often expressed in dollar values. Targets, or measures of success, help deliver outcomes and ensure that resources and action are focused on achieving the target.

Finding 30**Page 69**

The large and growing Indian diaspora in Western Australia is an underused resource and could greatly assist Western Australia to strengthen its trading relationship with India. Members of the diaspora should have a prominent role in bilateral relations.

Recommendation 6**Page 69**

That the State Government consider developing an Indian diaspora engagement strategy or plan, which could be part of the India Market Plan, and:

- continue to fund Indian diaspora organisations;
- host and support networking events and diaspora-focused programs oriented to business and trade development between Western Australia and India;
- ensure that members of the Indian diaspora are given a prominent role in bilateral relationships, such as participating in outgoing and incoming trade missions and other events; and
- establish an India group or committee with diaspora membership to provide important intelligence, insight and knowledge to the State Government.

Chapter 5 – The challenges of the economic relationship

Finding 31**Page 78**

The Western Australia–India economic relationship has great potential, but also faces challenges. Challenges include the complexity of the Indian market, high tariffs, other regulatory and non-tariff barriers, a lack of business awareness of the opportunities of India, and lack of understanding of India's business culture.

Finding 32**Page 79**

Although they have declined 150 per cent since economic liberalisation began in 1991, India's tariffs remain amongst the highest in the world. This adversely affects Western Australia's agricultural commodity exports, where tariffs are particularly high.

Finding 33**Page 79**

The Indian Government is committed to improving the ease of doing business with India. In the last three years, its World Trade Organization ranking for ease of doing business has more than halved, from 130 to 63 (out of 190 nations).

Finding 34**Page 79**

Direct flights between Western Australia and India will be a catalyst to growing the Western Australia–India economic relationship in all sectors including tourism. The importance of direct flights cannot be understated.

Chapter 6 – International education**Finding 35****Page 88**

The international education sector has the potential to drive Western Australia’s future economic relationship with India. There are complementarities between the two jurisdictions and room for growth. The sector also produces a significant ‘multiplier effect’ and can assist to increase business capability or India literacy. For these reasons, the State Government should be ambitious, strategic and persistent in pursuing efforts to grow and diversify the international education sector.

Finding 36**Page 91**

Although the Commonwealth Government has primary responsibility for higher education services in the international education sector, the State Government can influence the international education sector by:

- advocating for changes to Commonwealth policies or settings that act as a barrier to the international education sector, such as federal visa settings;
- amending criteria for State Nominated Migration Program visas;
- promoting Western Australia as a destination for international education through:
 - the Government of Western Australia’s office in India;
 - ministerial visits;
 - the investment of resources;
 - State Government-hosted trade missions, which support engagement;
 - State parliamentary delegations; and
 - giving effect to Memoranda of Understanding (such as the sister state agreement with Andhra Pradesh) through specific project plans.
- identifying opportunities in the Indian international education market and communicating these to Western Australian providers; and
- providing the State’s international education sector with a clear strategic focus through the development of strategies, action plans, and associated funding programs.

Finding 37**Page 93**

In response to the COVID-19 pandemic and its impact on the international education sector, StudyPerth has begun a review of the *International Education Action Plan 2019–2025* and the Department of Jobs, Tourism, Science and Innovation is developing a Recovery and Renewal Plan.

The finalised action package should broaden its scope beyond re-establishing international student enrolments from India, to include the diversification of Western Australia’s international education offerings.

Finding 38**Page 95**

Prior to the COVID-19 pandemic, Western Australia's education sector had generated significant revenue from international student recruitment. This placed the sector's revenue at risk from external shocks affecting demand for international education.

Finding 39**Page 95**

The COVID-19 pandemic is the greatest external shock to affect the global economy in a century. The pandemic and the resulting government restrictions have had a devastating impact on onshore education.

Early estimates indicate that universities nationally face a loss of \$10 to \$19 billion between 2020 and 2023. The University of Western Australia, Curtin University and University of Notre Dame have estimated losses of \$64 million, \$60 million and \$25.5 million respectively. It is predicted that many onshore education providers will cease to exist. The scale of job losses in all onshore education sectors is unknown.

Finding 40**Page 95**

Western Australia must diversify its international education relationship with India beyond the recruitment of onshore students to deliver on the potential of the Western Australia–India economic relationship.

Finding 41**Page 99**

The 2018 and 2019 changes to visa settings at the federal and state levels are widely supported by stakeholders, although it is difficult to assess their impact because of how recently they were enacted and the ongoing effect of the COVID-19 pandemic.

Finding 42**Page 104**

The Indian education market is unaware of Western Australian education offerings because of the:

- significant size of the Indian market;
- smaller size of the Indian diaspora in Western Australia compared to larger states, which reduces the 'network effect'; and
- lack of targeted, consistent, coordinated and well-resourced marketing.

There is significant opportunity for better coordination of marketing between Western Australian institutions.

Finding 43**Page 105**

Over the past two years, StudyPerth and the Department of Jobs, Tourism, Science and Innovation have begun implementing marketing initiatives to grow Western Australia's share of the international education market. These initiatives were still in their infancy when the COVID-19 pandemic began, and are being re-assessed as part of the State Government's COVID-19 response.

Finding 44**Page 105**

The International Education Advisory Group is a promising initiative. By bringing together the key international education stakeholders in Western Australia, it should support the development of a cohesive and coordinated brand for Western Australia.

This Group should be a forum for education experts to formulate new, ambitious and innovative initiatives to grow international education or respond to unexpected circumstances such as the COVID-19 pandemic.

Finding 45**Page 105**

Coordinating the marketing of Western Australia as a study destination so that it aligns with 'Brand Australia' allows the State to leverage the activities of other Australian jurisdictions, reduce duplication, and contribute to increased recognition of Australian educational offerings in the Indian market.

Recommendation 7**Page 105**

That the State Government continue working with StudyPerth and relevant Commonwealth bodies to align, as much as possible, the marketing of Western Australia as a study destination with 'Brand Australia'.

Finding 46**Page 108**

The International Student Hub, International Education Event Series and online portal ProsPER, implemented and/or developed by StudyPerth in 2019–20, recognised the importance of employability to international students when choosing a study destination. The initiatives aimed to support better employment outcomes for international students in Western Australia; however, their effectiveness and longevity are currently at risk due to the impact of the COVID-19 pandemic on the international education sector and its funding streams.

Recommendation 8**Page 108**

That the State Government pursue, in conjunction with StudyPerth, targeted, coordinated and consistent marketing of Western Australian education institutions in India. The International Education Advisory Group could provide strategic guidance for this initiative.

Finding 47**Page 111**

There is high demand for vocational education and training (VET) services in India, driven by the country's need to train hundreds of millions of people. This demand offers Western Australian VET providers with immense opportunities. To realise results, they will have to tailor their offerings to reflect the needs of the Indian market and to match its expected price points.

Recommendation 9**Page 111**

That the State Government explore opportunities to provide vocational education and training in India.

Finding 48**Page 114**

Student exchanges and study abroad programs are soft power initiatives that build people-to-people connections, help raise awareness of the quality of Western Australian education and the State more broadly, and can result in high-value business, tourism and community outcomes. Secondary school student exchanges can convert participants into international students in Western Australia.

Finding 49**Page 116**

Sister school relationships between Western Australian and Indian schools increase the India literacy of Western Australian students, and bolster their interest and enthusiasm for learning Indian languages.

Sister school relationships can also encourage student and teacher exchanges and build long-standing relationships between Western Australia and India. While the immediate outcome of sister school relationships is increased cultural familiarity amongst participating students, such relationships can convert Indian participants into international students in Western Australia and encourage tourism.

Recommendation 10**Page 116**

That the State Government create opportunities for Western Australian secondary schools to develop sister school relationships and participate in exchange and/or immersion programs with Indian schools. Schools in Indian states with tertiary student or business potential for Western Australia should be targeted.

Recommendation 11**Page 116**

That the State Government investigate ways to establish a scholarship program to support Western Australian tertiary students participating in student exchange or study abroad programs in India.

Finding 50**Page 118**

The COVID-19 pandemic has highlighted a range of online education opportunities for Western Australian education providers. Exploring these opportunities, and developing flexible programs that incorporate various forms of education delivery, are likely to become increasingly important.

Finding 51**Page 121**

Licensing Western Australia's curriculum to Indian schools has the potential to raise awareness of Western Australia as both a tourism destination and an education destination amongst participating students and their families in India.

Expanding the School Curriculum and Standards Authority's International Education Program to India will require an assessment of price sensitivities, regulation, and possible variances in students' English language skills and teaching methods (pedagogies).

Recommendation 12**Page 121**

That the State Government direct the School Curriculum and Standards Authority to assess the viability of licensing the Western Australian curriculum to Indian schools with a view to:

- identifying and attracting Indian schools that are interested and able to offer the Western Australian curriculum; and
- marketing Western Australia's onshore education offerings to Indian graduates of Western Australia's curriculum programs.

Finding 52**Page 124**

Attracting Indian PhD students to Western Australian universities builds people-to-people links and raises the reputation of the Western Australian higher education sector. This can drive new partnerships between Western Australian universities and Indian institutes of technology, and may assist Western Australia to increase its market share of Indian student enrolments.

Recommendation 13**Page 125**

That the State Government investigate measures to support or develop a scholarship program to increase the number of Indian higher degree by research students attending Western Australian universities. Scholarship programs should focus on the priority sectors identified in the State Government's economic agenda.

Finding 53**Page 128**

There is considerable scope for growing collaborative research between Indian and Western Australian researchers. Western Australia risks missing out on economic outcomes generated from collaboration if it does not pursue opportunities to collaborate with India's research talent in priority sectors.

Finding 54**Page 128**

The Indian Government is currently contributing more money to Australian and Indian research collaborations than Australia. Even partial contributions by the State Government would incentivise Western Australian academics to explore opportunities.

Recommendation 14**Page 129**

That the State Government investigate ways to support collaborative research projects between Western Australia and India that focus on the priority sectors identified by the State Government and/or sectors with future trade potential.

Finding 55**Page 129**

Attracting onshore international students to Western Australia, and diversifying the international education sector beyond onshore enrolments, requires a long-term, targeted and coordinated strategy. A strengthened international education relationship with India will drive future growth and develop partnerships in a number of sectors. Some benefits may not be immediate, but they will materialise in the longer term.

Finding 56**Page 129**

The State Government has developed a suite of strategic documents that identify priority sectors for economic development. International education could be a vehicle to pursue a range of broader outcomes in these priority sectors. Prior to the COVID-19 pandemic, the State Government's strategic documents and policies focused on international student recruitment and not on the contribution that research collaboration or other forms of international education engagement could make to the growth and diversification of the State's economy.

Recommendation 15**Page 129**

That the State Government, in conjunction with StudyPerth, review the Western Australian International Education Strategy, *Where bright futures begin: International education in Perth, Western Australia 2018–2025*, and expands its focus beyond onshore student recruitment.

The Strategy and StudyPerth's action plan should seek to increase Western Australia's share of student enrolments from key markets, such as India, while also diversifying the scope of Western Australia's International Education Strategy with India to extend to the other aspects of the relationship noted in this report.

This broadened scope should be reflected in the India Market Plan being developed.

Chapter 7 – Tourism**Finding 57****Page 135**

The number of Indian visitors to Western Australia has more than doubled over the past decade and Indian visitor spending has increased significantly. However, in 2019 India remained outside of Western Australia's top 10 international markets in visitor numbers and spend. A total of 31,000 Indian travellers visited Western Australia and spent \$62 million.

Finding 58**Page 135**

Western Australia is not receiving a nationally-reflective share of Indian business and holiday travellers. In the year to March 2020, over 62 per cent of all Indian visitors came to Western Australia to visit their friends and relatives compared to just 19.7 per cent who came for a holiday and 10.2 per cent who came for business.

Finding 59**Page 135**

Prior to the COVID-19 pandemic, Indians' appetite for travel was growing. While in 2017, 23 million Indians travelled overseas, it was predicted that this number would increase to almost 70 million by 2035. The number of Indian high net worth individuals travelling was expected to triple by 2030.

Finding 60**Page 136**

The uncertainty about future Indian visitation to Western Australia due to the COVID-19 pandemic reinforces the need for the State Government to have a strong strategic framework to support and guide the tourism sector.

Finding 61**Page 142**

Despite much commendable effort, the State Government has not secured a direct flight route between India and Western Australia. COVID-19 will undoubtedly affect the ability to secure a direct flight in the near term.

Recommendation 16**Page 142**

That the State Government continue to prioritise tourism strategies and marketing to attract Indian travellers to Western Australia even if direct flights between India and Western Australia are not forthcoming.

Finding 62**Page 144**

Visa issues are a barrier to growing Indian tourism to Western Australia. However, the State Government is not responsible for the processes relating to visitor visas and therefore cannot directly address the delays and costs that Indian travellers can experience when applying for a visa to visit Western Australia.

Finding 63**Page 146**

The China Ready Accreditation Program has enabled Western Australian tourism operators to better understand the cultural tastes, preferences and expectations of Chinese visitors. Although in its early stages in Western Australia, the India Host Program seeks to deliver similar benefits for operators pursuing the Indian market.

Finding 64**Page 147**

In recent years, the State Government allocated \$12 million to Tourism Western Australia to market the State to key South East Asia markets and long-haul destinations. Tourism Western Australia allocated around \$500,000 of this funding to marketing and resources in India in 2019–20.

Finding 65**Page 147**

Tourism Western Australia has put most of its international marketing activities on hold in response to the COVID-19 pandemic.

Finding 66**Page 150**

Tourism Australia's marketing campaigns have focused mainly on the United States, Europe and China. Tourism Western Australia leverages large Tourism Australia campaigns, which focus on one or two markets, by developing smaller initiatives to tie in with the campaigns.

Finding 67**Page 151**

The creation of the Tourism Western Australia Business Development Manager position based in the Government of Western Australia's office in India was supported by inquiry participants. While some evidence said that the tourism specialist was increasing Indian visitation to Western Australia, there was at least one suggestion that additional personnel were required.

Finding 68**Page 153**

Because Tourism Western Australia has only a limited budget for its ambassador and influencer strategy, it usually leverages the 'Friends of Australia' ambassador program run by Tourism Australia. This can increase awareness of Western Australia as a tourism destination, but restricts the State's ability to pursue the Indian market as it relies on Tourism Australia including Western Australia in the itineraries of ambassadors with large Indian followings.

Finding 69**Page 155**

Prior to the COVID-19 pandemic, the State Government was using a range of techniques to raise awareness of Western Australia amongst Indian travellers. It had:

- Begun formally and informally partnering with tourism stakeholders to amplify marketing messages.
- Added a position specialising in tourism to the Government of Western Australia's office in India, increasing the Tourism Western Australia presence in India.
- Leveraged cricket's popularity by:
 - Successfully bidding to host Women's and Men's T20 World Cup games in Perth.
 - Engaging former Australian cricketer Adam Gilchrist to participate in tourism promotion events and meetings that coincided with Premier Hon Mark McGowan's visit to India in November 2019.
 - Supporting influencers such as Indian cricket commentator and journalist Harsha Bhogle and cricketer Mithali Raj to visit WA for media shoots and actively promote the State through social media platforms.
- In conjunction with Tourism Australia, assessed potential media and public relations collaborations that could expose audiences with a propensity to travel to Western Australia.

Tourism Western Australia has a limited budget to market to India, which restricts its ability to pursue the Indian market. There is considerable unrealised opportunity to pursue potentially lucrative initiatives such as hosting a Bollywood film in Western Australia.

Finding 70**Page 156**

Tourism Western Australia has curtailed much of its marketing activity outside of Western Australia. Instead, Tourism Western Australia, in conjunction with Tourism Australia, have developed 'Project Green Light' to determine when it should recommence destination marketing overseas.

In contrast, Perth Airport made a persuasive case for the need for increased destination marketing regardless of the inability of visitors to travel to Western Australia. Evidence suggests that reduced marketing may cause Western Australia to fall off travellers' bucket list.

Recommendation 17**Page 157**

That the State Government be proactive during the COVID-19 travel restrictions and promote Western Australia as a tourism destination in the Indian market.

Chapter 8 – Resources and minerals

Finding 71

Page 162

Sectors that present opportunities in the Western Australia–India economic relationship are not prominent in *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report), perhaps reflecting the differences between national and state level priorities and economic structures. Western Australia and Australia’s strengths and competitive advantages do not always correlate.

Finding 72

Page 163

No single commodity will underpin the economic relationship between Western Australia and India. Its growth will depend on developing markets in a diverse range of goods and services.

Finding 73

Page 171

India’s economic growth creates opportunities for Western Australia to supply minerals including copper, gold and iron ore. In relation to:

- Gold: India is one of the world’s largest consumers of gold. It is forecast that out to 2035, India will remain heavily reliant on gold imports. There is an opportunity to export gold to India to 2035.
- Copper: India has limited copper reserves, and a growing demand. Where Western Australia is in a position to supply copper, India is a market of opportunity.
- Iron ore: India has about 30 billion tonnes of iron ore reserves, but the level of future domestic production is uncertain. There is a view that if domestic supply can be secured, India’s supply may approximately meet its demand. On the other hand, there is some confidence that India’s import needs may be significant in the longer term.

India’s need to secure a supply of iron ore and other minerals provides an opportunity to attract Indian investment to the Western Australian mining industry.

Finding 74

Page 178

Western Australia has significant reserves of the world’s critical minerals, including lithium. Global demand for lithium is growing. India needs to secure its supply of battery quality lithium and other critical minerals to grow its electric vehicle market, emerging renewable energy sector, manufacturing industry and technological production.

Finding 75

Page 178

India is seeking to grow its domestic battery manufacturing industry and become a global leader in battery technologies. There are opportunities for Western Australia along the battery production value chain, including research and development partnerships with India through the Future Battery Industries Cooperative Research Centre.

Recommendation 18**Page 178**

That the State Government prioritise exploring how Western Australia can:

- encourage India's investment in the exploration and mining of critical minerals, including lithium, in Western Australia;
- partner with India to process lithium; and
- attract other supply chain and value chain benefits presented by the growing demand for battery technologies.

Finding 76**Page 183**

Western Australia's mining equipment, technology and services (METS) sector is at the forefront of technological, regulatory and safety innovation in the global resources sector. There is significant opportunity to provide METS services to India in all these fields.

Western Australia needs to establish business-to-business contacts to leverage and build awareness of Western Australian METS expertise.

Recommendation 19**Page 183**

That the State Government advance existing and explore new Western Australia–India mining sector technology and capacity building programs, possibly led by the Department of Mines, Industry Regulation and Safety, with a view to supporting Western Australian mining and mining equipment, technology and services companies to export and operate in the Indian market.

Finding 77**Page 185**

The Western Australian resources and energy sector has benefitted greatly from foreign direct investment. There is considerable untapped potential to attract Indian investment into the Western Australian resources sector.

Recommendation 20**Page 185**

That the State Government develop a strategy to attract Indian investment to Western Australia's resource and energy sector, and consider mechanisms to support Indian companies seeking to invest in Western Australia.

Finding 78**Page 186**

There have not been large capital inflows into the Indian mining sector on account of a range of challenges within the industry.

Finding 79**Page 187**

Research and knowledge partnerships between Western Australia and India progress research, establish strategic relationships and create commercial opportunities in a number of sectors.

The mining equipment, technology and services (METS) sector offers collaborative opportunities. Relationships between Australian and Indian mining technology research institutions can be the precursor to joint commercialisation and METS exports.

Chapter 9 – Energy and renewable energy

Finding 80

Page 193

India's increasing energy demand and undeveloped energy reserves create opportunities for Western Australia to supply liquefied natural gas (LNG) and petroleum equipment, technology and services to India. Despite the current challenges of the LNG market, India's import demand will grow, as may the potential of Indian investment in Western Australia's LNG assets.

Finding 81

Page 194

The State Government has accepted, in principle, the Economics and Industry Standing Committee's recommendation 20 in *Taking Charge: Western Australia's transition to a distributed energy future*, that it develop a microgrid commercialisation strategy, particularly targeting markets in India and South East Asia.

A commercialisation strategy has not yet been released and there appears to be an inconsistency between the *Western Australia Investment and Trade Plan 2019–20*, which notes India as a 'key market' for renewables, and the absence of renewables as a 'priority activity' of the Government of Western Australia's India office.

Finding 82

Page 202

India's electricity sector is undergoing a fundamental transformation and has the largest renewable energy expansion plan in the world.

With over 300 million people still lacking access to power in India, the Indian Government is eager to expand power generation capacity and connectivity to ensure 24/7 electricity access across the nation.

Finding 83

Page 202

Indian states and companies are seeking services and technologies to develop, install and operate energy generation, storage and distribution projects. Services are required for traditional centralised grids, large scale thermal and renewable generation projects, and microgrids.

India's services needs extend to smart technologies to optimise energy production and consumption, such as smart meters, blockchain technologies and advanced analytics, as well as energy storage.

Finding 84

Page 203

India's energy needs present a number of significant opportunities for Western Australia to collaborate and leverage our domestic industry's world-class expertise in renewable energy, microgrids and associated technologies.

There is particular opportunity to leverage Government Trading Enterprises' intellectual property, development and deployment capability, and operational know-how—often all developed in partnership with the private sector.

There are opportunities in research and development collaboration in renewable energy. Australia and India's commitment to bilateral cooperation in energy was set out in the Comprehensive Strategic Partnership signed in June 2020.

Recommendation 21**Page 203**

Noting the recommendations made in the Economics and Industry Standing Committee's *Taking Charge: Western Australia's Transition to a Distributed Energy Future*, the State Government should:

- examine how Western Australia can pursue opportunities in renewable energy and associated technologies in India, leveraging Western Australia's public and private expertise;
- consider how the Government Trading Enterprises can commercialise and maximise their intellectual property and microgrid delivery capability, and investigate the viability of 'sister utility' relationships with Indian utilities, potentially brokered between state-level governments;
- ensure that renewable energy and Smart Cities are State Government priorities in India; and
- incorporate petroleum equipment, technology and services, electrical energy services, and renewable energy and microgrid technologies into its India Market Plan.

Chapter 10 – Agribusiness**Finding 85****Page 210**

India's protectionist trade policy, high tariffs and layers of regulation are barriers to trade and challenging for exporters of agricultural goods.

Despite these challenges, Western Australia cannot ignore the food sector of a major agricultural market and the soon-to-be most populous nation in the world.

Finding 86**Page 213**

Despite its potential, India is currently not a major agricultural goods export market for Western Australia. In 2019, Western Australia exported agricultural goods to the value of \$50.4 million to India. Only wool, oats (including rolled oats) and lentil exports were valued at more than \$1 million.

While the value of agricultural goods exported to India is inconsistent, exports in 2019 were valued at less than half the value of goods exported in 2016–17.

Finding 87**Page 224**

Opportunities to export agricultural goods to India exist in:

- wool;
- grains, including malting barley;
- pulses, when prohibitively high tariffs and regulatory barriers do not prohibit trade;
- counter-seasonal fruits and vegetables;
- gourmet products including avocado, sheep meat, and wine; and
- value-added and processed products including value-added oats, ready-to-eat snacks and meals, and fortified grains.

Export opportunities will materialise as the Indian market matures.

Finding 88**Page 229**

Western Australia's competitive strengths in agricultural technology and services align with India's needs. Western Australia can be an important partner in providing vital technical and scientific assistance to India, helping it to increase the productivity and efficiency of its industry.

Western Australia could provide a range of agricultural technology and services to India including, but not limited to, technology and services relating to:

- grains management and logistics;
- water management;
- dairy management;
- precision farming;
- hybrid technology;
- pre and post harvesting technologies; and
- supply chain infrastructure and logistics including cold storage facilities and transportation.

There are important strategic considerations. The Australian Export Grains Innovation Centre noted that 'we can facilitate improvement in [India's] production systems and create a competitor for ourselves'.

Finding 89**Page 233**

Partnerships, collaborations, and joint research and development between Western Australian and Indian universities and/or the private sector are important to grow agribusiness opportunities. The Department of Primary Industries and Regional Development acknowledged that the research sector 'does warrant some attention in terms of continuing to build on those bilateral relations'.

Finding 90**Page 236**

Western Australia's agribusiness industry is mostly comprised of small and medium-sized enterprises (SMEs), who can find it challenging to engage with the Indian market. State Government assistance to SMEs is important to grow and diversify agribusiness exports—both goods, and agricultural technology and services exports—to India.

The Department of Primary Industries and Regional Development acknowledges that its support for SMEs to build capacity in the Indian market is in its 'early stage'.

Finding 91**Page 237**

The work of the Australian Export Grains Innovation Centre (AEGIC), funded by the Department of Primary Industries and Regional Development, supports export market development, including technical capacity building activities and value-add initiatives, for the grains industry. Engaging AEGIC is essentially the kind of engagement recommended in *Western Australia's Overseas Trade and Investment Offices Review*. That is, a department using the expertise of an external entity for the benefit of the State.

Recommendation 22**Page 237**

That the State Government continue to fund export market development, including technical capacity building activities for the grains industry.

Finding 92**Page 239**

The cessation of AGWEST International in 2015 has removed a mechanism through which the State Government offered consultancy services in agribusiness to India. This may limit opportunities to develop relationships and obtain in-market intelligence. The Department of Primary Industries and Regional Development acknowledges that it does 'not have a lot of resources' dedicated to gathering information and pursuing agricultural services opportunities in India.

Finding 93**Page 239**

Based on the evidence presented to the Committee, it does not appear that the State Government is prioritising pursuing opportunities in 'exporting' agricultural technologies and services to India. It may be that the reward for effort may be greater relative to agricultural goods, given that there are few barriers to engaging with the Indian market in these agribusiness subsectors. The Department of Primary Industries and Regional Development may require funding to pursue these opportunities.

Chapter 11 – Other sectors and bilateral investment**Finding 94****Page 251**

A sustained, proactive effort is required to facilitate Indian investment in Western Australia. Particular emphasis should be placed on articulating and communicating investment opportunities and engaging and welcoming investment partners.

Recommendation 23**Page 251**

That the State Government:

- review Western Australia's strategy to attract Indian investment to Western Australia;
- develop and promote a tailored Investment Prospectus for Indian investment into Western Australia, focusing on priority sectors; and
- resource department/s to enable them to proactively identify and provide a high level of support to companies seeking to invest in Western Australia, particularly in priority sectors such as mining, renewable energy and agribusiness.

Recommendation 24**Page 252**

That the State Government explore opportunities to further integrate Western Australia's Business Migration Program with the State's broader Indian economic engagement and investment facilitation programs, to attract Indian investment to Western Australia.

Finding 95**Page 256**

While seven out of Australia's top ten trading partners are in Asia, seven out of the top 10 of Australia's investment destinations are *not* in Asia. Australian businesses traditionally invest in the United States or Europe.

Japan, South Korea, the United Kingdom and United States invest in India because they understand that they must be in the market to grow global sales. Indian operations have become the most valuable assets for many multinational corporations.

Finding 96**Page 256**

Western Australian investment in India by Western Australian businesses (foreign direct investment or equity investment) is important to grow the Western Australia–India economic relationship.

There is a lack of understanding in corporate Australia on how and where to invest in India. The State Government has a role in familiarising business about the Indian market and supporting investment in India.

Chapter 12 – Initiatives to grow the economic relationship**Finding 97****Page 263**

Australian and Indian state-to-state engagement is becoming increasingly important to unlock economic opportunities. There is considerable opportunity within the scope of the relationship between Andhra Pradesh and Western Australia.

Finding 98**Page 263**

There has been a change in the dynamic of the Western Australia and Andhra Pradesh sister state relationship following the election of a new government in Andhra Pradesh. However, there remains considerable potential in this relationship across a range of sectors and the State Government continues to engage to build new relationships.

Recommendation 25**Page 263**

That the State Government:

- provide greater transparency on trade and business engagement between Western Australia and Andhra Pradesh under the sister state relationship, and the opportunities in Andhra Pradesh, to the extent that this is possible; and
- examine how to enhance and support the sister state relationship to ensure that it is achieving maximum value for Western Australia.

Finding 99**Page 267**

Western Australian ministerial visits to India have historically been sporadic; while there were no ministerial-level visits between September 2009 and April 2015, there were 10 ministerial visits between April 2015 and November 2019.

This increased pattern of visits is a very positive step. Regular and sustained ministerial visits to India build high-level connections and facilitate trade and investment relationships. Ministerial visits and trade missions should continue, particularly in priority sectors.

Finding 100**Page 267**

It is important to encourage Indian ministers, departments, chambers of commerce, industry, and institutions to visit Western Australia.

Recommendation 26**Page 267**

That the State Government:

- develop an annual visits program that ensures a regular and sustained pattern of ministerial visits to India;
- consider inviting the Governor of Western Australia to lead or participate in visits;
- encourage Western Australian departments, chambers of commerce, industry, and institutions to visit India for the purpose of building relationships;
- encourage Indian ministers, departments, chambers of commerce, industry, and institutions to visit Western Australia;
- pursue virtual visits as an alternative to travelling to India (and vice versa) in the COVID-19 environment;
- ensure that members of the diaspora and, if appointed, a Western Australia Indian 'champion' participate in outbound and inbound visits; and
- focus visits on fostering trade and investment opportunities in priority sectors.

Recommendation 27**Page 268**

That the Parliament of Western Australia:

- increase the frequency of parliamentary delegations to India; and
- invite Indian state parliamentary delegations to visit Western Australia.

Finding 101**Page 269**

The Commonwealth Government and other Australian states have appointed India champions or similar positions.

Recommendation 28**Page 269**

That the State Government consider appointing India champion/s.

Recommendation 29**Page 271**

That the State Government provide relevant ministers and public sector employees, including appropriate local government officers, with access to training to build India capability.

Finding 102**Page 274**

Market intelligence is essential to identify complementarities between the Indian and Western Australian economies and opportunities for Western Australian business, and to assist business and institutions to effectively engage with India. Western Australian businesses want specific details about their areas of interest in India.

Finding 103**Page 274**

Unlike other jurisdictions, Western Australian government websites provide very limited market intelligence on the Indian market.

Finding 104**Page 275**

Western Australia's Overseas Trade and Investment Offices Review by the Overseas Trade and Investment Offices Review Panel recommended that the Department of Jobs, Tourism, Science and Innovation set up a unit that works with government and non-government stakeholders to 'develop a strong intelligence base and strategic planning capability to enable in-depth analysis of market potential over the forward years.' The State Government accepted all recommendations of the review.

Finding 105**Page 277**

A key barrier to growing trade and investment is the lack of market awareness about India. The State Government has an important role in raising awareness of the opportunities in India through dialogues, forums, webinars and other events.

Recommendation 30**Page 278**

That the State Government host and/or engage with India-focused institutions to deliver:

- dialogues such as the Australia India Leadership Dialogue and the Australia India Youth Dialogue in Perth and other prominent Australia–India events; and
- India trade and investment forums and other events including webinars.

The aim of such events should be to build awareness of the opportunities in India, with a focus on Western Australia's priority sectors.

Finding 106**Page 280**

In 2019, Australian businesses identified that the:

- main barriers to doing business with India are cultural challenges/capabilities, corruption and contract security issues, and identifying a partner; and
- most important information or services needed to effectively do business in India are India-specific market research, advice on local agents and partners, and information on local taxes and other regulations.

Finding 107**Page 283**

Trade missions play an important role in supporting businesses to expand into India by providing key opportunities to:

- build international connections, foster business relationships and identify partnering opportunities;
- enhance their international profile by entering new markets;
- attract foreign investment;
- secure local distributors and/or importers;
- acquire international orders for their products and/or services;
- develop skills and knowledge of international markets to enhance their global competitiveness; and
- understand regulatory requirements in international markets.

Recommendation 31**Page 283**

That the State Government:

- support and resource regular trade missions to India;
- ensure that trade missions are focused on priority sectors;
- ensure that members of the diaspora have opportunity to participate in outbound and inbound visits;
- encourage inbound trade missions; and
- deliver virtual trade missions and/or virtual sessions, especially while borders are closed.

Finding 108**Page 286**

Success in India requires a clear-eyed understanding of the business environment and differences in business culture. Asialink Business, Australia's national centre for Asia capability, submitted that Australian businesses 'urgently require a more sophisticated understanding of Indian culture' and 'it will be critical for the WA Government to support strategic initiatives which improve the India capabilities of WA-based organisations to enhance the state's relationship with India and generate greater trade and investment'. In October 2020, the State Government launched Asia Business Capability Workshops including an India workshop.

Finding 109**Page 289**

The State Government has an important role fostering government, people and business links between Australia and India.

Ambassador Anil Wadhwa emphasised that setting up working groups following high-level meetings is the 'key' to delivering on opportunities identified during those meetings.

Western Australian businesses may need to collaborate with each other, and/or other businesses in other Australian states, to achieve scale and seize opportunities in India.

Recommendation 32**Page 290**

That the State Government establish working groups with Indian counterparts following high-level meetings that identify opportunities to engage with India.

Recommendation 33**Page 290**

That the State Government increase efforts to connect Western Australian people and businesses with each other, businesses from other Australian states, and Indian businesses or governments to seize opportunities in priority sectors in India. In particular, the State Government should:

- host, partner and/or engage with India-focused institutions to deliver networking events;
- publicise and leverage Commonwealth Government activities, events held in India, and other events that provide an opportunity to network;
- organise one-on-one or larger industry meetings between Western Australian businesses, Western Australian and Indian businesses and/or government to discuss particular opportunities; and
- ensure that the Western Australian government departments and businesses link with interstate businesses where a combined effort to seize opportunities in India will yield better outcomes.

Finding 110**Page 294**

Increasing Western Australians' proficiency of Indian languages, particularly Hindi, will help Western Australia build deeper ties with India.

Finding 111**Page 294**

There are few opportunities to learn Hindi in Western Australia.

Finding 112**Page 294**

There are opportunities within the Western Australian curriculum for students to learn about India, including in Year 6 Geography, Year 7 History, Year 9 Economics and Business, and Year 10 Civics and Citizenship; however, the uptake of these opportunities is not known.

Finding 113**Page 298**

Although there are various opportunities for the Western Australian public to attend events celebrating Indian cultures, history and heritage, the main festival showcasing India in Australia, *Confluence*, is a result of the efforts of the High Commission of India. The State Government does not currently offer culture and arts grants that specifically support cultural exchange and collaboration with Indian artists. Create X, which should include India in the future, has been suspended due to the COVID-19 pandemic and its funds redirected to other programs. It remains to be seen whether similar funding will be available for projects that contribute to increased cultural awareness between India and Western Australia in the near future.

Finding 114**Page 300**

Sister city agreements between Western Australian and Indian local governments are rare, even though such relationships have the potential to provide opportunities to strengthen bilateral relationships and support the State Government's efforts to diversify the State's economy.

Recommendation 34**Page 300**

That the State Government review the program developed by the Local Government Association of Queensland and Asialink Business and consider whether a similar program, focused on increasing India literacy amongst Western Australian local governments and encouraging appropriate sister city agreements with India, could be implemented in Western Australia.

Finding 115**Page 302**

Businesses with an interest in the Indian market may be eligible for a range of State and Commonwealth Government grants.

The Australia–India Council, a public grants body for enhancing the bilateral relationship attached to the Department of Foreign Affairs and Trade, has only awarded three grants to Western Australian projects in the last six years. Other states have leveraged the Australia–India Council to pursue sister state and offshore TAFE projects.

Recommendation 35**Page 304**

That the State Government consider mechanisms to support research and development partnerships with India, with a focus on partnerships that build strategic relationships and may create commercial opportunities in priority sectors. (See findings 53, 54, 56, 75, 79, 84, 89, 123, and recommendations 13 and 14).

Recommendation 36**Page 304**

That the State Government continue to pursue securing direct flights between Western Australia and India as a priority.

Finding 116**Page 307**

Western Australia has allocated very few business and investment visa nominations to Indian applicants over the past five years. It is not known whether this is in proportion to the level of interest from India in the Western Australia Business Migration Program.

Recommendation 37**Page 307**

That the State Government, working with the Small Business Commissioner, explore and support ways to increase the marketing of the Business Migration Program (including investment visas) in India, and ways to increase the number of Expressions of Interest in a Western Australian business and investment visa nomination.

Finding 117**Page 308**

Designated Area Migration Agreements offer regional areas of Western Australia with access to more overseas workers than is offered through the standard skilled migration program. No evidence was provided about their impact on Indian immigration to regional Western Australia or their potential impact on Western Australia's economic relationship with India.

Chapter 13 – The impact of the COVID-19 pandemic

Finding 118

Page 312

The COVID-19 pandemic has disrupted supply chains and increased export costs for Western Australian businesses.

Finding 119

Page 317

The COVID-19 pandemic and associated restrictions have had significant effects across the Western Australian economy. However, these effects have not been equally experienced and even within single sectors, demand and supply dynamics vary between services and commodities.

Finding 120

Page 323

Prior to the COVID-19 pandemic, the State Government's major policy documents *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* and *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* signalled its intent to broaden the State's economic base, markets and trading partners.

In its response to the pandemic, the State Government has acknowledged the centrality of trade to COVID-19 recovery.

The path forward is uncertain—many factors affecting recovery will be beyond the State Government's control. However, recovery will require:

- a sustained and elevated focus on trade: it is crucial that the State Government continue to emphasise Western Australia's role in global supply lines and its status as a dependable partner;
- broad-based political consensus: as COVID-19's impact on global and regional trade dynamics becomes clearer, Western Australia's trade-related initiatives are more likely to meet with success if they enjoy broad-based political support;
- a long-term view: the Western Australia–India economic relationship in particular will require consistent and sustained engagement;
- the formation of strategic partnerships: some evidence to the inquiry suggested that the future prosperity of Western Australia's manufacturing sector may hinge on its ability to integrate into international manufacturing supply lines and processes with trusted partners; and
- a 'charm offensive': Western Australia cannot rely on its historical approach to trade relationships, based on meeting our neighbour's demand for minerals and energy. Our relationships with new partners will be conducted on very different terms. We will need to work harder and smarter to attract new markets and opportunities.

Finding 121**Page 324**

Policy making in the COVID-19 environment is fraught with uncertainty. The Market Plans the State Government has committed to develop under the Asian Engagement Strategy will be vital tools to assist government to understand and respond to challenges and opportunities in the regional trading environment.

The India Market Plan should:

- signal to the public and businesses the importance of India to Western Australia, and the State Government's long-term commitment to India;
- set out the State Government's vision and strategic objectives in India, and actions to achieve the vision;
- ensure a nuanced and tailored approach to the Indian market, reflecting Western Australia's competitive strengths and the unique trade dynamic of the Western Australia–India economic relationship;
- identify discreet initiatives and develop resource plans to pursue opportunities in target sectors and markets; and
- include measures of success and targets.

Finding 122**Page 324**

The Asian Engagement Strategy lists a number of nations and the State Government is developing market plans for key markets. Given the extraordinary drain that the COVID-19 response will place on the State's resources, it may be appropriate for the Government to identify and prioritise target markets for sustained focus and additional resourcing.

Finding 123**Page 324**

Given that international travel is extremely difficult, there has never been a more important time to engage the Indian diaspora to reinforce relationships between our nations, maintain formal and informal pathways to market, understand opportunities for re-engagement and gather market intelligence.

Research and development relationships can and will also continue. It will be vital to tap into and develop the networks and partnerships between universities, research institutions and academic communities. Research teams are used to collaborating across borders and can reinforce international links and help maintain pathways to the Indian market.

The State Government should ensure that the development and implementation of its India Market Plan leverages the considerable capacity in the Indian diaspora and research community.

Finding 124**Page 324**

The 'pause' in global trade offers opportunity to train and build business and government capacity in readiness for reopening. In addition to the work underway to develop the India Market Plan, now is an ideal time to roll-out initiatives aimed at improving business capability and increasing India literacy.

Chapter 1

Introduction

There is no market over the next 20 years which offers more growth opportunities for Australian business than India.

An India Economic Strategy to 2035: Navigating from Potential to Delivery by Peter Varghese AO

India-Australia relations are not only comprehensive, but also very deep. And this comes from our shared values, shared interest ... and shared objectives ... I believe this is the perfect time and perfect opportunity to further strengthen India-Australia relations.

Hon Narendra Modi, Prime Minister of the Republic of India (June 2020)

In recent years there has been increased global awareness of the transformation and growth of the Indian economy, and the economic opportunities presented by India's arrival as an economic power on the world stage.

Australia recognises the immense unrealised potential of the growing economic profile of India. This was reflected by the Commonwealth Government commissioning the landmark report *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report) by Peter Varghese AO, the former Australian High Commissioner to India and Secretary of the Department of Foreign Affairs and Trade. The Varghese Report, presented to the Commonwealth Government in 2018, provides a roadmap to transform Australia's economic partnership with India, identifying sectors of opportunity and action to deliver the promise of India.¹

In Western Australia (WA), the launch of the economic development framework *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA) in July 2019,² and the *Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy) in August 2019,³ reflects a strategic shift as WA turns to Asia to diversify its economy and ensure future prosperity.

WA is a highly trade-dependent economy, largely due to its significant natural resources and small population.⁴ Recent events have highlighted WA's exposure to the dynamics that influence foreign trade and suggest that it is prudent to grow and diversify export markets.

1 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018.

2 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019.

3 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019.

4 Department of Treasury, *International Trade: Emerging Developments and Prospective Outlook*, Government of Western Australia, Perth, February 2019, p53.

The importance and potential of the Indian market to WA was recognised back in 1996, when WA was the first state to open an office in India, establishing the Government of Western Australia's India office in Mumbai (GoWA India), also known as the WA Trade Office in Mumbai.

Other Australian states soon followed suit, dedicating significant efforts and resources toward developing their relationships with India, and have achieved a greater level of trade and investment engagement with India than WA.⁵ While the Australia–India economic relationship has seen significant growth in recent years, with India being Australia's fifth largest trade partner, WA has not seen a commensurate increase in its bilateral trade flows.

India is widely recognised as one of the fastest growing economies in the world. By 2035, it is predicted to be the third largest economy in the world, behind China and the United States.⁶

A rapidly developing India will need many goods and services that WA provides, including those from the education, mining, energy, agriculture and tourism sectors. The State Government has identified these as target sectors, where WA's competitive advantages and strengths match India's needs. Targeting complementary sectors is essential when engaging a country of the scale and complexity of India. To secure the State's future prosperity, WA must work to broaden and deepen its economic relationship with India in order to seize opportunities in the short, medium and long term.

The Commonwealth Government's commitment to India and our growing geo-political and defence ties generate significant flow-on benefits for the WA–India economic relationship. On 4 June 2020, at a virtual summit between Prime Minister Hon Scott Morrison and Prime Minister Hon Narendra Modi, Australia and India elevated the bilateral relationship from the Strategic Partnership concluded in 2009 to a Comprehensive Strategic Partnership.⁷ At that summit, it was agreed to restart talks on the Comprehensive Economic Cooperation Agreement (see chapter 3). Nine Memoranda of Understanding (MOU) were concluded, including an MOU on cooperation in the field of mining and processing of critical and strategic minerals, an industry of opportunity for WA.⁸

[Australia and India] have a very favourable environment geopolitically at the moment ... I think both sides should actually capitalise on this and businesses should take advantage of this sentiment which exists.

*Ambassador Anil Wadhwa
(August 2020)*

5 Submission 14, Australia India Business Council: WA Chapter, p6.

6 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p6. This is based on using market exchange rates to compare GDP levels.

7 Hon Scott Morrison, Prime Minister of Australia, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, media release, 4 June 2020. The only other countries Australia has entered into a Comprehensive Strategic Partnership with are China, Indonesia and Singapore.

8 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

Australia, India, Japan and the United States are members of the Quadrilateral Security Dialogue. Prime Minister Morrison, among others, has repeatedly highlighted that Australia and India have ‘common interests and the shared values of democracy and the rule of law’ and are ‘natural partners’.⁹ In a country like India, where interpersonal linkages are essential, closer ties building on shared values and mutual geostrategic interests facilitate the growth of the economic relationship.

The Indo-Pacific region is also assuming global prominence, alongside the rise of India, Indonesia and the Association of Southeast Asian Nations (ASEAN) economic community. This has led to a shift in the global economic centre of gravity closer to WA.¹⁰ By 2050, Indonesia and India are predicted to be two of the four largest economies in the world. WA must commit to the long game to take full advantage of this political and economic shift in power.

Aware of the growing importance of India, on 15 August 2019 the Economics and Industry Standing Committee (Committee) commenced an inquiry into WA’s economic relationship with the Republic of India (inquiry). The Committee’s function and powers are noted at appendix 1, and the inquiry’s terms of reference at appendix 2.

An inquiry interrupted

The inquiry’s terms of reference are broad. The purpose of the inquiry was to examine the status and potential of this economic relationship, and how the State Government could engage with India and facilitate delivering on this potential.

The Committee focused on what action the State Government could take to strengthen the economic relationship with India, focusing on the Government’s target sectors, including:

- international education;
- tourism;
- minerals and energy including renewable energy;
- mining equipment, technology and services (METS);
- agribusiness; and
- advanced manufacturing (defence industries).

The Committee had intended to undertake a more comprehensive examination of bilateral trade dynamics. However, early in the inquiry process, the COVID-19 pandemic swept the globe and severely affected the operations of the Parliament. The impacts of COVID-19 on the bilateral relationship are specifically discussed in chapter 13 of this report (to the extent that it is possible at such an early stage to make specific findings and conclusions), but the

9 Hon Scott Morrison, Prime Minister of Australia, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, media release, 4 June 2020; and PTI, 'India-Australia friendship based on trust, respect: Scott Morrison', *The Hindu* (web-based), 14 August 2020, accessed 13 October 2020, <<https://www.thehindu.com/news/national/india-australia-friendship-based-on-trust-respect-scott-morrison/article32353363.ece>>; Editorial, 'A relationship full of promise: Australia and India are natural partners in the Indo-Pacific', *The Australian*, 28 February 2020, p13.

10 Submission 5, Perth USAsia Centre, p9.

pandemic has also had an effect on the conduct of this inquiry—particularly the Committee’s ability to take and consider evidence.

Due to COVID-19 precautions, the Committee ceased holding hearings on 20 March 2020, and resumed hearings on 24 June 2020. Hearings were held via Skype on 20 March 2020. The Committee cancelled many hearings due to the COVID-19 pandemic, including an offsite ‘Town Hall’ style meeting with the Indian diaspora. While COVID-19 limited oral evidence, written evidence was obtained during the pandemic.

The pandemic also denied the Committee the opportunity to travel interstate and observe the policy approaches of other governments, access a broader range of experts, and meet key stakeholders; evidence which contributes to the quality of public policy analysis.

The inquiry generated interest from a range of stakeholders including many from the Indian diaspora. The Committee:

- received 49 submissions (see appendix 3);¹¹
- held a briefing with the Department of Jobs, Tourism, Science and Innovation (JTSI);
- held 15 public hearings with 35 witnesses (see appendix 4);¹²
- heard 15 public depositions from members of the Indian diaspora (see appendix 4); and
- held three closed hearings.

Due to the sensitive commercial nature of evidence provided by some witnesses, it was necessary to hold closed hearings in order to obtain the best evidence. This report refers to evidence provided in closed session, but does not note the names of witnesses or the date of that evidence. The Committee also received written evidence it decided to classify as closed due to its commercial sensitivity and the likelihood that making the evidence public would identify the witness.

11 Public submissions are available on the Committee’s website at <https://bit.ly/34T2ZBx>.

12 Transcripts of public hearings are available on the Committee’s website at <https://bit.ly/2wY0UYm>.

Chapter 2

The opportunity of India

Australian business has long put India in the ‘too hard’ basket. There are three overriding reasons why this must change: scale, complementary economics and spreading risk.

An India Economic Strategy to 2035: Navigating from Potential to Delivery by Peter Varghese AO

The structural drivers of India’s growth have reputable economists forecasting that by the middle of this century, India will be the second largest economy in the world. WA’s ongoing economic prosperity requires the State being connected into the corridors of global growth, and the rise of India bears no exception.

Perth USAsia Centre

The primary reasons for India’s appeal as a trading partner are its extraordinary scale, growth potential and complementarities with WA’s capabilities. India, and its 36 unique states and territories, provides WA with a prime opportunity for market and sector diversification.

Western Australia must diversify its markets

Evidence to this inquiry suggested that WA must diversify its economy. Half of WA’s exports go to one market (China) and half of its exports are in one commodity (iron ore). The State Government has recognised the importance of diversification in its economic development framework, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA).

Diversifying the economy requires diversification:

- across export markets, beyond the dominant Chinese market;
- across export sectors, beyond mineral and energy commodities;
- within export sectors, by expanding the products or services offered within one sector (for example, international education); and
- across foreign investment markets, beyond the United States, Western Europe, Japan and China.

India presents a prime opportunity to achieve economic diversification.¹³ As Professor Stephen Smith from the Perth USAsia Centre advised:

The recent coronavirus disaster has drawn attention and crystallised the fact that, particularly as a state, but also as a nation, we are overcommitted to one particular trading partner and we must diversify. That project diversification has, at its heart, India as its most important aspect.¹⁴

13 Dr Jeffrey Wilson, 'WA well placed to find new markets', *The West Australian*, 13 May 2020, p22.

14 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p4.

The trade relationship with China has brought great benefit to WA, and China will remain a valued trade partner. Although China is likely to remain WA's largest trading partner for the foreseeable future, Diversify WA accepts that Chinese demand is unlikely to grow the WA economy to the degree it did over the last decade, when the State experienced a commodity-driven 'supercycle'.¹⁵ India, due to its scale, growth and opportunities, offers WA the opportunity to add balance and spread risk, to buffer the economy against a changing and increasingly uncertain global economic environment. As Research Analyst Hugo Seymour from the Perth USAsia Centre noted, WA is 'too susceptible to political and economic shocks, with too many of our eggs in one basket'.¹⁶

The risks associated with WA's limited economic diversity were highlighted in May 2020, when China imposed an 80.5 per cent tariff on barley exports from Australia, and in August 2020 when China moved to suspend barley imports from WA's Cooperative Bulk Handling (CBH), Australia's biggest grain exporter, after allegedly finding pests in shipments.¹⁷ In 2019, WA exported over half a billion dollars of barley to China, and nearly 60 per cent of barley exported to all markets were exported to China.¹⁸

Beyond WA, other states—indeed, the nation as a whole—are also exposed to a lack of trade diversity, with around 40 per cent of the country's exports going to just two markets: Japan and China.¹⁹ For example, in May 2020, China also cancelled the licences of four Queensland abattoirs, which accounted for a third of national beef exports.²⁰

The importance of China to WA also renders it exposed to China's slowing economic growth. Since 2006–07, China has been the largest market for WA's merchandise exports with the majority being iron ore exports. In 2019, China accounted for 53 per cent of the State's merchandise exports, valued at \$96.1 billion, of which 82 per cent was iron ore.²¹ This increased China's share of the market since 2018, when China accounted for 47 per cent of the market and merchandise exports were valued at \$68.4 billion.²² China is also WA's

15 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, p69.

16 Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p12.

17 Australian Associated Press, 'Australia 'deeply disappointed' after China imposed 80% tariff on barley imports', *The Guardian* (web-based), 19 May 2020, accessed 19 May 2020, <<https://www.theguardian.com/australia-news/2020/may/19/australia-deeply-disappointed-after-china-imposes-80-tariff-on-barley-imports>>; Hamish Hastie, 'Loud and clear and terrifying', *The Sydney Morning Herald* (web-based), 2 September 2020, accessed 3 September 2020, <<https://www.smh.com.au/national/loud-and-clear-and-terrifying-china-s-barley-ban-to-be-felt-across-boardrooms-20200902-p55rof.html>>.

18 In 2019, WA exported barley to the value of \$561.9 million to China, being 59.5 per cent of the barley exported all markets. See Department of Foreign Affairs and Trade, *Publications*, accessed 29 June 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

19 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p6; Department of Foreign Affairs and Trade, *Australia's trade in goods and services by top 15 partners, 2018–19*, Commonwealth of Australia, 2019.

20 Dr Jeffrey Wilson, 'WA well placed to find new markets', *The West Australian*, 13 May 2020, p22.

21 Department of Jobs, Tourism, Science and Innovation, *Western Australia China trade profile*, Government of Western Australia, Perth, April 2020, p1.

22 *ibid.*

largest import market. In 2019, 16 per cent of the State's merchandise imports came from China. The dominance of China's trade with WA is noted in table 2.1.²³

Table 2.1: WA's major trading partners in 2019²⁴

Exports				Imports			
Rank	Market	\$billion	Share (%)	Rank	Market	\$billion	Share (%)
1	China*	96.1	53	1	China*	5.4	16
2	Japan	24.0	13	2	United States	4.4	13
3	United Kingdom	12.4	7	3	Japan	2.7	8
4	South Korea	10.3	6	4	Thailand	2.3	7
5	Singapore	7.4	4	5	Malaysia	2.3	7
11	India	1.7	1	15	India	0.4	1
	Other	30.2	17		Other	15.9	48
	Total	182.2	100		Total	33.4	100

* Excludes Special Administrative Regions and Taiwan

The Chinese economy is transitioning from investment to consumption-led growth. According to the WA Department of Treasury, there are indications that its demand for steel is plateauing.²⁵ China's steel consumption per capita is close to the levels reached by Japan and the United States when their steel consumption peaked. China will increasingly be able to recycle ageing capital stock rather than manufacture new steel from iron ore to meet its demand for steel.²⁶ WA will therefore not be able to depend on China's continued growth and the same level of revenue from iron ore exports as it received in the previous decade.²⁷

In the second quarter of 2019, China's year-on-year gross domestic product (GDP) growth was 6.2 per cent—the slowest growth it has exhibited since the early 1990s (see figure 2.1).²⁸ However, due to impact of the COVID-19 pandemic on global economies, China is Australia's only major export market with a projected growth in 2020.²⁹

²³ *ibid.*

²⁴ *ibid.*

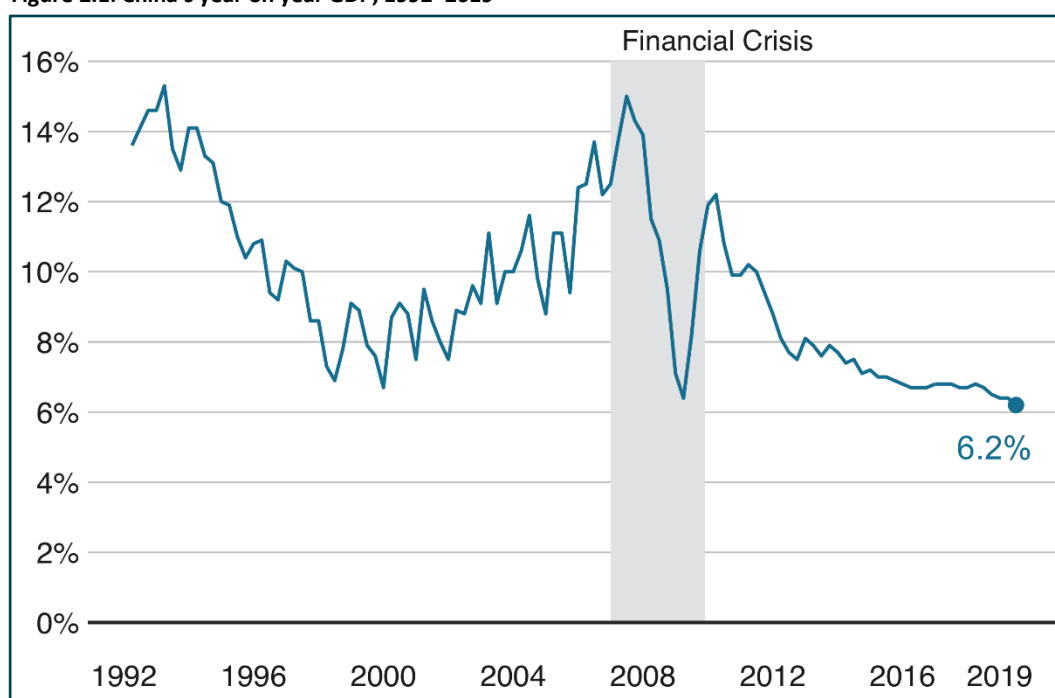
²⁵ Department of Treasury, *International Trade: Emerging Developments and Prospective Outlook*, Government of Western Australia, Perth, February 2019, p47.

²⁶ *ibid.*

²⁷ Submission 5, Perth USAsia Centre, p6.

²⁸ Growth may have been lower, with some international economists questioning the accuracy of the official statistics. See Department of Treasury, *International Trade: Emerging Developments and Prospective Outlook*, Government of Western Australia, Perth, February 2019, p47.

²⁹ Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p18.

Figure 2.1: China's year on year GDP, 1992–2019³⁰

Australian education institutions are exposed to large financial risks because of their reliance on Chinese students.³¹ China has been WA's largest market for international students almost every year since 2010.³² The COVID-19 pandemic, which severely restricted Chinese students' entry into Australia, again highlighted this risk. Other risks to international student numbers include the Chinese government suspending the convertibility of the yuan for educational purposes,³³ fluctuations in the value of the Australian dollar relative to the Chinese yuan,³⁴ and the rising quality of domestic universities and degrees in China.³⁵

Diversify WA also recognises the State's reliance on a narrow band of industry sectors, and the risk this poses to the economy. Minerals and petroleum, mainly iron ore and liquefied natural gas (LNG), accounted for 94 per cent (\$170.9 billion) of merchandise exports to all markets in 2019.³⁶ In comparison, agriculture, food, fibre, fisheries and forestry accounted

30 'China's economy grows at slowest pace since 1990s', *BBC News* (web-based), 15 July 2019, accessed 21 October 2019, <www.bbc.com/news/business-48985789>.

31 Salvatore Babones, *The China student boom and the risks it poses to Australian universities*, analysis paper 5, The Centre for Independent Studies, 2019, p15.

32 In 2016 and 2019, India contributed more international student enrolments to WA than China. See Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

33 Salvatore Babones, *The China student boom and the risks it poses to Australian universities*, analysis paper 5, The Centre for Independent Studies, 2019, p14.

34 *ibid.*, p15.

35 Robert Bolton, 'Melbourne Uni still our best in global rankings', *Australian Financial Review*, 12 September 2019, p3; Department of Jobs, Tourism, Science and Innovation, *Western Australia's Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p38.

36 Department of Jobs, Tourism, Science and Innovation, *Western Australia economic profile*, Government of Western Australia, Perth, April 2020, p8.

for five per cent (\$8.3 billion) of merchandise exports in 2019.³⁷ India offers the opportunity to diversify trade sectors and exports within trade sectors. For example, providing agricultural services in addition to exporting agricultural commodities.

Economists forecast that contributions to global growth and investments by the United States, Japan and Western Europe—our traditional sources of foreign investment along with China—will plateau over the coming decades as other major economies, including India, develop. In the future, WA will have to secure alternative sources of foreign investment to enable business investment to underpin job-creating industries.³⁸

Finding 1

Western Australia must diversify its trade base to ensure the future prosperity of the State:

- across export markets;
- across export sectors, beyond mineral and energy commodities;
- within sectors, including by expanding the products or services offered within one sector; and
- across foreign investment markets, beyond the United States, Western Europe, Japan and China.

India is an important market for economic diversification.

Finding 2

Currently, Western Australia enjoys a mutually beneficial and productive relationship with the People's Republic of China. Half of Western Australia's exports are bound for that market. Half of Western Australia's exports are in one commodity (iron ore). Diversifying export markets and sectors spreads risk.

The State Government has acknowledged the need to broaden Western Australia's range of partners and sectors in its economic development policy *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*.

The transformation and growth of the Indian economy

The Australia India Business Council: WA Chapter (AIBC) advised the Committee that the Indian economy is the fastest-growing large economy in the world.³⁹ Measured by GDP, US\$3 trillion in 2019, it is the fifth largest economy;⁴⁰ by purchasing power parity (PPP) (see box 2.1), it is the third largest.⁴¹ *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report)

India's scale is extraordinary.

*An India Economic Strategy to 2035:
Navigating from Potential to Delivery
(Peter Varghese AO)*

³⁷ *ibid.*

³⁸ Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p8.

³⁹ Submission 14, Australia India Business Council: WA Chapter, p2.

⁴⁰ Submission 2, University of Western Australia (UWA) and UWA Public Policy Institute, p2; International Monetary Fund, *Real GDP growth*, 2019, accessed 20 August 2020, <<https://www.imf.org/external/datamapper/NGDPD@WEO/OEMDC/ADVEC/WEOWORLD>>.

⁴¹ Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p6.

forecast that India will be the third largest economy by 2035, behind China and the United States.⁴² Other projections support this view, with some predicting it will become the world's second largest economy within thirty years.⁴³

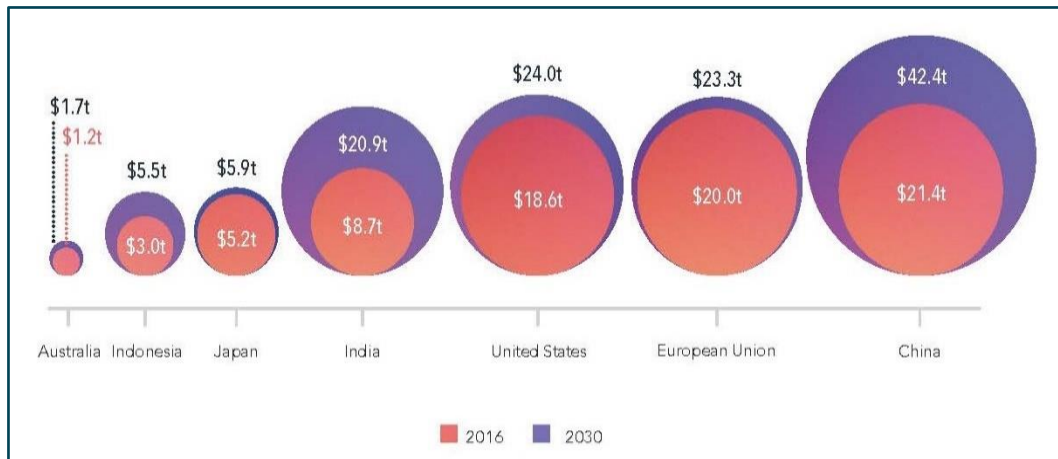
Box 2.1: Gross domestic product (GDP) and purchasing power parity (PPP)

Gross domestic product is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health.

PPP is a metric that compares different countries' currencies through a 'basket of goods' approach. PPP allows economists to compare economic productivity and standards of living between countries.⁴⁴

In 2017, the Commonwealth Department of the Treasury predicted that by 2030 India will be larger than the European Union and United States are today, and roughly on par with the size of China today (see figure 2.2).⁴⁵

Figure 2.2: Country GDP forecasts to 2030⁴⁶



Note: The figure demonstrates the projected growth of economies. Rankings in the size of economies can vary depending on how this is measured. Figures are in 2016 US\$ trillion, converted on a PPP basis; Australian forecasts are for 2015–16 and 2029–30.

In 1991, India began opening its economy to the world and, since then, its increasingly liberalised economic agenda has seen it transform from a protectionist economy with slow growth to the world's fifth largest economy. Indian governments, including the current government of Prime Minister Hon Narendra Modi, have introduced a suite of reforms to

⁴² *ibid.*

⁴³ Submission 2, UWA and UWA Public Policy Institute, p2; John Hawksworth, Hannah Audino and Rob Clarry, *The Long View: How will the global economic order change by 2050?*, PwC, United Kingdom, 2017; Willem Buiter and Ebrahim Rahbari, 'Global Economics View: Global Growth Generators: Moving being "Emerging Markets" and "BRIC"', *Global Economics View*, Citi Global Markets, 2011; Vic Lang'at Junior, *World economics projected to be the largest by 2050*, 21 January 2019, accessed 14 October 2020, <<https://www.worldatlas.com/articles/world-economies-projected-to-be-the-largest-by-2050.html>>.

⁴⁴ Mary Hall, *What is Purchasing Power Parity (PPP)?*, 19 August 2020, accessed 15 October 2020, <<https://www.investopedia.com/updates/purchasing-power-parity-ppp/>>.

⁴⁵ Commonwealth of Australia, *2017 Foreign Policy White Paper*, Canberra, 2017, p26.

⁴⁶ *ibid.*

open and formalise the Indian economy, including reforms aimed at stimulating foreign investment. India's dramatic growth is principally driven by its young population, strong domestic consumption, infrastructure investment, and urbanisation.⁴⁷

India's economy has more than doubled in size in the last 10 years. In 2019, India's GDP was exactly US\$2.97 trillion, up from US\$1.36 trillion in 2009.⁴⁸ Since reform began, India's GDP growth has increased from an average annual rate of less than three per cent to an average of around seven per cent a year from 2000 to 2017 (see table 2.2). Investment makes a relatively large contribution to the Indian economy. In 2018, investment accounted for 31 per cent of India's GDP.⁴⁹

Table 2.2: India's economic growth since 1990 (as at October 2020)⁵⁰

	1990–99	2000–09	2010–17	2018	2019	2020	2021
						Projected	
Real GDP growth (%)	5.7	6.9	7.4	6.1	4.2	-10.3	8.8
Inflation rate, average consumer prices (%)	9.7	5.9	7.3	3.4	4.8	4.9	3.7

Note: 1990–99, 2000–09 and 2010–17 periods show average annual growth rates. The figures for the remaining years are annual per cent change.

As noted in the Varghese Report, 'India's economic progress will not be linear. It will be subject to structural shifts and shaped by technological and environmental disruptions'.⁵¹ In 2019, the Indian economy slowed down and inflation increased. India's economic growth slowed to 4.2 per cent. The International Monetary Fund (IMF) projects growth of 8.8 per cent in 2021 (see table 2.2).

There is confidence that India's trajectory will not change, despite disruptions. One witness stated 'I think the pace of change is a question, but will it happen? I do not think that is a question.'⁵² Melvyn Gilbert submitted in April 2020, prior to the escalation of the COVID-19 pandemic, that:

[despite] uncertainties that currently shroud the Indian economy, the country is poised to grow. With over 520 million people in the work force as of 2019 and about 60% of the country's GDP riding on the back of domestic consumption, India quite certainly stands as a lucrative destination for WA to advance our interests, especially in this even slower global economy.⁵³

47 Submission 15, Department of Foreign Affairs and Trade, p1.

48 Submission 5, Perth USAsia Centre, p52.

49 Department of Jobs, Tourism, Science and Innovation, *Western Australia's Economic Relationship with India*, July 2019, p6.

50 International Monetary Fund, *India*, October 2020, accessed 21 October 2020, <<https://www.imf.org/en/Countries/IND>>.

51 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p4.

52 Closed evidence.

53 Submission 43, Melvyn Gilbert, p3.

Although the percentage of future growth forecast prior to the COVID-19 pandemic varies,⁵⁴ economists broadly predicted that India's GDP would continue to grow at a high rate. The Varghese Report stated that India will grow at six to eight per cent annually to 2035.⁵⁵ In comparison, on average, the Australian economy is estimated to grow at around 2.8 per cent annually to 2035.⁵⁶ IMF comparisons of countries' annual growth rates and predictions since the COVID-19 pandemic are depicted in figures 2.3 and 2.4.⁵⁷

Figure 2.3: Annual growth in global GDP to December 2021 (as at September 2020)⁵⁸

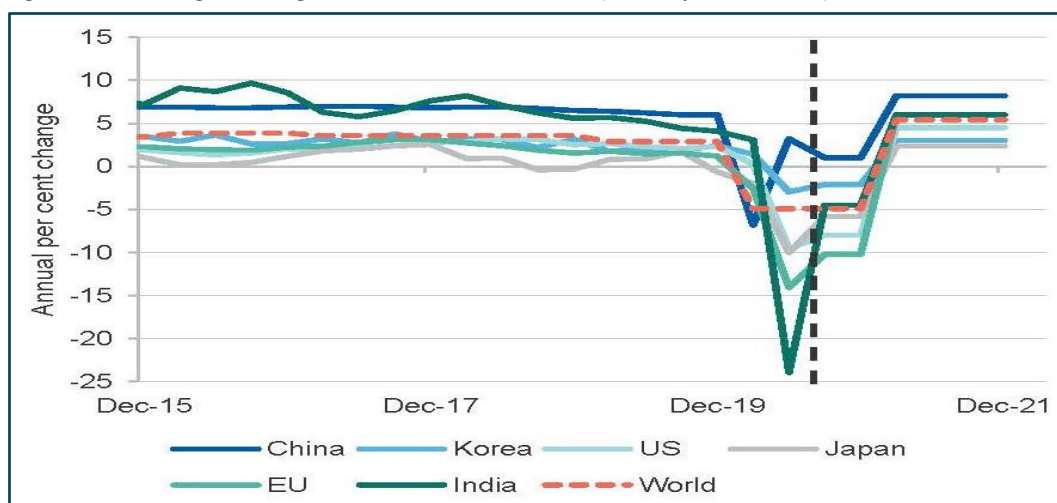
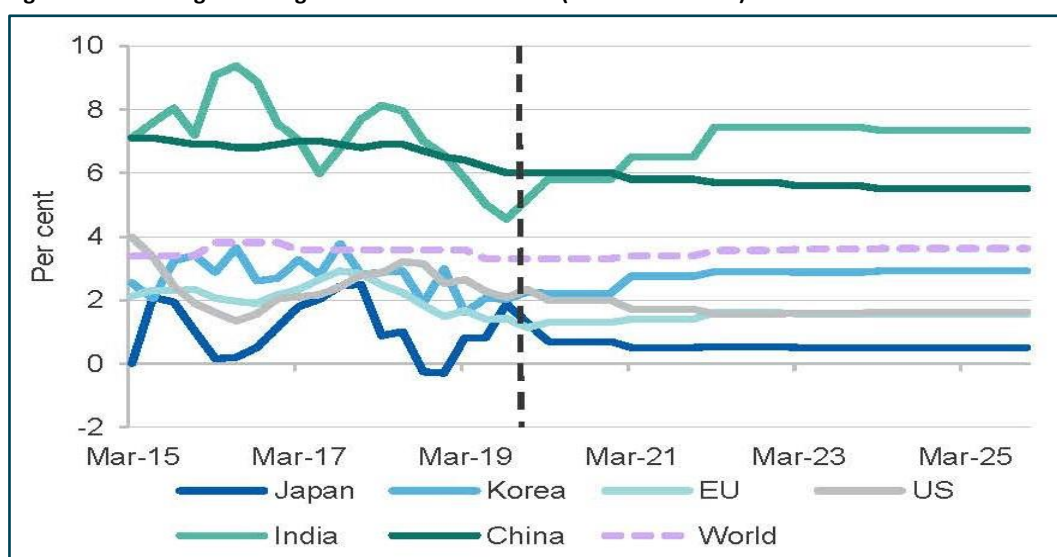


Figure 2.4: Annual growth in global GDP to March 2025 (as at March 2020)⁵⁹



54 See International Monetary Fund, *World Economic Outlook: Global manufacturing downturn, rising trade barriers*, Washington, D.C., October 2019, pp9–10; Submission 3, Aranak, p9.

55 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p27.

56 *ibid.*, p38.

57 International Monetary Fund, *World economic outlook: A long and difficult ascent*, Washington, D.C., October 2020, p145.

58 *ibid.*, p18.

59 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p16.

There is also ‘considerable untapped potential’ in India.⁶⁰ While India has a population of over 1.3 billion—or over one-sixth of the world’s population—it produces only seven per cent of the world’s output.⁶¹

The bullish predictions for India are partly driven by its young, large and growing workforce. India’s population is estimated to grow to 1.6 billion by 2035,⁶² and within the next decade it will be the most populous country in the world. India’s population is young—it has a mean age of 29⁶³—and this demographic trend will continue in the future. By 2025, one-fifth of the world’s working-age population will be Indian and by 2050, India’s working-age population will have increased by 285 million.⁶⁴

India aims to almost double its higher education enrolment rate to 50 per cent by 2030.⁶⁵ As at late 2017, around 500 million people—or 37 per cent of India’s total population—were in the education age bracket, aged 5 to 24 years old. The tertiary-age population in India alone is projected to increase to 118 million by 2035. In part due to the rural to urban shift (see below), the Skill India program planned to train 400 million Indians and the Indian Government estimated that an additional 120 million skilled workers will be required by 2022.⁶⁶ This represents an opportunity for WA to provide education services, including vocational education and training (VET) services, in India.

India is a services and consumption-driven economy, as opposed to an export and manufacturing-led economy like China. Services accounted for over half of India’s GDP in 2018.⁶⁷ The services sector in India includes a wide range of activities such as communication (IT), hotel and restaurants, transport, storage, financing, insurance, real estate, business services, personal services, and services associated with construction.⁶⁸ There is a ‘huge’ unmet demand for essential services including reliable energy, water and sanitation, quality education and healthcare.⁶⁹ India’s aspirational middle class—12 times the size of Australia’s population—is growing rapidly,⁷⁰ as is their demand for services such as education and tourism (although, as discussed elsewhere in this report, the COVID-19 pandemic has had an immediate deleterious impact and is likely to have lasting effects on demand).

60 *ibid.*, p24.

61 *ibid.*

62 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp4, 25.

63 Austrade, *What’s on the Menu? Australian Premium Food and Beverage to India*, Commonwealth of Australia, 2020, p4; Yashika Khurana, Invest India, speaking at the Consulate General of India, Perth, 5 August 2020.

64 Submission 2, UWA and UWA Public Policy Institute, p2.

65 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p68.

66 Submission 24, Department of Jobs, Tourism, Science and Innovation, p17.

67 *ibid.*, p3.

68 India Brand Equity Foundation, *Services Sector in India*, August 2020, accessed 10 August 2020, <<https://www.ibef.org/industry/services.aspx>>.

69 Submission 5, Perth USAsia Centre, p8.

70 Hon Simon Birmingham, Minister for Trade (Cth), *Boosting opportunities for Australian businesses in India*, media release, 22 February 2020.

India has the fastest growing population of millionaires and it is predicted that by 2027 it will be home to 950,000 millionaires.⁷¹ Wealth exists despite India's per capita income based on purchasing power parity being US\$7,762 in 2018 (US\$1,265 in 1991).⁷² With rising disposable income, Indian consumers increasingly want to provide their children with high-quality education, have aspirations to travel and the ability and inclination to buy goods and services beyond their basic needs. These consumers are now more digitised and open to the rest of the world providing good and services. Internet use is also growing in India. While estimates vary, by one estimation the number of internet users is expected to increase to 829 million by 2021.⁷³

The percentage of people living in urban areas is on the rise, shifting India's workforce from the lower productivity sector of agriculture to higher productivity sectors like services and industry. Each year, more than 10 million people move from rural to urban India.⁷⁴ The United Nations predicts that 40.1 per cent of India's population will live in urban areas by 2030. In comparison, only 25.8 per cent lived in urban areas when the Indian Government began to liberalise its economy in 1991.⁷⁵ Economic policies, including the demonetisation of the two biggest denominations in India's currency (1000 and 500 rupee notes), have contributed to India's economy transitioning from the informal sector to the formal sector.⁷⁶

With this urbanisation, the Indian Government is focusing on infrastructure development. India's Twelfth Five-Year Plan earmarked US\$1 trillion to modernise, expand and integrate India's transport infrastructure.⁷⁷ This presents several business opportunities, including niche services for Smart City development (see box 9.4).⁷⁸ Industry, infrastructure projects and India's electric vehicle and renewable energy needs provide opportunity for WA to export resources and expertise to India. Improving infrastructure also boosts the Indian economy, as trade performance increases with better transport infrastructure.⁷⁹

India generally imports more than it exports. It has significant natural resources such as iron ore and natural gas, although it imports both these commodities from WA. While India has

71 Submission 14, Australia India Business Council: WA Chapter, p11.

72 The World Bank, *GDP per capita, PPP (current international \$) - India*, accessed 19 May 2020, <<https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?end=2018&locations=IN&start=1990&view=chart>>.

73 Australian Trade and Investment Commission, *Health Supplements to India*, accessed 8 June 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries-and-economies/india/industries/health-supplements-to-india>>.

74 Submission 5, Perth USAsia Centre, p8.

75 United Nations, *World Urbanization Prospects 2018*, 2018, accessed 28 November 2019, <population.un.org/wup/Country-Profiles/>.

76 Montek S. Ahluwalia, 'India's economic reforms: Achievements and next steps', *Asian Economic Policy Review*, vol. 14, 2019; Raghbendra Jha, 'Modinomics: Design, implementation, outcomes, and prospects', *Asia Economic Policy Review*, vol. 14, 2019; Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp337, 69, 154.

77 Purva Singh and Rajat Kathuria, 'Infrastructure and connectivity in India: Getting the basics right', *Asian Economic Policy Review*, vol. 11, 2016, p272.

78 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p210.

79 Purva Singh and Rajat Kathuria, 'Infrastructure and connectivity in India: Getting the basics right', *Asian Economic Policy Review*, vol. 11, 2016, p267.

made progress on trade liberalisation, and has improved in the World Bank's Ease of Doing Business rankings, there are market challenges (see chapter 5). Most notably, India imposes high tariffs and other measures on agricultural imports. India's trajectory of liberalisation, trade openness and ease of doing business will continue to arc in favour of engagement. The onus is on WA to identify and target opportunities that will arise in the short, medium or long term.

Finding 3

In 1991, India began opening its economy to the world. Since then, liberalising reforms have seen the economy transform from a protectionist economy with slow growth to the world's fifth largest economy measured by gross domestic product. India is projected to have the third largest economy in the world by 2035.

Finding 4

The scale of India's economy is extraordinary. In 2019, India's gross domestic product (GDP) was US\$3 trillion. Prior to the outbreak of the COVID-19 pandemic, India's GDP was predicted to grow an average of at least six per cent each year over the next 20 years. India's trajectory of liberalisation, trade openness, investment, and its aspirations to upskill its people generate a range of economic opportunities for Western Australia in the short, medium and long term. India's young population, urbanisation and growing middle class will continue to demand goods and services that Western Australia can supply.

The status of the economic relationship

The scale and opportunity of India's economy is not reflected in WA's trading relationship with India. The weight of evidence to the Committee suggested that there was considerable scope for WA to improve economic ties. For example, Professor Stephen Smith of the Perth USAsia Centre considers that WA's trade and investment relationship with India is 'nowhere near at the level [it] should be'.⁸⁰

Merchandise exports

In 2019, India was WA's 11th largest market for merchandise exports, accounting for one per cent of the State's exports (as noted above in table 2.1). In 2019, WA exported merchandise to the value of \$1.7 billion to India. This was a 50 per cent decline in value from the \$3.4 billion of merchandise exported in 2018, and well below the annual average of \$3.2 billion over the last 10 years.⁸¹ The decline was driven by a dramatic fall in the value of petroleum, alumina and gold exports to India (see table 2.3).

In the last 10 years, while India's economy has more than doubled in size, the value of WA's merchandise trading relationship with India has declined by around 75 per cent, largely due

80 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p4.

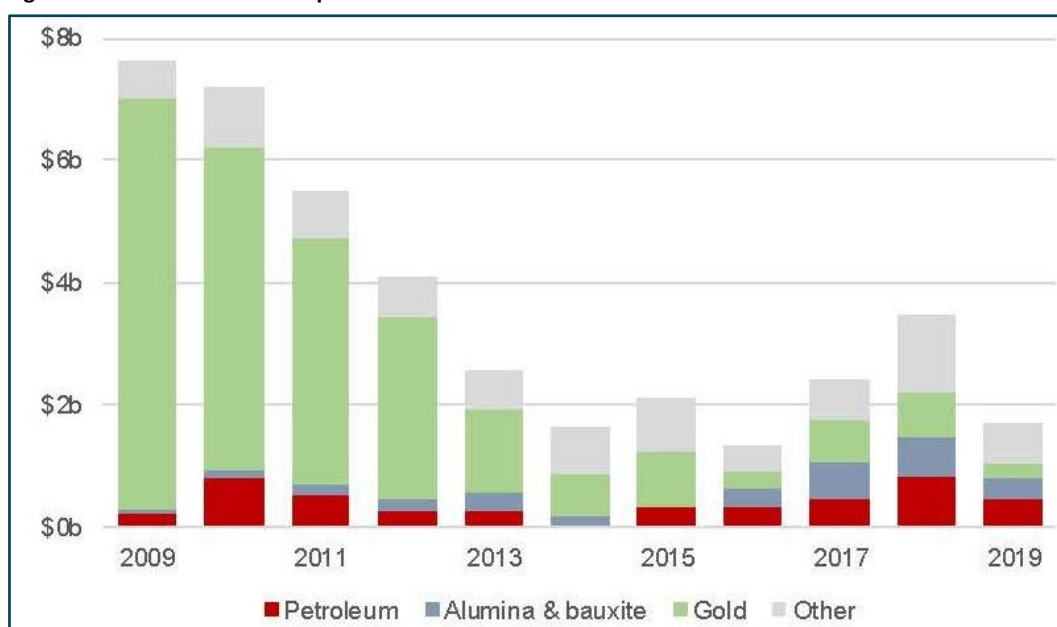
81 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2019, p1. Iron ore accounted for 13 per cent of commodity exports in 2018 but no longer registered on the Department's table in 2019.

to the dramatic fall in gold exports (see figure 2.5). In 2005, India was WA's fourth largest trading partner, with gold exports of \$3 billion accounting for 92 per cent of WA exports.⁸²

JTSI advised that there has been an upwards trend in WA's non-gold exports to India over the last two decades,⁸³ but this trend is not obvious based on recent export data. JTSI consider that India's demand for exports will likely trend upward, but export volatility will continue in the Indian market.⁸⁴

Mining and energy commodities (petroleum, alumina, gold and copper ore) dominated merchandise exports to India, accounting for nearly 75 per cent of export commodities in 2019 (see table 2.3).⁸⁵ The highest export in agricultural products, 'wool and other animal hair (incl. wool tops)', accounted for \$36 million, or 2.1 per cent, of exports to India in 2019.⁸⁶ Iron ore and concentrates accounted for \$37 million, or 2.2 per cent, of exports to India in 2019.⁸⁷

Figure 2.5: WA merchandise exports to India in 2019⁸⁸



82 Western Australian Technology and Industry Advisory Council, *Building on the Western Australian Boom: Drivers and Shapers of India's Economic Development in the 21st Century*, Government of Western Australia, Perth, 2007, p41.

83 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 15 June 2020, p2.

84 *ibid.*

85 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

86 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p6.

87 *ibid.*

88 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

Table 2.3: WA major export commodities to India in 2019⁸⁹

Commodity	\$million	Share (%)	Annual change (%)	Rank as WA market
Petroleum ¹	466	28	-44	9
Alumina ²	313	18	-52	6
Gold	266	16	-63	5
Copper ore	200	12	+27	4
Pigments, paints and varnishes	119	7	-3	1
All other exports ³	327	19	-67	
Total exports ⁴	1,690	100	-51	11

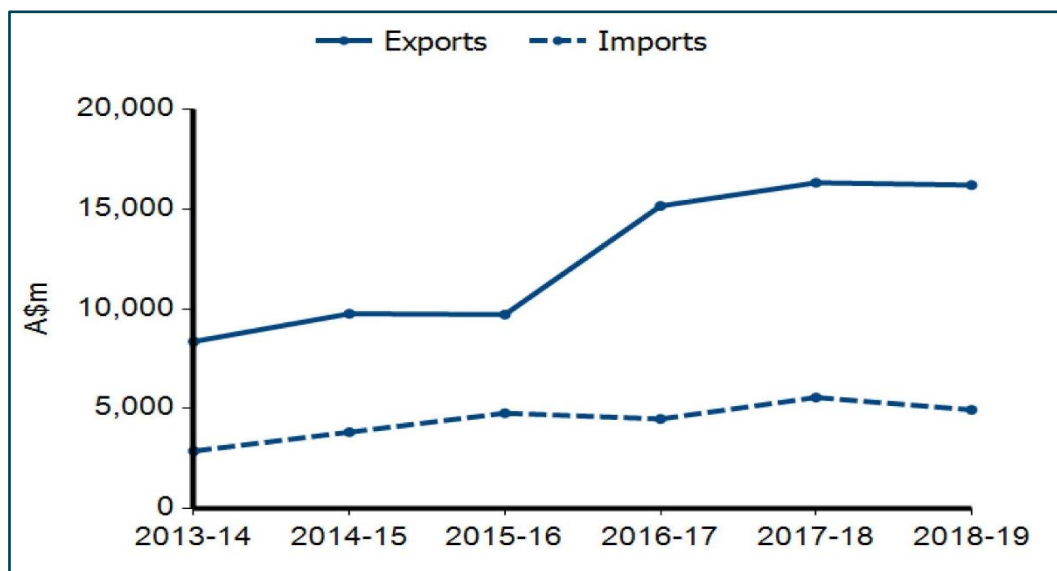
1. LNG, crude oil, condensate and liquefied petroleum gas (LPG).

2. Includes bauxite.

3. Other minerals, chemicals, agricultural and food, machinery and equipment, and other manufactured goods.

4. Total merchandise exports of minerals, petroleum, chemicals, agricultural and food, machinery and equipment, and other manufactured goods.

In 2019, WA accounted for 12 per cent of Australia's merchandise exports to India.⁹⁰ In recent years, national trade with India has grown at a faster rate than WA trade, mainly due to other Australian states' coal and service exports.⁹¹ In 2018–19, Australia exported coal to the value of \$11.6 billion to India, over 70 per cent of all Australian exports.⁹² Australia is India's 12th largest import market. China, the United States and Saudi Arabia are its top three import markets.⁹³

Figure 2.6: Australian merchandise trade with India⁹⁴

89 *ibid.*

90 *ibid.*

91 Submission 5, Perth USAsia Centre, p10.

92 *ibid.*

93 *ibid.*

94 Department of Foreign Affairs and Trade, [India](#), Commonwealth of Australia, February 2020, p1.

Finding 5

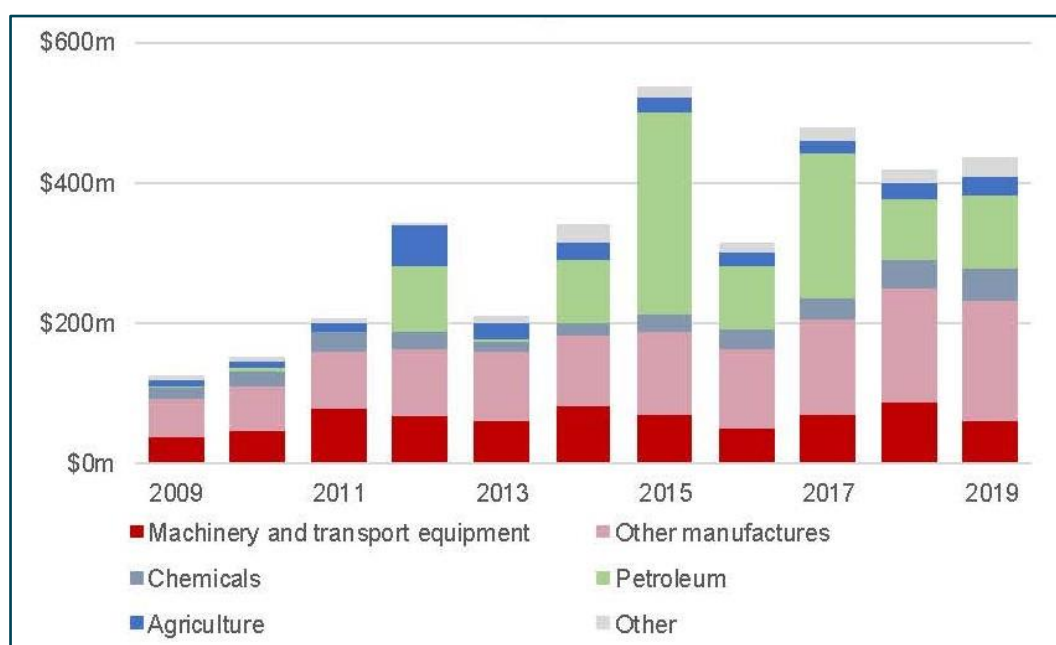
Western Australia does not have a diverse or advanced economic relationship with India. Resource commodities account for the majority of merchandise exports, and the value of merchandise exports has declined by around 75 per cent in the last 10 years, mainly due to a decline in gold exports.

In 2019, the main commodity exports were petroleum, alumina and gold, and there was an annual decline of between 44 and 63 per cent in the value of these exports.

Merchandise imports

India is WA's 15th largest import market. WA imported \$434 million of merchandise in 2019, accounting for one per cent of imports to the State. The main imports were (refined oil) petroleum, machinery and transport equipment, chemicals, and agriculture and other manufactures.⁹⁵ The trend in merchandise imports is depicted in figure 2.7.⁹⁶

Figure 2.7: WA merchandise imports from India⁹⁷



Note: The 'Other' category includes confidential items from other categories. Confidential items are excluded from rankings of the largest import items.

Investment

In 2018, India's total investment in Australia was \$15.1 billion, of which \$949 million was foreign direct investment (FDI) (FDI is explained in box 11.2). India was Australia's 28th largest source of FDI.

The same year, India was the 15th largest destination for Australia's direct investment abroad. Australia's FDI in India was \$1.6 billion, part of Australia's total investment in India

95 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

96 *ibid.*, p2.

97 *ibid.*

of \$15.6 billion.⁹⁸ In 2018–19, the top five FDI investors in India were Singapore, Mauritius, Netherlands, Japan, and the United States.⁹⁹

Bilateral investment is discussed in chapters 8 (resources and minerals), 10 (agribusiness) and 11 (other sectors and bilateral investment) of this report.

Service exports

The Varghese Report said the services sector is likely to be the fastest growing sector in the Australia–India trade relationship.¹⁰⁰ The growth of service exports does not diminish the importance of traditional trade sectors such as resource commodities, but complements those sectors in growing the economic relationship.

In 2018, Australia’s service exports to India were valued at \$5.6 billion—one-third of the value of its merchandise exports to India. By 2018, India was Australia’s third largest market for service exports, having grown 20.5 per cent over five years.¹⁰¹

The potential of the services sector is particularly relevant to WA, as a world-class provider of a range of services such as education, tourism, agriculture-related services, and mining and energy-related services including renewable energy.

The services sector is on track to become Australia’s number one exporter to Asia by 2030, and will support more jobs than all other exports combined. Australia can now take advantage of this opportunity, but it will not happen automatically.

*Australia’s Jobs Future: The rise of Asia and the services opportunity
(Asialink Business, PwC Australia and ANZ Banking Group)*

The Australian Bureau of Statistics (ABS) does not produce state-level statistics on services trade by country.¹⁰² WA’s total service exports to all markets in 2018 were valued at \$6.7 billion, with growth of 1.3 per cent over five years. WA service exports to all markets are noted at appendix 5.¹⁰³

WA specific data is available on WA’s most significant service ‘exports’—international education and tourism. Although these exports have trended up in recent years (prior to

98 Department of Foreign Affairs and Trade, [India](#), Commonwealth of Australia, February 2020, p1; Submission 14, Australia India Business Council: WA Chapter, p2. There is no aggregate data on foreign investment in WA or WA’s investment in other countries. See Submission 24, Department of Jobs, Tourism, Science and Innovation, p10.

99 Department for Promotion of Industry and Internal Trade, [Fact Sheet for Foreign Direct Investment from April 2000 to December 2019](#), Government of India, 2019, p2.

100 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p6.

101 Australian Trade and Investment Commission, [Market profile](#), accessed 19 May 2020, <<https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/India/Market-profile>>. For a breakdown of the types of services, see Department of Foreign Affairs and Trade, [Trade Services in Australia 2018](#), Commonwealth of Australia, 2019, pp42, 70.

102 Department of Foreign Affairs and Trade, Email, 18 June 2020, p1; Submission 24, Department of Jobs, Tourism, Science and Innovation, p8.

103 Department of Foreign Affairs and Trade, [Trade Services in Australia 2018](#), Commonwealth of Australia, 2019, pp101, 110.

COVID-19), growth has not been of the same scale as the Australian east coast markets. These sectors have been disproportionately affected by COVID-19. In summary:

- International education—8,879 Indian students were enrolled in Western Australia in 2019. India was WA's largest market for international students, accounting for 16.7 per cent of the State's international enrolments.¹⁰⁴
- Tourism – 32,500 Indians visited WA in the year ending to March 2020. India was WA's 10th largest market for international visitors, accounting for 3.4 per cent of the State's international visitors. Most visitors were visiting friends and relatives.¹⁰⁵

In 2018–19, WA creative services exports were an estimated \$175.9 million.¹⁰⁶ Creative industries are 'those industries which have their origin in individual creativity, skill and talent, and that have a potential for wealth and job creation through the generation and exploitation of intellectual property'.¹⁰⁷ Diversify WA identifies creative industries as a priority sector for development.¹⁰⁸

WA accounted for 3.2 per cent of Australia's creative services exports to all markets in 2018.¹⁰⁹ Creative industries employ approximately 53,000 people and there are approximately 10,000 creative businesses in WA, most of them sole traders.¹¹⁰ The largest share of this growth sector in WA is computer and information services, accounting for 82.4 per cent of creative services exports in 2018, followed by licences to reproduce and/or distribute computer services, at 9.7 per cent.¹¹¹ Creative industries also include film, television, music, and performing and visual arts.

We will ensure Western Australia benefits from the projected significant growth of the creative industries sector over the next five years. We will build key markets, attract investment through co-productions and cultural infrastructure; and equip the workforce with the skills and confidence to sustain the creative industries sector.

*Diversify WA: Strong Economy,
Creating Jobs, Diverse Industries
(Government of Western Australia)*

It is vital that the Government and policy makers have the best information available on WA–India trade dynamics, particularly about service exports. It is vital that the Government

104 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

105 Tourism Western Australia, *Western Australia tourism industry scorecard—Year ending March 2020*, Government of Western Australia, Perth, 2020, p1.

106 Department of Local Government, Sport and Cultural Industries, *WA Creative Industries: An economic snapshot*, by Rachel Smithies and Jackie Bailey, BYP Group, Western Australia, 2019, p3.

107 Government of the United Kingdom, Department for Digital, Culture, Media and Sport, *Creative industries mapping documents*, London, 2001, p5.

108 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, p32.

109 This was the fourth largest share of Australia's creative services with New South Wales accounting for 67.8 per cent, Victoria 14.9 per cent and Queensland 9.4 per cent of creative services exports. See Submission 33, Department of Local Government, Sport and Cultural Industries, p7.

110 Department of Local Government, Sport and Cultural Industries, *WA Creative Industries: An economic snapshot*, by Rachel Smithies and Jackie Bailey, BYP Group, Western Australia, 2019, p3.

111 Submission 33, Department of Local Government, Sport and Cultural Industries, p7.

develops a coordinated approach to obtain goods and services export data in order to measure exports (see the market intelligence section in chapter 12).

Finding 6

There is considerable potential for Western Australia to grow service exports to India, particularly in international education and tourism, and to export consulting and advisory services in mining, energy, renewable energy, and agriculture, among other sectors.

Measuring the true value of service exports

Trade is traditionally measured by the dollar value of exports, not by jobs created or other factors. Many reading the above section may value our trade with India at \$1.7 billion—the value of merchandise trade. However, measuring trade by the dollar value of exports alone undervalues service exports.

In 2018–19, the tourism sector directly employed 66,600 people and generated a further 34,300 jobs indirectly. It accounted for 7.5 per cent of all employment in WA, employing as many people as direct mining. International education directly or indirectly supported around 11,900 full time jobs in WA in 2019. Growth in service provision to India in many sectors of opportunity, including tourism, international education, mining equipment, technology and services (METS) and agribusiness technology and services, may not result in a high dollar value of trade but may result in very significant job growth, consistent with the primary objective of Diversify WA.

The Asialink Business, PwC Australia, and ANZ Banking Group publication *Australia's Jobs Future* advocates for a trade and value-added approach to measure the true value of exports. Under this model, trade is measured not only by the value of the product (for example, iron ore), but also the value of services embodied in the production of iron ore from pit to port—such as infrastructure and transport services. *Australia's Jobs Future* also advocates adding the value of offshore sales made by Australian subsidiaries to assess the total value of trade. When trade is framed using this model, trade is not considered distinct from outbound investment, as it currently is in Australia. This shift in attitude is important as many advocate for increased outbound Australian investment in India, following the lead of other countries.

Services' contribution to exports are more fully captured on a value-added basis. In 2015 *Australia's Jobs Future* calculated that when measured in terms of total value-added, Australia's biggest export is services, which account for 41 per cent of Australia's export earnings, compared to 37 per cent for mining, and 23 per cent for agriculture and manufacturing.¹¹² Sales of services by foreign affiliates of Australian companies were estimated at \$138 billion in 2013.¹¹³

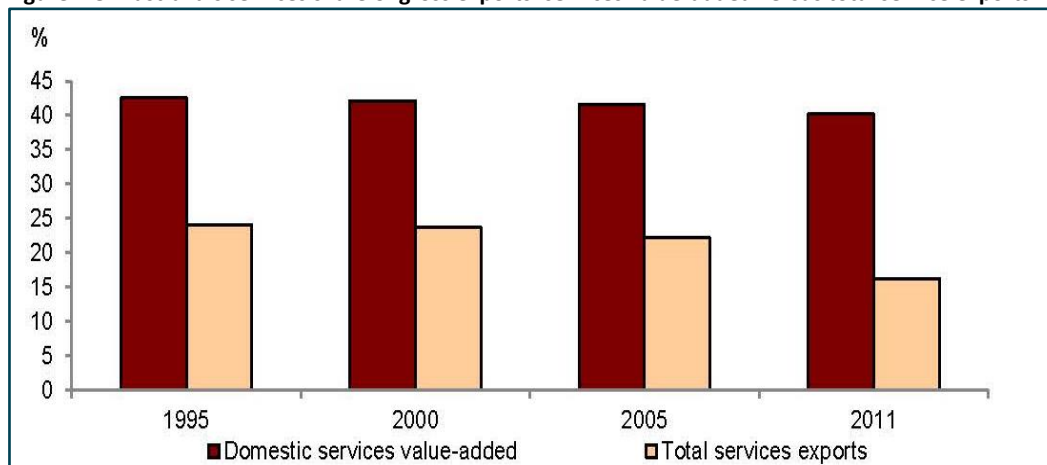
Some trade is already assessed on a value-added basis. In 2011, the Department of Foreign Affairs and Trade (DFAT) calculated that while service exports measured by dollar value

112 Asialink Business, PwC Australia and ANZ Banking Group, *Australia's Jobs Future: The rise of Asia and the services opportunity*, Australia, 2015, pii.

113 *ibid.*

accounted for only 16 per cent of gross exports, this increased to 40 per cent when measured on a trade and value added basis (as established by the Organisation for Economic Co-operation and Development (OECD)) (see figure 2.8).

Figure 2.8: Australia's services share of gross exports: services value-added versus total service exports¹¹⁴



Finding 7

Measuring exports in their dollar value, and not in terms of jobs created, does not reflect the true value of service exports, including international education and tourism, to the Western Australian economy.

Finding 8

Narrow approaches to export valuation may cause policy makers to ignore important broader, but less quantifiable, factors in the development of trade initiatives, such as indirect jobs generation, establishing strategic relationships, and cultural links.

Finding 9

The Asialink Business, PwC Australia, and ANZ Banking Group publication *Australia's Jobs Future* advocates for a trade and value-added approach to measure the true value of exports, where the value of the exported product and the value of services embodied in its production are assessed. Measuring trade in value-added terms enables a better understanding of which industries generate the greatest returns from trade.

Australia's Jobs Future also argues that the value of the sales of Australian subsidiaries offshore should be taken into account when assessing the total value of trade to a country.

As noted in chapter 13, the COVID-19 pandemic has had a significant impact on world economies including Australia and India. The full impact of the pandemic on the WA–India relationship is not known at the time of writing this report, but the impact on service exports such as tourism and international education has been devastating.

¹¹⁴ Department of Foreign Affairs and Trade, [Importance of Australian services industries to the Australian export sector](#), Commonwealth of Australia, Australia, 2016, p1.

Finding 10

The services sector, particularly international education and tourism, is disproportionately affected by the COVID-19 pandemic.

Interconnected sectors: the multiplier effect

There is an interdependence between success in export sectors. Economic activity in one sector can have a multiplier effect and increase economic activity in other sectors. Trade success both drives and is driven by an increased economic relationship as important people-to-people links, awareness of the opportunities of WA, and cultural understanding grows between trade partners.

This is particularly evident in the international education sector. For example, in addition to student fees, substantial short and long-term economic benefits flow from onshore international education. The most direct flow-on benefit is increased tourism as family travel to WA to visit international students—of the 32,500 Indians who travelled to WA in the year to March 2020, 20,200 were visiting friends and relatives.¹¹⁵ A proportion of parents buy property in WA for the students or themselves to live in when they visit.¹¹⁶ International students develop lifelong relationships and an understanding of WA and what it has to offer, return to India as ‘ambassadors’ for our institutions, and are more likely to promote and engage in trade, investment and future partnerships with WA.

Finding 11

Increased economic activity in one sector often increases activity in other sectors. This is particularly evident in the international education section, where onshore students increase tourism and people-to-people linkages between Western Australia and India.

A unique economic relationship: Western Australia must pursue the Indian market

India is not, and will not be, the next China. India and its economic opportunities are unique; the nation needs to be understood and engaged with on its own terms.

Since World War II, WA has responded to demand from Japan, Korea and China. Success in those markets was underpinned by the ability of the State to supply mineral and energy resources, particularly iron ore and petroleum. Economic relationships with those markets began with significant inbound capital investment, as foreign markets set out to secure their supply of raw minerals.¹¹⁷

The underlying dynamics of the WA–India relationship are fundamentally different from those with other Asian trading partners. Our relationship is unlikely to be underpinned by high volumes of investment in WA driven by demand for mineral and energy resources. There is some potential for inbound investment from India, particularly in strategic minerals

115 Tourism Western Australia, *Western Australia tourism industry scorecard—Year ending March 2020*, Government of Western Australia, Perth, 2020, pp1, 2.

116 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p9.

117 Submission 5, Perth USAsia Centre, p11.

such as lithium, and this should be encouraged. However, experts advised the Committee that if WA really wants to engage with India, we have to invest in the Indian market. Indian states 'often expect relationships to begin with inward investment from Australia in small projects'.¹¹⁸ Nor will the Indian economic relationship be underpinned by one bulk commodity or service.

The State must employ a different engagement approach with India. This engagement will be more layered and complex. India is the world's largest democracy. The Indian Government cannot direct the economy, or its states and territories in the way China does. Indian demand for goods and services from WA is also different. There is no 'pull' factor. WA has to create the demand for our goods and services, and take opportunities when they arise.

WA must strive to gain attention in India. Many inquiry participants noted that there is limited visibility of WA or Perth in India. For example, the Federation of Indian Associations of WA said there is 'almost zero visibility of Perth in most parts of India'.¹¹⁹ Karthik Pasumarthy, who migrated from India to study in Australia, added that 'there was almost no awareness about WA universities amongst the Indian student community'.¹²⁰ If Indians know about WA, they know it because of cricket.¹²¹

India is a competitive and increasingly crowded market.¹²² It 'more naturally looks to the United States, Japan and Europe as market leaders'.¹²³ It is also difficult for Australian companies to cut through in sectors dominated by state-owned enterprises, such as the resources sector.¹²⁴ Avid Resources is of the view that the Indian market will become more crowded and competitive over the next two decades.¹²⁵

As Professor Stephen Smith noted, for the first time since the end of World War II, WA has 'to work out how do we encourage the ... business community to go offshore in the absence

[We] have always struggled on the economic front. In part because Australia is the demandeur in the relationship. We are a country of 25 million and we are the fourteenth or fifteenth largest economy. India is a country of 1.3 billion and will pretty quickly become the second-largest economy. So we have to make the running.

Professor Stephen Smith, Perth USAsia Centre

[There] is very little understanding of what Western Australia offers to India.

Ambassador Anil Wadhwa

118 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p331.

119 Submission 7, Federation of Indian Associations of WA, p12.

120 Submission 6, Karthik Pasumarthy, p1.

121 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p9.

122 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, ppiii, 4, 304, 311, 322, 327, 428.

123 *ibid.*, p327.

124 *ibid.*

125 Submission 27, Avid Resources, p3.

of that minerals and petroleum resources backbone'.¹²⁶ JTSI understands the unique nature of this economic relationship and the 'confronting' task to realise the opportunities.

[There] is a very different type of engagement that we need to undertake with India, and that has really strongly come through to our office. It has been put to us that it is a space Western Australia has never been in before. We have never had to court another country in the way that we are told we need to court India. We have been told that there is a very different dynamic here and that it is really confronting for Western Australia to have to do that.¹²⁷

Finding 12

There is a common misunderstanding that Western Australia's trade relationship with India will follow the same development pathway as the trade relationships with partners such as China, Japan and Korea.

Western Australia's trade dynamic with India differs from its other trading relationships. This affects the nature of the trading relationship, how we trade, and what we trade. In particular:

- India's system of government is complex. The Indian Government has a limited capacity to direct the economy and the policies of its 36 sub-national governments.
- India is able to meet much of its own demand for Western Australia's major exports.
- Western Australian exports often supplement the Indian market, and demand can often be volatile.
- A range of products is likely to underpin the relationship.
- Inbound and outbound capital investment is low. Relationships often begin with foreign investment in India.
- India is a consumption and services-driven economy. Its demand for services is significant.
- India is a crowded market, and may become more crowded in the future.

Western Australia must therefore employ a different, more layered and proactive engagement strategy with India. Western Australia must pursue India.

126 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p5.

127 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p12.

Chapter 3

The role of government

[G]overnment has an important role to play in facilitating trade and investment with India.

An India Economic Strategy to 2035: Navigating from Potential to Delivery by Peter Varghese AO

The argument for active WA Government engagement to help strengthen an international economic relationship cannot be clearer than in the case of India.

Perth USAsia Centre

An India Economic Strategy to 2035: Navigating from Potential to Delivery (Varghese Report) asserts that in an ideal world, growing the Australia–India trade and investment relationship would be driven by business-to-business relationships with only a ‘light touch’ from government.¹²⁸ However, in a market like India, with its vast scale, opportunities and challenges, the report acknowledges that governments on both sides have an important role to play in growing the relationship.¹²⁹

The evidence to this inquiry suggests that strategic investment in the bilateral relationship is required by all levels of Australian government—national, state and local. State government strategies and initiatives to grow trade are further detailed later in this report.

This chapter provides an overview of the role of the State Government, the Varghese Report and India’s response, and the importance of leveraging the Commonwealth Government, other state governments’ and institution’s initiatives and expertise to grow the WA–India economic relationship.

The role of State Government

Evidence to this inquiry suggests that the role of the State Government should include:

- strategically leading, promoting and facilitating the economic relationship;
- fostering relationships and people-to-people links with India, including government-to-government, government-to-business, and business-to-business links; and
- assisting and educating business and institutions to engage with the market.

These roles largely reflect the observations about the enabling capacity of Government contained in the Varghese Report. That report contains recommendations aimed at enhancing the leadership role of Government, many of which have since been implemented by the Commonwealth Government.

128 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p9.

129 *ibid.*

Many witnesses and submissions to this inquiry noted the capacity for governments to influence business and institutions. As Professor Kadambot Siddique, Director of the Institute of Agriculture at the University of Western Australia (UWA), noted, if the Government sends the right signals and funding arrangements, people will follow. Professor Siddique offered, by way of example, the Australia–India Strategic Fund which has driven education funding and collaborations with India for many universities, including UWA.¹³⁰ The Varghese Report noted that government coordination and leadership has proven to be effective in growing a bilateral economic relationship.

A number of countries that are currently doing well in India adopt a national strategy which puts government coordination and leadership at the forefront of their India strategy. Japan and Singapore are two good examples.¹³¹

The Varghese Report noted, for example, that Japan provides long-term concessional loans for greenfield investments in India, including for a proposed US\$19 billion fast train linking Ahmedabad and Mumbai.¹³² The report also noted that Singapore is partnering with the Government of Andhra Pradesh to build Amaravati, the new state capital, as a Smart City (see box 9.4 on Smart Cities). Singapore ‘proactively engages in facilitating participation of its companies in Indian urban development opportunities, including providing financing and technical assistance’.¹³³

Beyond national level links, it is important to appreciate the importance of sub-national (or State) governments in the Indian economy. India is an aggregation of very different state economies, driven by different strengths.¹³⁴ The central government in India will always be important for doing business in India—it sets the macroeconomic policy—but it is India's states that are assuming more economic decision-making power.¹³⁵ India's states are critical to India's economic future and the investment climate, holding many of the levers to business, including state taxes and excises, schools, electricity, water and business licences.¹³⁶ Indian state governments also own public enterprises that form a significant part of India's corporate structure,¹³⁷ including in the resources sector.

The WA Government can perform an important role in forging high-level relationships with India's state governments and play a key role in developing economic links. It can launch targeted strategies and resource the executive to implement them and also act through its trading enterprises. In the commercial environment, the government can also facilitate private sector activity and assist businesses to develop and drive commercial relationships.

130 Professor Kadambot Siddique, University of Western Australia (UWA), *Transcript of Evidence*, 20 March 2020, pp3,6.

131 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, pp9, 10.

132 *ibid.*, p219.

133 *ibid.*, p229.

134 *ibid.*, p8.

135 Submission 15, Department of Foreign Affairs and Trade, p2.

136 *ibid.*

137 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, p10.

Given the size, diversity and challenge of the Indian market, there is a clear role for the State Government to facilitate business-to-business links and assist business, especially small and medium-sized enterprises (SMEs), seeking to export to, and/or operate in, the Indian market. For example, the State Government can pursue the following initiatives, discussed later in this report:

- advocate for policy and regulatory reform in India that encourages trade, or work with the Commonwealth Government to do so;
- facilitate the coordination of business and stakeholder (such as universities) activities, to optimise strategy and pursue opportunities;
- fund and facilitate research and partnerships with India that support trade;
- implement a regular pattern of ministerial and departmental visits;
- raise awareness of the opportunities in India;
- build business capability (or India literacy) and support businesses to understand the business culture, deal with market challenges and engage with the Indian market; and
- enhance an understanding of WA in India and build India literacy in the Western Australian community.

In a state as highly dependent on trade as WA, bipartisan political support for trade policy is crucial, allowing government policies and programmes to extend beyond electoral cycles and changes in administration. It also enables the State Government to set appropriately ambitious targets, with a reduced risk of

unnecessary politicisation or partisan attack. Trade policy historically has enjoyed bipartisan support in Western Australia. At the national level, there was also bipartisan support for the Varghese Report.

[The] state cannot do it alone; the government cannot do it alone. It needs business buy-in; it needs parliamentary buy-in.

Hugo Seymour, Perth USAsia Centre

Finding 13

All levels of government—national, state and local government—must strategically invest in developing the Western Australia–India economic relationship. The Department of Jobs, Tourism, Science and Innovation must liaise with other departments and coordinate State government policy.

Finding 14

State-level trade policy requires long-term planning and commitment and should ideally enjoy broad-based political support. A non-partisan approach to trade policy enables successive administrations to take strategic and ambitious approaches to policy and program development and assist in the development of stronger, long-term trading ties and relationships.

A joint role: leveraging the Commonwealth Government

WA must work to leverage Commonwealth Government strategies, resources and engagement with India to strengthen the WA–India economic relationship. There are strong

commonalities between the Commonwealth Government's sector priorities and WA target sectors: mining, energy, agribusiness, education, and tourism.

The State Government and its departments' relationship with the Department of Foreign Affairs and Trade (DFAT) and the Australian Trade and Investment Commission (Austrade) is crucial, and should be leveraged to increase the profile of Western Australian projects and institutions.¹³⁸ Commonwealth Government support for state engagement is often required to show endorsement, secure access, and lend credibility in India.¹³⁹

The WA Chapter of the Australia India Business Council (AIBC) describes Australia's ties with India as 'long standing and strong'.¹⁴⁰ The Commonwealth Government's commitment and push into India is well resourced. Australia's High Commission in New Delhi is led by His Excellency Hon Barry O'Farrell AO, the former premier of New South Wales. There are also three Australian Consulates General in India located in Mumbai, Chennai and Kolkata. Austrade has seven offices in India—in New Delhi, Mumbai, Kolkata, Hyderabad, Dhanbad, Chennai and Bengaluru. Commonwealth Government agencies research, analyse and publish data on trade and investment in the Indian market. On the reach of Austrade, the Department of Jobs, Tourism, Science and Innovation (JTSI) advised the Committee that:

Austrade does have really good connections right across India as a market. Certainly, [we] tap into particular connections that they have, connections that the high commissioner has. So for SMEs, Austrade is often the best route to connect in because they have got the real B-to-B [business-to-business] contacts. If it is a more strategic push, and let us take, for example, future batteries, if it is a really strategic push, working with both Austrade and DFAT on the ground and with the high commission is a really smart way to position the state but within a national context.¹⁴¹

The Commonwealth Government is pursuing a number of initiatives to broaden and deepen the Australia–India economic relationship, some in response to recommendations of the Varghese Report, including:

- Australia–India Strategic Research Fund grants, which support Australian scientists to collaborate with Indian counterparts on leading-edge research.
- The Australia–India Food Partnership. JTSI said that this partnership 'is one we might be able to leverage off in the agribusiness sector'.¹⁴²
- The annual Australia–India Energy Dialogue.
- The Australia–India Mining Partnership at the Indian School of Mines at the Indian Institute of Technology (ITT) Dhanbad, which provides a platform for training, research

138 Closed evidence.

139 Submission 15, Department of Foreign Affairs and Trade, p3.

140 Submission 14, Australia India Business Council: WA Chapter, p2.

141 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, pp13–14.

142 *ibid.*

and development engagement, and has become a 'hub' for Australian mining expertise in Jharkhand, India.¹⁴³

- Funding for the Australian Cooperative Research Centre for Water Sensitive Cities activity in Andhra Pradesh.
- The forum between the Commonwealth and State governments, convened by the Commonwealth Government in August 2019, to discuss shared approaches to the Indian international education market.¹⁴⁴
- The New Colombo Plan, which aims to lift knowledge of the Indo-Pacific in Australia by supporting Australian undergraduates to study and undertake internships in the region.
- The UnDiscover Australia tourism campaign targeting Indian tourists.

The State Government, businesses and institutions should consider the extent to which these initiatives complement our own policy and business development activities.

The Government of Western Australia's Office in India (GoWA India) (also known as the trade office) has a good relationship with Commonwealth Government representatives and agencies in India, often meeting and collaborating to advance Western Australian aims. It is important to ensure that WA maximises engagement with the Commonwealth Government, as DFAT and Austrade can at times be east coast centric.¹⁴⁵ This includes promoting WA membership on relevant advisory groups and national entities that promote the Indian economic relationship. For example, as at September 2020, Andrew Forrest AO leads the National Brand Advisory Council relating to 'Brand Australia'.

The Australia–India Council, a Commonwealth Government body whose mission is to advance Australia's foreign and trade policy interests by building awareness and understanding between the peoples and institutions of Australia and India, is another example of an important national entity. It is encouraging that two Western Australians are members of its eight-member board.¹⁴⁶ The new Australia India Chamber of Commerce (AICC) based in Melbourne, with the former Premier of Victoria Hon Ted Baillieu as its founding patron, is another organisation WA could leverage.¹⁴⁷

The Committee understands that WA did not send a minister to attend the Australia–India Business Exchange 2020 business mission to India in February 2020, led by Commonwealth Minister for Trade, Tourism and Investment Simon Birmingham. New South Wales Tourism Minister Stuart Ayres and Victorian Minister for Jobs, Innovation and Trade Martin Pakula accompanied Minister Birmingham.¹⁴⁸ Peter Baldwin, Commissioner for GoWA India,

143 Department of Foreign Affairs and Trade, Attachment to Email, 21 May 2020, p1.

144 Submission 15, Department of Foreign Affairs and Trade, p4.

145 Closed evidence.

146 Department of Foreign Affairs and Trade, *Australia-India Council Board*, accessed 9 September 2020, <<https://www.dfat.gov.au/people-to-people/foundations-councils-institutes/australia-india-council/governance/Pages/board-members>>.

147 Jonathan Chancellor, 'A passage to India', *The Australian*, 11 June 2020, p13.

148 Hon Simon Birmingham, Minister for Trade (Cth), Speech at Australia India Business Exchange 2020, 24 February 2020, New Delhi, accessed 14 October 2020, <<https://www.trademinister.gov.au/minister/simon-birmingham/speech/australia-india-business-exchange-2020-new-delhi>>.

attended the exchange.¹⁴⁹ More than 100 Australian businesses and organisations were involved in this exchange, which focused on education, tourism, health, resources, infrastructure and premium products in food, wine and beauty.¹⁵⁰ As Minister Birmingham said '[w]e want to make sure Australian businesses are front and centre as India's economy grows'.¹⁵¹ WA should ensure that WA is also front and centre of such opportunities by ensuring the highest level of State representation attends these important high level events and business delegations.

Finding 15

The State Government, businesses and institutions should collaborate and proactively engage with Commonwealth Government strategies, resources and engagement initiatives with India to raise Western Australia's profile, improve stakeholder relationships and promote our products and services.

Recommendation 1

That the State Government ensure that Western Australia maintains a strong presence at high-level Commonwealth Government events and on advisory groups and entities promoting the bilateral economic relationship. Where practicable, ministers should represent the State at significant Commonwealth-led business missions and other trade delegations to India.

The Commonwealth Government

The Varghese Report: a roadmap for Australia

In May 2017, former Prime Minister Malcolm Turnbull commissioned former High Commissioner to India and DFAT Secretary Peter Varghese AO to develop an independent report on an India economic strategy. The resulting report, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, was released in July 2018 and provides a roadmap on how Australia can grow its economic relationship with India.

The Commonwealth Government endorsed the Varghese Report in November 2018, including the ambitious targets set in the report, with an initial implementation plan involving more than 40 actions 'to cement India as a priority economic partner'.¹⁵² The Varghese Report made 90 recommendations, including 10 recommendations for immediate implementation and 10 recommendations that could make the biggest impact. The Government Response to the range of targets, strategies, dialogues, partnerships, investments and research projects recommended in the report can be viewed [here](#).

The Varghese Report includes targets for Australia to, by 2035:

149 Department of Foreign Affairs and Trade, Email, 18 June 2020, p1.

150 Hon Simon Birmingham, Minister for Trade (Cth), Speech at Australia Indian Business Exchange 2020, 24 February 2020, New Delhi, accessed 14 October 2020, <<https://www.trademinister.gov.au/minister/simon-birmingham/speech/australia-india-business-exchange-2020-new-delhi>>.

151 *ibid*.

152 Submission 15, Department of Foreign Affairs and Trade, p1.

- triple its exports to India from \$14.9 billion in 2017 to approximately \$45 billion (in 2017 dollar values);¹⁵³ and
- increase tenfold the level of outbound investment to India from \$10.3 billion to over \$100 billion (in 2017 dollar values).¹⁵⁴

Meeting these targets would make India one of Australia's top three export markets, and the third largest Asian destination for Australian outward investment by 2035. Indian diplomat and Ambassador Anil Wadhwa, who is tasked with developing an Indian response to the Varghese Report, has reportedly said that the targets set out in the Varghese Report are 'not unrealistic'.¹⁵⁵

The trade and investment flows between our countries are not where you and I would both like them to be, but are growing and they can grow a lot faster.

Hon Scott Morrison, Prime Minister of Australia, during summit with Hon Narendra Modi, Prime Minister of the Republic of India (June 2020)

The Varghese Report also recommended that Australia set targets to bring India into the 'inner circle' of its strategic partnerships, and develop 'people-to-people ties as close as any in Asia' by 2035.¹⁵⁶

The 504 page Varghese Report provides a detailed analysis of the complementarities of the Australian and Indian economies. It recommends a strategy focusing on 10 sectors and 10 states. By framing Australia's economic relationship with India in this way, the Commonwealth Government provides businesses with a map of the 'terrain of opportunity' and makes entry into the vast Indian market more manageable.¹⁵⁷ The 10 sectors are those in which Australia has 'a measure of competitive advantage' (see table 3.1). These include all WA's target sectors noted in *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy) and sectors GoWA India identified prior to the Varghese Report as sectors of opportunity for this State (noted in bold in table 3.1). WA also has competitive advantages in other areas including microgrids and associated technologies, lithium and battery manufacturing.

As noted above, the Varghese Report identified 10 Indian states on which Australia should focus—Maharashtra, Gujarat, Karnataka, Tamil Nadu, Andhra Pradesh, Telangana, West Bengal, Punjab, The National Capital Region of Delhi, and Uttar Pradesh. These states were chosen because of their economic weight, commitment to reform, relevance to sectors where Australia has a competitive advantage, ease of doing business and investment in infrastructure which drives growth.¹⁵⁸

153 *ibid.*

154 *ibid.*

155 Angus Grigg, 'India relationship needs a former politician as high commissioner', *Australian Financial Review* (web-based), 22 November 2018, accessed 12 December 2019, <<https://www.afr.com/work-and-careers/education/india-relationship-needs-a-former-politician-as-high-commissioner-20181122-h18727>>.

156 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p4.

157 *ibid.*, p7.

158 *ibid.*, p9.

Table 3.1: Varghese Report: 10 sectors on which Australia should focus its efforts (*Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* and Asian Engagement Strategy target sectors in bold)¹⁵⁹

Sector type	Sectors	Reason for inclusion
Flagship sector	<ul style="list-style-type: none"> Education 	A 'combination of Australian expertise, the scale of India's education deficit and the way in which an education and training demand weaves its way through virtually every sector in the Indian economy.' ¹⁶⁰
Lead sector	<ul style="list-style-type: none"> Agribusiness Resources and METS Tourism 	'Australia is well positioned to become a top five partner of India' in these areas. ¹⁶¹
Promising sector	<ul style="list-style-type: none"> Energy Health Financial services Infrastructure Sport Science and innovation 	'Australia can position itself as a niche provider'. ¹⁶²

The five drivers that underlie the Varghese Report recommendations are shown in table 3.2. While 'interoperability' is largely the domain of the Commonwealth Government, other drivers are relevant to how WA can grow its economic relationship with India.

Table 3.2: Varghese Report organising principles¹⁶³

A focus on key sectors and states Play to Australia's strengths Target current markets and future growth				
A Knowledge Partnership Education, training and research underpin our economic and people to people engagement across all sectors	Complementarity Target India's economic needs and government priorities where they align with Australia's competitive advantages	Interoperability Make our markets and industries more compatible, harmonise standards and remove barriers to trade and investment	Understanding Foster a contemporary and objective mutual understanding of how our industries, governments and societies work	Relationships Invest in long term and workable relationships with the people and institutions that matter

159 *ibid.*, p3.

160 *ibid.*, p8.

161 *ibid.*

162 *ibid.*

163 *ibid.*, p12.

Finding 16

The landmark *An India Economic Strategy to 2035: Navigating from Potential to Delivery* by Peter Varghese AO (Varghese Report), published in 2018 and endorsed by the Commonwealth Government, provides a national level roadmap on how to grow the economic relationship with India, and a detailed analysis of the complementarities of the Australian and Indian economies.

The Varghese Report:

- identifies 10 sectors in which Australia has competitive advantage;
- recommends prioritising 10 of the 36 Indian states and territories; and
- includes targets for Australia to triple exports to India by 2035 (from \$14.9 billion to \$45 billion), and increase tenfold outbound investment to India (from \$10.3 billion to over \$100 billion).

Indian Government response to the Varghese Report

The Government of India has tasked Indian diplomat Anil Wadhwa with developing its response to the Varghese Report, the *Australia Economic Strategy* (Wadhwa Report).¹⁶⁴ The Wadhwa Report was expected to be released during Prime Minister Hon Scott Morrison's visit to India in January 2020, but the visit was cancelled due to the Australian bushfires. In August 2020, Ambassador Wadhwa advised the Committee that the report awaits the formal approval from the Indian Government.¹⁶⁵

The Wadhwa Report should, according to Ambassador Wadhwa, 'give a boost' to Australia–India cooperation.¹⁶⁶ It should also trigger businesses from India looking to WA to match market opportunities, and a 'wave of delegations'¹⁶⁷ to WA that will create opportunities. It is essential that the WA Government, supported by entities such as the Perth USAsia Centre, AIBC and the Chamber of Commerce and Industry of Western Australia (CCIWA), enthusiastically engage with these delegations and facilitate local businesses' engagement with delegations.

DFAT told the Committee that, upon its release, the Wadhwa Report will require a harmonised Australian response.¹⁶⁸ It is imperative that WA's interests are represented in this response. On the release of the Wadhwa Report, the Perth USAsia Centre recommends, and the Committee agrees, that JTSI 'should examine its findings and explore how WA can be a first-mover State with the Commonwealth Government and Indian Governments in relevant areas of implementation'.¹⁶⁹

¹⁶⁴ The Confederation of Indian Industry assisted in the drafting of the report.

¹⁶⁵ Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p2.

¹⁶⁶ Ambassador Anil Wadhwa in Perth USAsia Centre, *Hugo Seymour interviews Ambassador Anil Wadhwa*, 13 May 2020, accessed 20 July 2020, <<https://perthusasia.edu.au/our-work/hugo-seymour-interviews-ambassador-anil-wadhwa>>.

¹⁶⁷ Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p22.

¹⁶⁸ Submission 15, Department of Foreign Affairs and Trade, p5.

¹⁶⁹ Submission 5, Perth USAsia Centre, p19.

Figure 3.1: Peter Varghese AO, Ambassador Anil Wadhwa and Hon Peter Tinley, Minister for Asian Engagement, (left to right) at the Asia Business Series—India Business Forum in Perth on 3 May 2019¹⁷⁰



Finding 17

The forthcoming *Australia Economic Strategy* is the Indian Government's response to Australia's *An India Economic Strategy to 2035: Navigating from Potential to Delivery*. The Strategy is expected to stimulate additional Indian interest in developing the trading relationship with Western Australia across a range of opportunities and sectors prioritised by the State Government.

Recommendation 2

That the State Government examine the findings of the Indian Government's *Australia Economic Strategy* upon its release and explore how Western Australia can be a first-mover State with the Commonwealth and Indian governments in relevant areas of implementation.

Trade negotiations between the Commonwealth Government and Indian Government

While there is no doubt that WA's economic relationship with India can grow in the absence of a bilateral trade agreement between Australia and India, an agreement is likely to bolster bilateral trade and investment.

Australia and India have previously attempted to strike a bilateral Comprehensive Economic Cooperation Agreement (CECA), commencing negotiations in May 2011. There have been nine rounds of negotiations, the most recent held in September 2015.¹⁷¹ Commentators have stated that negotiations lost momentum due to issues relating to India's agricultural protectionism.¹⁷²

¹⁷⁰ Department of Jobs, Tourism, Science and Innovation, *Annual Report 2018–19*, Government of Western Australia, Perth, 2019, p28.

¹⁷¹ Department of Foreign Affairs and Trade, *Australia-India Comprehensive Economic Cooperation Agreement*, accessed 28 August 2020, <<https://www.dfat.gov.au/trade/agreements/negotiations/aifta/Pages/australia-india-comprehensive-economic-cooperation-agreement>>.

¹⁷² Nayanima Basu, 'India, Australia to kick-start deadlocked CECA talks soon', *The Hindu BusinessLine* (web-based), 10 April 2017, accessed 28 August 2020, <<https://www.thehindubusinessline.com/economy/policy/india-australia-to-kickstart-deadlocked->

The Comprehensive Strategic Partnership, agreed between Australia and India in June 2020, affirm the parties' intent to re-engage on CECA, announcing that:

The two sides committed to encourage expanded trade and investment flows to the benefit of both the economies. In view of the remarkable growth in the trading relationship between India and Australia, both sides decided to re-engage on a bilateral Comprehensive Economic Cooperation Agreement (CECA), while suitably considering earlier bilateral discussions, where a mutually agreed way forward can be found.¹⁷³

Early steps in the CECA process have excluded agricultural products, which are often subject to high tariffs and regulations.¹⁷⁴ However, India agreed in June 2020 to trial a reduction of tariffs on lentils and it is hoped that this positive step will pave the way for productive future discussions on other commodities of importance to Western Australia.

The Pastoralists and Graziers Association of Western Australia (PGA) recommended to the Committee that the State Government urge the Commonwealth Government to address India's removal of agricultural commodities and 'resume negotiations [on CECA] to reduce barriers to trade with India that would allow Western Australian agricultural commodities access to the Indian domestic market place'.¹⁷⁵ Fletcher International Exports advised that *any* trade agreement 'will help underpin the future of the Australian and WA sheep industries'.¹⁷⁶

In 2015–16, when tariffs were removed after the signing of the China–Australia Free Trade Agreement, there was an 'exponential growth' in WA's agrifood exports to China.¹⁷⁷ There is also hope that the Australia–Indonesia free trade agreement, that came into force on 5 July 2020, will open up grain and beef exports to this growing market.¹⁷⁸ In both instances, WA is able to greatly assist its trading partners to meet their population's demand for food.

Australia is also part of the Regional Comprehensive Economic Partnership (RCEP), a regional free trade agreement among 15 countries (the member states of the Association of Southeast Asian Nations (ASEAN) and ASEAN Free Trade Area partners) that India has not

[ceca-talks-soon/article9627813.ece](https://www.sbs.com.au/news/hopes-for-australia-india-trade-breakthrough)>; Ricardo Goncalves and Nick Baker, 'Hopes for Australia-India trade breakthrough', *SBS News* (web-based), 3 August 2018, accessed 28 August 2020, <<https://www.sbs.com.au/news/hopes-for-australia-india-trade-breakthrough>>.

173 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

174 I-Lyn Loo, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p14.

175 Submission 13, Pastoralists and Graziers Association of Western Australia, p2.

176 Submission 30, Fletcher International Exports, p1.

177 Liam O'Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p14.

178 Dr Jeffrey Wilson, 'WA well placed to find new markets', *The West Australian*, 13 May 2020, p22.

signed. When negotiations were launched in 2012, RCEP was to include India; however, India chose not to sign the agreement.¹⁷⁹ India retains the option to join RCEP.

Finding 18

Western Australia's economic relationship with India can grow in the absence of a bilateral trade agreement between Australia and India; however, an agreement is likely to bolster bilateral trade and investment.

Australia and India commenced negotiating the bilateral Comprehensive Economic Cooperation Agreement (CECA) in May 2011, but after nine rounds of negotiation the process stalled in September 2015. However, in June 2020, Australia and India agreed to re-engage in negotiating CECA.

Brand Australia

The Varghese Report recommends a stronger emphasis on 'Brand Australia' across many sectors, adding that the Commonwealth Government 'must foster a coordinated and coherent approach while supporting state and territory engagement in India'.¹⁸⁰

Consistent with this view, DFAT considers that there is scope for more cohesion between the Commonwealth and State Governments' various trade strategies, including WA's Asian Engagement Strategy, to develop a stronger 'Brand Australia'.¹⁸¹ Another stakeholder noted the importance of a national brand, stating '[it] is so important that, nationally, we consider how we project our national brand, because the state brands actually definitely confuse the Indians'.¹⁸²

Given many Indian entities are not at this stage able to meaningfully distinguish between the offerings of Australian states, a lack of coordination tends to at best dilute the message, and at worst, undermine the broader national interest.

Department of Foreign Affairs and Trade

According to *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA), in 2019 the State Government was to launch Brand WA, 'a distinct brand that producers, manufacturers, Government and the tourism industry can use to showcase the State and leverage its reputation'.¹⁸³ The Committee understands that Brand WA was to be launched in 2020.¹⁸⁴ The Asian Engagement Strategy says that Brand WA

will speak to the rest of the world about our State, its people and values, its economic attributes and Western Australian industry. Brand WA will enable a

179 Emma Connors, 'ASEAN in final push to coax India into deal', *Australian Financial Review*, 30 October 2019, p13.

180 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p311.

181 Submission 15, Department of Foreign Affairs and Trade, p2.

182 Closed evidence.

183 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, p19.

184 Submission 33, Department of Local Government, Sport and Cultural Industries, March 2020, p6.

consistent but flexible approach to marketing Western Australia as a brand across all industries to secure a greater share of growing markets.¹⁸⁵

There is a need to better market WA in India and elevate our profile in target areas. While it is understandable that WA needs consistent branding in overseas markets, it is important that the State Government ensures that its branding complements and does not undermine Brand Australia in the Indian market. As JTSI noted when discussing branding at a big education expo, 'we are part of a national stand but branded WA, so the brand you project as a state, but within a national context.'¹⁸⁶ For example, the *Queensland–India Trade and Investment Strategy 2018–2023* includes as part of its initiative to elevate its profile the intention to 'Strengthen Queensland's reputation in India as an expert in priority sectors, while supporting the Commonwealth Government's efforts to build 'Brand Australia'.¹⁸⁷

No Australian state has the capacity to penetrate the Indian market alone. A combined effort between the states is likely to yield better outcomes for all. This is discussed in chapter 12.

Finding 19

It is understandable that Western Australia and other states would promote a brand identity in overseas markets to elevate their profile. However, states projecting different brands in India may confuse and dilute the message of 'Brand Australia'.

Finding 20

No Australian state has the capacity to penetrate the Indian market alone. A combined effort between the states is likely to yield better outcomes for all.

Recommendation 3

That the State Government ensure that Western Australia's trade promotion activities and 'Brand WA' complements 'Brand Australia' in the Indian market.

Other State governments: lessons to be learned

WA's trade with India has traditionally focused on mining and agricultural commodities. Victoria, New South Wales, Queensland and South Australia are actively engaging the Indian market and pursuing a broader range of export opportunities. WA can learn from their strategies and experience.

Evidence to this inquiry suggests that other states' Indian strategies and programs are perceived to be more successful than WA's. As Professor Siddique noted, when discussing business engagement with India, 'the Victorian government and to some extent, New South Wales and I think Queensland are more successful in India'.¹⁸⁸ Also, JTSI officers appearing

185 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p42.

186 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p13.

187 Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018, p22.

188 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p5.

before the Committee noted that these states are considered well-resourced in their efforts to engage with India.¹⁸⁹

The Perth USAsia Centre considers the Victorian model of engagement to be the most advanced and integrated across all government.¹⁹⁰ JTSI notes that Victoria's significant allocation of resources and 'very aggressive'¹⁹¹ marketing and promotion has achieved results. For example, Victoria is the number one destination for Indian students in Australia. On the success of investing long term and resourcing appropriately, JTSI stated:

There has been a greater level of trade and investment engagement from the other states of Australia with India; Queensland (Mining & METS), Victoria (International Education & VET) and New South Wales (Financial Services, Professional Services).

Australia India Business Council: WA Chapter

[in] terms of other states, obviously, I would certainly observe that there is a correlation between resourcing and effort. ... if you look at Global Victoria and the work they have done in education ... over a long [time] ... There was a decision to invest in that quite some time ago. If you look at the figures you would have to say that there is a correlation between resourcing and outcomes, absolutely.¹⁹²

This report considers a range of successful interstate initiatives. Of particular note, Victoria, New South Wales, Queensland and South Australia have each developed long-term strategies for engaging with India to ensure a nuanced and tailored approach, reflecting the competitive strengths of their particular states. In addition to the deep commitment of successive Victorian Governments to India, Victoria has also maintained extraordinary stability within its trade office in Bengaluru, the Silicon Valley of India.

Victoria also demonstrates the value of domestic institutions in growing the India relationship and building important people-to-people links. There are a number of active Indian groups and institutions based in Victoria. Deakin University was the first foreign university to set up an office in India.¹⁹³ The Australia–India Institute based at the University of Melbourne organises the Australia India Leadership Dialogue, which brings people from both countries together to discuss ways to strengthen the relationship. In Victoria, the Governor of Victoria is involved in international engagement; Her Excellency The Honourable Linda Dessau AC visited India in 2017 and 2018. The value of an integrated approach across government and leveraging all levels of government is also notable in other states.

189 David McCulloch and Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p8.

190 Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p17.

191 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p8.

192 *ibid.*, p10.

193 Closed evidence.

Leveraging organisations and institutions

In its efforts to strengthen economic ties between Western Australia and India, it is essential that the State Government collaborates with and leverages the resources, networks and skills of India-focused institutions, business councils and chambers of commerce, and that these organisations work together when appropriate to promote the WA–India relationship.

JTSI stated that it currently works with the Perth USAsia Centre, AIBC, CCIWA, and Chamber of Minerals and Energy of Western Australia (CME), all of whom have a role in driving the WA–India economic relationship. Representatives from these organisations have accompanied ministers on delegations or conducted their own missions to India. JTSI also works closely with the Consul General of India in Perth,¹⁹⁴ currently Miss Dantu Charandasi. It is encouraging that WA organisations, including the Perth USAsia Centre, AIBC, and CCIWA, often collaborate to deliver India events.

The 2019 review into the effectiveness of WA’s overseas trade and investment offices, commissioned by JTSI and completed by an independent panel of three (Helen Williams AC, Geoff Leeper PSM and Jane Madden), observed that one characteristic of a system that would bolster and facilitate overseas offices implementing WA’s agenda was a close partnership across stakeholder groups. This should include ‘WA Government entities, Commonwealth agencies, educational players, research institutions and business to ensure that all views are taken into account’.¹⁹⁵

India has an entrenched culture of business engagement through chambers of commerce and economic institutions.¹⁹⁶ Influential industry groups in India include the Confederation of Indian Industry and The Federation of Indian Chambers of Commerce and Industry (FICCI), both of which have international offices in Melbourne,¹⁹⁷ and the Indo-Australian Chamber of Commerce. Historically, ‘Sister Chamber’ relationships have existed between CCIWA and overseas chambers, such as the CCIWA-Madras Chamber of Commerce and Industry relationship.¹⁹⁸ Of relevance to WA, its sister state in India is home to the Andhra Pradesh Chambers of Commerce and Industry Federation.

JTSI presents events in partnership with organisations and consultants. For example, it organised the India Business Forum on 3 May 2019 in partnership with the AIBC and the Consulate General of India in Perth, and has engaged a consultant to deliver an India Workshop to build business capability in November 2020.

194 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p2.

195 Department of Jobs, Tourism, Science and Innovation, *Western Australia’s Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p26.

196 Submission 5, Perth USAsia Centre, p21.

197 Confederation of Indian Industry, *International*, accessed 7 May 2020, <<https://www.cii.in/Internationaloffices.aspx?enc=csM3o0rrG6Py8e7IMcVGlw==>>; Federation of Indian Chambers of Commerce and Industry, *International Office*, accessed 7 May 2020, <<http://www.ficci.in/contact-us.asp>>.

198 Hon Hendy Cowan, Deputy Premier, *Meetings show great interest in WA–India trade*, media release, 19 November 1993, p2.

Organisations often partner with each other to promote the Indian economic relationship, with some events supported by JTSI. During the pandemic, webinars hosted by AIBC, FCCI, Asialink Business, and the Consulate General of India, Perth (in partnership with JTSI, AIBC and Invest India) have involved many stakeholders and consultants such as McKinsey and Company, who worked with Mr Varghese in drafting the Varghese Report.

The following organisations could play a key role in hosting events, raising awareness of Indian opportunities, training business or government, undertaking economic research and analysis, or developing people-to-people links with India.

- The Perth USAsia Centre—organises conferences, publishes research on India, engages with stakeholders in India and hosts Indian delegations in Perth as part of its mission to deepen understanding and cooperation between WA and India (among others in the Indo-Pacific). Its commitment to India is demonstrated by its four delegations to India in 15 months. Professors Stephen Smith and Gordon Flake, along with Research Analyst Hugo Seymour, have established strategic relationships in India.
- Asialink Business—is Australia’s national centre for Asia capability. It supports the development of India capabilities across the Australian workforce, focusing on public forums, research, analysis and information (including the comprehensive *India: Country Starter Pack*), and training programs for private business and government.
- CCIWA—manages an international trade and investment group; delivers TradeStart; assists, advises and consults with businesses every day on exporting matters; hosts events, and works with GoWA India and Austrade on occasion.
- AIBC—engages with the Indian business diaspora in Perth and works with government, industry and universities to organise business events and activities to connect businesses. Its *Strategic Plan 2020–2023*, drafted in consultation with JTSI, sets out its goals to grow and diversify membership, develop relationships with key stakeholders to increase trade and investment, and partner with the Government.¹⁹⁹ They have 90 WA members but can ‘struggle to get 20 to a meeting’.²⁰⁰

Recommendation 4

That the State Government:

- continue to partner with and leverage the resources, networks and skills of India-focused institutions, such as the Perth USAsia Centre, the Chamber of Commerce and Industry of Western Australia, the Australia India Business Council: WA Chapter, and Asialink Business;
- maximise ministerial and agency engagement with India-based organisations and institutions that are relevant to opportunities in target sectors, and support and encourage Western Australian organisations to do so; and
- consider the viability of supporting business chambers and industry institutions based in India to establish a Perth office.

199 Australia India Business Council: WA Chapter, *Strategic Plan 2020–2023*, Australia India Business Council, 2020.

200 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p4.

Chapter 4

A long-term, strategic approach

If we want that next 30 years of uninterrupted growth, if we want our prosperity to be enhanced, then we must develop a closer and closer relationship with India.

Jennifer Westacott, Chief Executive, Business Council of Australia

State Government action to broaden and deepen the WA–India economic relationship is a work in progress. This chapter canvasses State Government strategies and action, the approach needed to grow the WA–India economic relationship, and the role of the Indian diaspora. Initiatives to grow the economic relationship are noted throughout this report and, in particular, in chapter 12.

State Government action: a work in progress

A key role of the State Government is to develop and implement strategies and plans to guide both government and non-government action.

In recent years, the State Government has established a framework for engagement with Asia, and increased action in relation to the WA–India relationship.

It is clear that the dynamic Indian and Pacific Ocean markets will require more than a transactional approach to trade and investment.

*Hon Peter Tinley,
Minister for Asian Engagement,
Asian Engagement Strategy*

The number of ministerial visits to India reflects this increased effort (see appendix 6). The Australia India Business Council: WA Chapter (AIBC) described the State Government’s commitment to develop the trade and investment relationship with India since 2017 as ‘remarkable’.²⁰¹ In the context of tourism, the Perth USAsia Centre added that ‘the current intensity of engagement by WA Government and industry in this pursuit is unprecedented’.²⁰² AIBC described the status of WA’s relationship with India as akin to a couple that have been on their first date, have ‘started to get to know each other’, and ‘are starting to build [the] relationship’.²⁰³ However, as noted in chapter 12, inquiry participants also noted that more action is required.

In July 2019, the State Government launched *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA), the State’s economic development framework. Its vision is a ‘strong and diversified economy delivering secure, quality jobs through increased investment across a broad range of industries’.²⁰⁴ Prior to the COVID-19 pandemic, the primary measure of this framework was achieving the State Government’s target of an extra

201 Submission 14, Australia India Business Council: WA Chapter, p1.

202 Submission 5, Perth USAsia Centre, p33.

203 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p5.

204 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, p4.

150,000 jobs by mid-2024.²⁰⁵ In the last few years, the State Government has launched sector strategies relevant to, but not focused on, the Indian market, such as international education, tourism, and battery production strategies.

Building on Diversify WA, the State Government launched *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy) in August 2019. This Strategy, and the appointment of a WA Asian Engagement Minister, reflects the importance of Asia in realising WA's economic agenda.

Diversify WA and the Asian Engagement Strategy identify the following six 'priority sectors' for development; sectors where WA's competitive strengths match global economic trends:

- energy;
- tourism, events and creative industries;
- international education;
- mining and mining equipment, technology and services (METS);
- technology and advanced manufacturing; and
- primary industries.²⁰⁶

The Asian Engagement Strategy establishes a whole-of-government approach to grow WA's role and partnerships with Asia. Its actions are based around four key themes, which reflect themes raised during the Committee's inquiry:

- maximising investment and trade opportunities;
- supporting Asian literacy and capability;
- enhancing people-to-people links; and
- supporting business communities.²⁰⁷

As the manager of International Investment and Trade at the Chamber of Commerce and Industry of Western Australia (CCIWA), Michael Carter, noted, the Asian Engagement Strategy 'is very broad'.²⁰⁸ The Strategy and its high-level objectives apply to 23 Asian countries.²⁰⁹ However, the Committee heard that there is not one Asia.²¹⁰ While some consider that there are four Asias,²¹¹ the Asian Engagement Strategy refers to countries being part of South Asia, Northeast Asia and Southwest Asia. The opportunities and trade dynamics in different Asias vary.²¹² The Asian Engagement Strategy does not prioritise markets or rank their importance. WA's established trading partners in Asia are China, Japan,

205 *ibid.*, p55.

206 *ibid.*, pp23–25.

207 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, pp12–21.

208 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p9.

209 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, p8.

210 Closed evidence.

211 *ibid.*

212 *ibid.*

South Korea and Singapore. Along with the United Kingdom, they make up WA's top five export markets.²¹³ Professor Stephen Smith from the Perth USAsia Centre considers that the 'new markets' of India, Indonesia and Vietnam should be WA's three highest priorities 'in terms of new and deep trade and investment partners'.²¹⁴

The *Western Australia Investment and Trade Plan 2019–20* (Investment and Trade Plan) reinforces the sectoral approach of the Asian Engagement Strategy. The Plan says it provides a 'clear overview' of the State Government's main investment and trade initiatives in each priority sector.²¹⁵ It identifies 'key markets' against each priority sector, and the 'priority activities' of the Government of Western Australia's India office (GoWA India).

Although the Investment and Trade Plan clearly identifies priority sectors and most priority subsectors in India, it is not clear whether a few subsectors are State Government priorities in both WA and at GoWA India. There appear to be inconsistencies in the Trade and Investment Plan between subsectors where India is identified as a 'key market', and subsectors that are a 'priority activity' for GoWA India (see table 4.1).

Further, the GoWA India website lists 'priority industry sectors' that are not identified in the Plan as priorities for the Indian market, namely boating and marine, ICT (information and communications technology), health and medical, green building, environmental management, and infrastructure.²¹⁶

Over time, the Committee expects that the Department of Jobs, Tourism, Science and Innovation (JTSI) and GoWA India's priorities will align, given that JTSI is now pulling the overseas offices 'much closer into what we do in Invest and Trade [so] they are seen as an extension of what we do in Perth rather than something separate'.²¹⁷

Initiatives in the *Reform of the International Trade and Investment Office Network: Implementation Plan* (ITIO Implementation Plan), drafted in response to the recommendations of *Western Australia's Overseas Trade and Investment Offices Review*, include developing 'clear priorities for investment and trade activities which are consistent across the State Government'.²¹⁸ The Committee anticipates that the State's India Market Plan (see below) will reflect consistent priorities in the Indian market across the State Government.

213 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

214 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p11.

215 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p4.

216 Department of Jobs, Tourism, Science and Innovation, *Priority Industry Sectors*, accessed 16 September 2020, <<http://www.watoindia.in/html/waindia-sectors.htm>>.

217 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p20.

218 Department of Jobs, Tourism, Science and Innovation, *Reform of the International Trade and Investment Office Network: Implementation Plan*, Government of Western Australia, Perth, 2020, p7.

Table 4.1: Asian Engagement Strategy and Investment and Trade Plan priority sectors and subsectors

State Government priority sectors (Diversify WA and Asian Engagement Strategy)	Subsectors where India is identified as a 'key market' (Investment and Trade Plan)	Subsectors that are a 'priority activity' of GoWA India ²¹⁹ Inconsistencies with India being a 'key market' (Investment and Trade Plan)
Energy	Battery minerals, oil and gas Renewables ²²⁰	Battery minerals, oil and gas are 'priority activities' Renewables are <i>not</i> a 'priority activity'
Tourism, events and creative industries	Tourism, aviation ²²¹	Tourism, aviation are 'priority activities'
International education	Higher education Vocational education and training (VET), English Language Intensive Courses for Overseas Students (ELICOS) ²²² (India is <i>not</i> a key market in schools)	Higher education is a 'priority activity' VET and ELICOS are 'priority activities' Schools are a 'priority activity'
Mining and mining equipment, technology and services (METS)	Mining, METS ²²³	Mining, METS are 'priority activities'
Technology and advanced manufacturing	(India is <i>not</i> a 'key market' in agriculture and food technologies, defence or Smart Cities) ²²⁴	Advanced mining, hydrocarbon, agriculture, and defence are 'priority activities' (('Agriculture and food technologies' is not a 'priority activity', 'agriculture' is)
Primary industries	Agrifood ²²⁵	Agrifood

The COVID-19 pandemic has affected the development and release of a number of JTSI publications. JTSI advised that, due to the pandemic, its focus (as at October 2020) is on developing Market Plans for WA's key markets, including India.²²⁶

The Committee understands that JTSI has not finalised the annual Asian Engagement Strategy Implementation Plan and the 10-year economic outlook, referred to in the Asian Engagement Strategy.²²⁷ The economic outlook is intended 'to assess priority Asian markets and identify trade and investment opportunities, key infrastructure development, supply and value chain creation, and trade and investment barriers'.²²⁸ It is not clear whether a

219 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p24.

220 *ibid.*, p11.

221 *ibid.*, p13.

222 *ibid.*, p15.

223 *ibid.*, p17.

224 *ibid.*, p19.

225 *ibid.*, p21.

226 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p2.

227 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, pp13, 49.

228 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p2.

longer-term outlook publication is being developed. In May 2020, JTSI advised that a longer-term investment and trade strategy would be developed ‘in coming months’;²²⁹ however, in September 2020, when asked about a 10 year plan, JTSI advised that the economic outlook work is ongoing as part of its core business.

Market Plans are being developed ‘for all key Asian markets’.²³⁰ The India Market Plan is due to be released by the end of 2020.²³¹ Market Plans will be for internal government use only, but JTSI said that it was translating ‘each one of those internal plans ... into an external market outlook’ for public information.²³² The internal plan will be ‘quite comprehensive’ and the external ‘market outlook’ ‘will contain as much information as possible’.²³³ The India Market Plan will align with the priority sectors set out in Diversify WA.²³⁴ The need for an India Strategy and/or Market Plan that includes targets is discussed further below.

Finding 21

The State Government’s economic framework, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries, and Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia* take a sectoral approach towards developing the economy, focusing on the following six priority sectors:

- energy;
- tourism, events and creative industries;
- international education;
- mining and mining equipment, technology and services;
- technology and advanced manufacturing; and
- primary industries.

Finding 22

Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia applies to 23 countries. Under its auspices, Market Plans are being developed for ‘key markets’, including India.

Finding 23

The *Western Australia Investment and Trade Plan 2019–20* (Investment and Trade Plan) identifies priority subsectors in India that fall within Western Australia’s six priority sectors. The website of the Government of Western Australia’s India office lists further ‘priority industry sectors’ not identified in the Investment and Trade Plan.

229 *ibid.*

230 Government of Western Australia, *Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p13.

231 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18; Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p2.

232 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18.

233 *ibid.*

234 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p5.

Invest and Trade Western Australia

Launched in November 2019, Invest and Trade Western Australia (ITWA), a section within JTSI's Strategy and International Engagement group, provides a 'one-stop-shop' to:

- promote the State's export and industry capability to international buyers and investors
- identify, encourage, and facilitate strategic investment and trade opportunities
- provide information and support to enhance export competitiveness and increase engagement with priority markets
- provide advice to ministers and logistical support for outbound ministerial visits and missions.²³⁵

ITWA's purposes do not appear to include facilitating WA investment *into* foreign markets. As discussed in chapter 11, WA businesses investing and operating in the Indian market is an important part of growing the WA–India economic relationship.

ITWA's organisation reflects the sectoral approach to investment and trade. Its structure includes an executive director, and directors of client servicing, Asian engagement and project teams. The client services team is 'tagged' to a priority sector, not a market (i.e. country).²³⁶ Its structure enables 30 full time equivalent employees for all overseas markets. As at October 2020, there are 23 staff.²³⁷

The development of Invest and Trade WA is a first for the State, delivering an accessible 'front door' that ensures prospective investors and customers receive quality, customer-specific information and support.

*Hon Mark McGowan,
Premier of Western Australia*

A 'front door' providing a high level of service

ITWA will be WA's 'front door' for investment and trade prospects. JTSI says it will make 'a measurable impact on the scale and conversion of opportunities'.²³⁸

At its launch, Hon Mark McGowan, Premier of Western Australia, reflected on ITWA's role. He was reported to have compared it to the service that the South Australian Government provides to investors:

SA allegedly had a system by which, if you want to invest in SA, projects \$20–\$30 million, you can actually contact them, they'll ensure people are there to meet you when you arrive at the airport. If it's a significant size, the minister will be there with a car. (They'll) take you to an office, sit down and hear about it. I said to the agency, I want us to do something similar to that ... We're going on the front foot,

235 Government of Western Australia, [Western Australia Investment and Trade Plan 2019–20](#), Perth, 2019, p7.

236 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p5.

237 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p3.

238 Department of Jobs, Tourism, Science and Innovation, [Annual Report 2018–19](#), Government of Western Australia, Perth, 2019, p29.

chasing opportunities, rolling out the red carpet for (whoever) wants to invest in WA.²³⁹

As noted throughout this report, State Government support of small and medium-sized enterprises (SMEs) seeking to engage with India is important. The Committee heard that ITWA is about being proactive and supporting SMEs.²⁴⁰

ITWA connects with other parts of JTSI, including GoWA India, that have specialised knowledge. A high level of information sharing is important. In 2019, JTSI commissioned the independent Overseas Trade and Investment Offices Review Panel to review the effectiveness of WA's overseas trade and investment offices. The Panel observed that supporting overseas offices to implement WA's agenda required a 'high level of information sharing across the WA Government network and between central JTSI and its overseas offices, supported by strong system connectivity'.²⁴¹

A portal and shopfront

The Committee understands that JTSI will develop an ITWA portal (website). As at October 2020, the portal only accepts business enquiries, which ITWA handle or refer to the appropriate person.²⁴²

A review of other states' trade and investment portals highlights the difference between the information that they provide and that provided on the ITWA portal. Other states' portals publish more resources and information on the Indian market, and advise of relevant events such as trade missions.²⁴³

In the Committee's view, as well as taking enquiries, the ITWA portal should be a useful, practical and accessible resource for businesses and institutions wanting to engage with India. It should include information on the Indian market such as:

- information on opportunities in the Indian market, including reports on priority sectors;
- resources to build India capability (see chapter 12);
- details of awareness-raising and networking events (see recommendations 30 and 33);
- details of inbound, outgoing and virtual trade missions (both past and upcoming) (recommendation 31).

239 Matt McKenzie, 'McGowan launches Invest and Trade WA', *Business News* (web-based), 14 November 2019, accessed 19 August 2020, <<https://www.businessnews.com.au/article/McGowan-launches-Invest-and-Trade-WA>>.

240 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p2.

241 Department of Jobs, Tourism, Science and Innovation, *Western Australia's Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p26.

242 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p6.

243 See Global Victoria, *Home*, 13 September 2020, accessed 19 October 2020, <<https://global.vic.gov.au/>>; Invest NSW, *Home*, accessed 19 October 2020, <<https://invest.nsw.gov.au/>>; Trade and Investment Queensland, *Home*, accessed 19 October 2020, <<https://www.tiq.qld.gov.au/>>; Department of Trade and Investment South Australia, *Department for Trade and Investment*, accessed 19 October 2020, <<https://dti.sa.gov.au/>>.

While a portal is a virtual shopfront, the Committee considers that ITWA should maintain the option of visiting ITWA in person.²⁴⁴ JTSI Acting Deputy Director General of Strategy and International Engagement, Jennifer Mathews, advised that ITWA's physical shopfront is the JTSI offices in Perth, and businesses can meet with JTSI.²⁴⁵ Victoria, New South Wales and Queensland have a number of regional trade and investment offices in their states.²⁴⁶

ITWA is still building up its resources to the allocated 30 full time equivalents (FTEs).²⁴⁷ For ITWA to provide a high level of support, it requires appropriate resourcing from Government, even in difficult economic times. This is not to suggest that WA must be resourced to the same extent as larger states—a lean JTSI, ITWA and GoWA India is possible. However, appropriate resourcing is required to implement initiatives and grow the WA–India relationship to the next level.

Advisory bodies

JTSI has established the following stakeholder bodies to inform and advise ITWA:

- Business Advisory Forum (that has held two meetings since October 2019); and
- International Education Advisory Group (that meets every two months) (see chapter 6).²⁴⁸

The above advise on all markets, and are not India-focused bodies.

The task of the Business Advisory Forum is to provide a conduit for industry expertise or 'critical insights' to inform the State's activities in trade and investment.²⁴⁹ The forum includes representatives from:

- State Government—JTSI (Chair); Departments of Local Government, Sport and Cultural Industries; Premier and Cabinet; Primary Industries and Regional Development; Treasury; Development WA; Business Development Corporation.
- Federal Government—Australian Trade and Investment Commission (Austrade); Department of Foreign Affairs and Trade; Treasury.
- Other Stakeholders—CCIWA; Chamber of Minerals and Energy of Western Australia (CME); City of Perth; Committee for Economic Development Australia (CEDA); Perth USAsia Centre; Western Australian Local Government Association (WALGA); agrifood industry representative.²⁵⁰

244 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p7.

245 *ibid.*, p6.

246 See, for example, Regional NSW, *Network of Regional Specialists*, accessed 20 August 2020, <<https://www.investregional.nsw.gov.au/contact/contacts-details-and-assistance/>>.

247 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p6.

248 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p3.

249 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p6.

250 *ibid.*; Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p3.

While the membership of the forum is broad, none of its members appear to represent the Asian or Indian business community or diaspora. As set out in the diaspora section below, inquiry participants consider it important to have diaspora representation on an advisory body. JTSI and ITWA do not have a committee or advisory group focused on the WA–India economic relationship.

Finding 24

Launched in November 2019, Invest and Trade Western Australia (ITWA), a section of the Department of Jobs, Tourism, Science and Innovation (JTSI), will be Western Australia’s ‘front door’ for investment and trade prospects. The State Government is in the process of building ITWA’s resources to the allocated 30 full time equivalents for all markets. It is developing an online presence (portal), which is an important tool to communicate with the public and advertise events.

JTSI has established a Business Advisory Forum and International Education Advisory Group. There is no India-focused group or committee.

Recommendation 5

That the State Government ensure that the Invest and Trade Western Australia website provides useful, practical and accessible information relevant to the Western Australia–India economic relationship such as:

- India market intelligence including market data and market sectors reports (see findings 102 and 103);
- workshops, programs and resources to build India capability (see finding 108);
- details of awareness-raising and networking events (see recommendations 30 and 33); and
- details of upcoming and past inbound, outgoing and virtual trade missions (see recommendation 31).

Government of Western Australia’s India office

GoWA India is a ‘very important mechanism’ in the WA–India relationship.²⁵¹ Opened in 1996, GoWA India was the first Australian state trade office in India. As well as India, it covers Sri Lanka, Bangladesh and Nepal.²⁵²

In September 2020, Premier McGowan announced changes to WA’s international operations to ‘strengthen the State’s overseas network and boost exports and inward investment’.²⁵³ The network of international offices will be grouped into five regional hubs: India-Gulf, Europe, Northeast Asia, China and ASEAN (the Association of Southeast Asian

In terms of the overseas offices, they have that knowledge and those connections. We provide the pipeline.

*Jennifer Mathews,
Department of Jobs, Tourism, Science
and Innovation*

251 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p3.

252 Submission 24, Department of Jobs, Tourism, Science and Innovation, p13.

253 Hon Mark McGowan, Premier, *Changes to overseas offices to improve trade and investment opportunities*, media release, 22 September 2020.

Nations). In September 2020, this hub-and-spoke model was to be implemented ‘over coming months’.²⁵⁴

As WA’s on-the-ground presence in India, GoWA India promotes and represents WA industry and government within the Indian market, feeds intelligence and information about trade and investment opportunities to JTSI and WA stakeholders, and facilitates trade and government delegations to India.²⁵⁵ The Commissioner in India and GoWA India also build important people-to-people relationships, and are in a privileged position to identify opportunities, link WA businesses to those opportunities, and assist prospective exporters or investors. Examples of the value of GoWA India include its role in linking the parties who entered into the Neometals and Manikaran Power partnership, and the Village Energy and State of Andhra Pradesh partnership (noted in chapters 8, 9 and 12).

Inquiry participants supported GoWA India and its work.²⁵⁶ Professor Stephen Smith advised that in his view ‘WA has a very good trade and investment officer in Mumbai’;²⁵⁷ David Norman, Senior Policy Adviser to the Vice-Chancellor at the University of Western Australia (UWA) described GoWA India as ‘really, really good’;²⁵⁸ and Michael Carter from CCIWA believes that GoWA India is doing a ‘good job’.²⁵⁹ However, some suggested it could be more effective. It was claimed, for example, that compared to other Australian states’ trade offices GoWA India was ‘not seen as an active office’.²⁶⁰ This perception is not helped by the GoWA India website, which appears to be out-of-date.²⁶¹

The location of the Government of Western Australia’s India office

GoWA India’s Mumbai location could be a reason for its lack of visibility. As the financial centre of India and home to many large Indian businesses, Mumbai offers WA representatives the opportunity to engage with senior corporates.²⁶² However, it is also, as CCIWA pointed out, ‘a very crowded market place’.²⁶³

In addition to the Mumbai office, the State Government previously maintained satellite offices in Chennai and Kolkata but these were closed in the early part of the 2010s.²⁶⁴ The

254 *ibid.*

255 Department of Jobs, Tourism, Science and Innovation, *Western Australia’s Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p66; Submission 24, Department of Jobs, Tourism, Science and Innovation, pp13–14.

256 Submission 14, Australia India Business Council: WA Chapter, p6; Submission 5, Perth USAsia Centre, pp14, 22; Submission 2, University of Western Australia (UWA) and UWA Public Policy Institute, p4; Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p5.

257 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p6.

258 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p4.

259 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p5.

260 Closed evidence.

261 Department of Jobs, Tourism, Science and Innovation, *Welcome to Western Australia in India*, accessed 21 October 2020, <<http://www.watoindia.in/index.htm>>.

262 Closed evidence.

263 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p5.

264 Submission 5, Perth USAsia Centre, p14.

Perth USAsia Centre observed that this diminishment has occurred even as the Indian market has grown.²⁶⁵

There was broad support for the State Government to review the location of GoWA India.²⁶⁶ Inquiry participants identified several cities or states as possible locations for future WA representatives, such as:

- New Delhi—the location of the Australian High Commission and central government decision-making;²⁶⁷
- Andhra Pradesh—due to its sister state relationship with WA. The presence could be either a locally-engaged officer or an entire trade office;²⁶⁸
- Kolkata, West Bengal—AIBC Vice President Peter Fear said that WA ‘would benefit from having a larger and broader presence in cities of influence and cities of relevance—for example, Kolkata with mining and METS’;²⁶⁹ and
- Bengaluru, the Silicon Valley of India—where Queensland and Victoria have established trade offices.²⁷⁰

Having a representative on the ground can help to advocate for the relationship, expedite processes, bridge cultural differences and help with coordination/communication.

*An India Economic Strategy to 2035:
Navigating from Potential to Delivery
(Peter Varghese AO)*

In 2019, the Overseas Trade and Investment Offices Review Panel noted that ‘second tier and even third tier cities might provide better opportunities’ than Mumbai in relation to the international education sector.²⁷¹ In May 2020, JTSI told the Committee that it regarded Mumbai as ‘the appropriate location for the India office and no consideration has been given to relocating in recent times.’ It did not see the need for satellite offices due to ‘the relative low cost of air travel in India’.²⁷²

According to JTSI’s ITIO Implementation Plan, it will review office locations and operating models ‘in light of investment and trade priorities’, and make changes necessary to ensure that coverage focuses on priority sectors in most prospective markets.²⁷³ Subsequent to the

265 *ibid.*

266 *ibid.*, p18; Submission 2, UWA and UWA Public Policy Institute, p3; Submission 14, Australia India Business Council: WA Chapter, p8; Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p5; Submission 32, International Business Council of Australia, p1.

267 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, pp5–6; Submission 32, International Business Council of Australia, p1.

268 Submission 14, Australia India Business Council: WA Chapter, p8; Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p5.

269 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p2.

270 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, pp5–6.

271 Department of Jobs, Tourism, Science and Innovation, *Western Australia’s Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p38.

272 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p3.

273 Department of Jobs, Tourism, Science and Innovation, *Reform of the International Trade and Investment Office Network: Implementation Plan*, Government of Western Australia, Perth, 2020, p7.

publication of the Implementation Plan, the State Government has announced its new overseas office hub-and-spoke model.

Resourcing the Government of Western Australia's India office

Inquiry participants raised whether GoWA India resources were being leveraged most effectively.²⁷⁴ In the 2018 financial year, GoWA India had the second lowest annual office budget of WA's eight overseas offices (see table 4.2).²⁷⁵ JTSI said that this is due to the different costs, such as salaries and accommodation, experienced in different locations.

JTSI pointed out that based on staffing numbers GoWA India was actually one of the largest WA overseas offices.²⁷⁶ As at October 2020, eight staff were working for GoWA India, consisting of the Commissioner in India, Peter Baldwin, and seven locally-engaged full time staff. During the pandemic, Mr Baldwin began working from the JTSI office in Perth while the locally-engaged staff worked from home,²⁷⁷ although they have been 'very active' in communicating with businesses and investors during the COVID-19 pandemic.²⁷⁸ Of the seven locally-engaged staff, four are Business Development Managers (BDMs) who each focus on a specific industry: international education, resources, agriculture and food, and tourism.²⁷⁹

Table 4.2: Resourcing of the Government of Western Australia's overseas offices²⁸⁰

Office	Location	Annual office budget Financial Year 2017–18	Staffing provision
China Office	Shanghai	\$2,331,455	Commissioner, 10 staff
Europe Office	London	\$2,256,457	Agent General, six staff
Japan Office	Tokyo	\$1,714,835	Commissioner, seven staff
Singapore Office	Singapore	\$1,268,188	Commissioner, four staff
Indonesia Office	Jakarta	\$1,047,377	Commissioner, four staff
Middle East and Africa Office	Dubai	\$913,000	Commissioner, three staff
India Office	Mumbai	\$907,615 [In 2020–21, \$940,089] ²⁸¹	Commissioner, seven staff
South Korea Office	Seoul	\$661,603	Commissioner, two staff

274 Submission 5, Perth USAsia Centre, p18; Submission 20, Chamber of Commerce and Industry of Western Australia, p2; Submission 42, EasyMigrate Consultancy Services, p6; Christopher Rodwell, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p2.

275 Department of Jobs, Tourism, Science and Innovation, *Internal audit of the international trade and investment offices*, by KPMG, Perth, 2019, p6.

276 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p. 12.

277 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p1.

278 Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p17.

279 David McCulloch, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p7.

280 Department of Jobs, Tourism, Science and Innovation, *Internal audit of the international trade and investment offices*, by KPMG, Perth, 2019, p6; Department of Jobs, Tourism, Science and Innovation, *Western Australia's Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, pp27–28.

281 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 9 October 2020, p1.

The Committee was struck by the fact that the Shanghai office had three more staff and the Tokyo office had the same staffing levels as GoWA India. This is noteworthy given the many challenging aspects and the trade dynamics of the WA–India relationship observed in finding 12 of this report, and that India is a less established market with many challenges.

The Overseas Trade and Investment Offices Review Panel did not make detailed recommendations about the resourcing of WA’s trade offices, instead simply recommending (which has been accepted) that JTSI undertake detailed work to decide priority office locations and resourcing across the network.²⁸² It did, however, comment that in determining the resources to be provided to each office, consideration should be given to the degree to which the market is an established or emerging market ‘that needs concentrated effort to develop the potential offered and where a strong State presence would make a greater impact’.²⁸³ This arguably describes India.

Indian diplomat Ambassador Anil Wadhwa noted that ‘even a small [trade office] team helps a lot. You do not have to have a very large presence’.²⁸⁴ Ambassador Wadhwa also observed that trade offices in the time of the COVID-19 pandemic need to be innovative; for example, by organising ‘focused’ virtual seminars and webinars.²⁸⁵

Further resourcing of GoWA India would be a productive investment in an emerging market as important and challenging as India, where people-to-people relationships and connections are pivotal. Additional resourcing would greatly assist WA business and institutions to seize Indian opportunities.

The Committee heard that well-trained and well-connected representatives were vital for increasing economic engagement between WA and India. One inquiry participant said that the most effective trade commissioners representing other Australian states have extensive backgrounds in the private sector, specialising in the markets in which they are later deployed as trade commissioners.²⁸⁶ The Overseas Trade and Investment Offices Review Panel also emphasised the requirement to have quality trade commissioners (see pull quote).

The Panel considers that the degree of success in the role of Agent General and Commissioner depends fundamentally on the quality of these appointments and that the recruitment process is critical to finding the person who can best achieve the Government’s aims.

Western Australia’s Overseas Trade and Investment Offices Review

The Overseas Trade and Investment Offices Review Panel considered the appointment of WA Commissioners. It recognised the importance of the Commissioner role and recommended that ‘wide searches should be undertaken for strong candidates’ with most

282 Department of Jobs, Tourism, Science and Innovation, [Western Australia’s Overseas Trade and Investment Offices Review](#), by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p30.

283 *ibid.*, p29.

284 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p8.

285 *ibid.*, p7.

286 Closed evidence. See also Submission 32, International Business Council of Australia, p1.

weight given to ‘in-depth knowledge of Western Australia’s industry and market opportunities, as well as trade and investment expertise.’²⁸⁷

The review also recommended that Commissioners be contracted for no more than five years—three years with an option of up to two further years—which it believed was long enough to establish credibility and achieve results within the market while also allowing new and innovative ideas to be introduced periodically.²⁸⁸ WA’s current Commissioner, Peter Baldwin, is on a five-year contract that ends on 31 December 2020.²⁸⁹

Finding 25

The Government of Western Australia’s office in India based in Mumbai plays a very important role in growing the Western Australia–India economic relationship.

Finding 26

The Government of Western Australia’s office in India (GoWA India) employs a Commissioner and seven locally-engaged staff, including four Business Development Managers.

The Committee supports a review of GoWA India’s location and the viability of establishing a second office.

It is vital that GoWA India is resourced to proactively support Western Australian and Indian businesses seeking to trade with, invest or operate in the other market.

A long-term commitment to India

A common theme of other Australian states’ Indian strategies is that they are committed to building a relationship over the long term.²⁹⁰ Evidence to the inquiry supports this being true for the WA–India relationship.²⁹¹ The Asian Engagement Strategy acknowledges that the State Government’s engagement with Asia needs to be long term.²⁹²

*Melbourne, Sydney and
Brisbane [are] kicking our butts
because they had been in the
market 10 or 20 years earlier.*

Kevin Brown, Perth Airport

Broadening and deepening WA’s relationship with India may take years. As the Commonwealth’s Department of Foreign Affairs and Trade (DFAT) observed, ‘[given] global competition for the attention of Indian state governments, successes can be slow to eventuate and a long-term view is essential’.²⁹³ The Perth USAsia Centre noted that sustaining the consistency of engagement, which is required to help drive the economic

287 Department of Jobs, Tourism, Science and Innovation, *Western Australia’s Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, pp64, 59.

288 *ibid.*, pp65–66.

289 Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, Email, 20 October 2020, p1.

290 See Government of Victoria, *Victoria’s India Strategy: Our Shared Future*, Melbourne, 2018, p7.

291 Submission 5, Perth USAsia Centre, p5; Submission 15, Department of Foreign Affairs and Trade, p3; Submission 14, Australia India Business Council: WA Chapter, p6.

292 Government of Western Australia, *Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, pp12–21.

293 Submission 15, Department of Foreign Affairs and Trade, p3.

relationship with India, has always been the challenge for the State Government.²⁹⁴ WA's economic relationships with Japan, Korea, then China emerged after decades of laying the groundwork, and the groundwork started before these countries became top-tier economies.²⁹⁵

The AIBC observed that businesses also need to take a long-term view and commit to India, a marketplace already occupied by European, North American and Asian SMEs and companies.²⁹⁶ Building trust and relationships with Indian businesses takes time. As Professor Stephen Smith from Perth USAsia Centre emphasised:

If you speak to individual Indian businesspeople who are doing business with Australia or Western Australia, they underline the same things that we have always known about doing business in a different country. It takes me a long time to trust the partner I have. The importance of that trust relationship and being patient and persistent with it underpins a lot of the Indian engagement, as it does in South-East Asia. So we have to take the running, we have to be persistent, we have to be patient.²⁹⁷

India is not a place for the short term, India is a place for the long term. The rewards for those who commit [are] going to be phenomenal.

Neville Roach,
Australia India Business Council

Fostering people-to-people relationships

A common theme during the inquiry was the importance of relationships in India. For example, EasyMigrate Consultancy Services observed that 'in India, business is done on [a] "personal rapport" basis. "It is not what you know, it is who you know".'²⁹⁸ DFAT added that '[l]ong term, sustained and deep relationships with people, business and institutions matter in India'.²⁹⁹

As noted in finding 13, all levels of government must strategically invest in developing the WA–India relationship. A theme of the Asian Engagement Strategy is the importance of the State Government enhancing people-to-people links,³⁰⁰ and therefore business-to-business links, business-to-government relationships and so on. This is a common theme in Australian states' Indian strategies.³⁰¹

[Our] growing people to people links – may over time prove to be the most significant asset of all.

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294 Submission 5, Perth USAsia Centre, p5.

295 Hugo Seymour, 'Reliable Australia can build new links', *The West Australian*, 4 June 2020, p41.

296 Submission 14, Australia India Business Council: WA Chapter, p6.

297 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p11.

298 Submission 42, EasyMigrate Consultancy Services, p2.

299 Submission 15, Department of Foreign Affairs and Trade, p3.

300 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p17.

301 See Government of Victoria, *Victoria's India Strategy: Our Shared Future*, Melbourne, 2018, p7.

The Committee heard that WA businesses need to invest time in relationships.³⁰² One inquiry participant observed that the importance of interpersonal links can be ‘an overlooked part of what it takes to do business’.³⁰³ How to foster people and business interaction is discussed in chapter 12.

Australia and India enjoy the advantage of having much in common and converging geopolitical interests. As noted in chapter 1, Hon Scott Morrison, Prime Minister of Australia, and others have repeatedly highlighted that Australia and India are ‘natural partners’ and have ‘common interests and the shared values of democracy and the rule of law’.³⁰⁴ The growing Indian diaspora in WA, as well as Indian students, tourism and sports also play a role in building relationships and trust.³⁰⁵

Sport, and in particular cricket, can be leveraged to build trust, respect and people-to-people relationships with India. As inquiry participant Peter Why observed, sport ‘is often the key to long-term friendship, networks and alliances, business, all built on trust’.³⁰⁶ Prior to the COVID-19 pandemic, Mr Why and Asheesh Malaney were planning the ‘Perth Friendship Games – World Cup of High School Cricket’ to position WA as the destination for inbound study and tourism from India.³⁰⁷ Murdoch University had also launched the Murdoch University WACA (Western Australian Cricket Association) International Cricket Academy to create a ‘unique point of difference’, with a focus on Indian students.³⁰⁸

Building good business relationships and trust are important in India, so you should expect to spend plenty of time at meetings, dinner and social clubs with potential business partners.

*India: Country Starter Pack
(Asialink Business)*

JTSI observed that cultural diplomacy is an effective way to advance WA’s reputation in India and bring a deeper understanding to Western Australians about the benefit of international trade and investment.³⁰⁹ ‘Soft power’ initiatives include young entrepreneur platforms and exchange programs. They demonstrate WA’s goodwill and, JTSI says, ‘deliver high-value business and community outcomes’.³¹⁰

302 Closed evidence.

303 *ibid.*

304 Hon Scott Morrison, Prime Minister of Australia, [Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia](#), media release, 4 June 2020; Editorial, ‘A relationship full of promise: Australia and India are natural partners in the Indo-Pacific’, *The Australian*, 28 February 2020, p13.

305 Shristi Pukhrem and Siddharth Singh, ‘Australia-India Relations: What to expect from the Modi-Morrison Virtual Summit’, *The Diplomat* (web-based), 3 June 2020, accessed 3 June 2020, <<https://thediplomat.com/2020/06/australia-india-relations-what-to-expect-from-the-modi-morrison-virtual-summit>>.

306 Submission 1, Peter Why, pp1–2.

307 *ibid.*

308 Murdoch University, *International Cricket Academy*, accessed 25 August 2020, <<https://www.murdoch.edu.au/study/international-students/international-cricketing-opportunities/international-cricket-academy>>.

309 Submission 24, Department of Jobs, Tourism, Science and Innovation, p16.

310 *ibid.*

Soft power and cultural diplomacy in India are largely within the remit of the Commonwealth Government, which, for example, stages Oz Fest in India, a celebration of Australian culture.³¹¹ Where possible, the State Government should support initiatives that promote people-to-people linkages and the WA–India economic relationship.

A partnership with India

The terminology in the Asian Engagement Strategy reflects the approach that WA is a trusted ‘partner’ of Asia.³¹² This approach is consistent with other states’ strategies and *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report). For example Victoria’s strategy considers the India relationship an ‘equal exchange’ and works with India to identify and pursue mutually beneficial engagement, supporting inclusive economic growth.³¹³

The State Government, businesses and institutions approaching India as a partner, not simply an export market, guides initiatives to grow the relationship. For example, this report recommends inviting *inbound* trade missions to WA (recommendation 31), and collaborating with India on research and development partnerships (see recommendation 35).

Finding 27

The State Government’s commitment to India should be long term. Sustained, deep relationships between people, businesses and institutions matter in India. It is vital to view India as a trusted, equal partner to Western Australia.

A targeted approach

It is important that the State Government pursues a strategic, targeted approach to engage with India because India is an enormous market. As Professor Smith from the Perth USAsia Centre noted, you cannot ‘eat India whole; you have to look in bite-sized chunks’.³¹⁴

A targeted approach includes focusing on particular states, with sister state agreements, for example, and focusing efforts on sectors where WA has a competitive advantage in terms of ultimate success.³¹⁵

We believe the next steps we should focus on are WA’s core competencies to meet the market gaps or failures in some of India’s sectors. ... We need to pick those five industries where we want to be known as “the place to go”; that, for me, is the key.

Peter Fear,
Australia India Business Council: WA Chapter

A targeted approach extends to how to undertake initiatives to grow the WA–India relationship. For example, Ambassador Wadhwa stressed to the Committee that trade

311 Closed evidence.

312 Government of Western Australia, *Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, pp5, 7, 15, 29.

313 Government of Victoria, *Victoria’s India Strategy: Our Shared Future*, Melbourne, 2018, p7.

314 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p4.

315 *ibid*.

delegations to India must be ‘focused’ (see chapter 12).³¹⁶ A targeted approach ensures ‘meaningful engagement’ that may create commercial opportunities.³¹⁷

A targeted approach also requires an understanding of the Indian market and current and emerging opportunities. That is, it requires good market intelligence. Market intelligence is discussed in chapter 12.

An India Strategy or Market Plan

Unlike other Australian states and territories, WA does not have a formal strategy focusing on India.³¹⁸ But, as noted above, the State Government is developing Market Plans ‘for all key Asian markets’, and WA’s India Market Plan is due to be released by the end of 2020. The India Market Plan will align with the priority sectors set out in Diversify WA.³¹⁹

JTSI is translating the internal Market Plans into ‘an external market outlook’ for public information.³²⁰ The internal plan will be ‘quite comprehensive’ and the external ‘Market Plan’ ‘will contain as much information as possible’.³²¹

The Overseas Trade and Investment Offices Review Panel supported the development of Market Plans for each key region ‘to enable the State’s trade and investment resources to be directed to best effect’.³²² One inquiry participant suggested that the Government should develop an India Strategy, *then* an India Market Plan.

The detail of a Strategy or Market Plan

JTSI has established a trade and investment framework and is developing an India Market Plan and ‘external market outlook’ with ‘as much information as possible’ for public release.³²³ The publicly available outlook should:

- signal to the public and businesses the importance of India to WA, and the State Government’s long-term commitment to India;
- set out the State Government’s vision and strategic objectives in India, and actions to achieve the vision;

316 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p6.

317 Government of Victoria, *Victoria’s India Strategy: Our Shared Future*, Melbourne, 2018, p7.

318 See Government of Northern Territory, *NT-India market entry guide*, 15 November 2019, accessed 2 September 2020, <<https://business.nt.gov.au/publications/publications/nt-india-market-entry-guide>>; Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018; Government of New South Wales, *India Strategy: NSW International Engagement Strategy*, Sydney, 2017; Government of South Australia, *South Australia–India Engagement Strategy: Two years on*, Adelaide, 2015; Government of Victoria, *Victoria’s India Strategy: Our Shared Future*, Melbourne, 2018.

319 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p5.

320 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18.

321 *ibid.*

322 Department of Jobs, Tourism, Science and Innovation, *Western Australia’s Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p25.

323 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18.

- ensure a nuanced and tailored approach to the Indian market, reflecting WA's competitive strengths and the unique trade dynamic of the WA–India economic relationship; and
- include measures of success and targets (see below).

Other states' India strategies identify their government's priority sectors to grow trade and investment in India and list priority states. This is consistent with the approach of the Varghese Report, which identified 10 priority sectors and 10 priority states. For example, the *Queensland–India Trade and Investment Strategy 2018–2023* identifies key states in key sectors. The key states in India for Queensland METS are Chhattisgarh, Jharkhand and West Bengal (capital Kolkata).³²⁴ The *NSW India Strategy: NSW International Engagement Strategy* also identifies the states on which the Government will focus its efforts in its priority sectors.³²⁵

The need for targets: other jurisdictions' targets in India

Other state governments and the Commonwealth have set targets for the India market.

Targets change people's behaviour—they take action to meet the target.

Ms Mathews from JTSI advised that the department is developing its 'outcomes-based management framework ... around some more meaningful outcomes around both export and investment'.³²⁶

*Key Issues for the New Parliament 2010
(House of Commons Library Research)*

When asked about specific dollar targets for the Indian market, Ms Mathews advised that JTSI was working through 'a range of measures as part of our agency outcomes and specific indicators', but as at March 2020, they were 'reasonably high level ... as opposed to having specific dollar figures'.³²⁷

WA Government targets, where they exist, are high-level economic or sector targets. For example, prior to the COVID-19 pandemic, the State Government set a target to almost double the number of international students in WA to 100,000 by 2025.³²⁸

As noted in chapter 3, the Varghese Report recommended Australian targets to:

- triple exports to India by 2035 (from \$14.9 billion to \$45 billion); and
- increase tenfold outbound investment to India (from \$10.3 billion to over \$100 billion).³²⁹

324 Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018, p14.

325 Government of New South Wales, *India Strategy: NSW International Engagement Strategy*, Sydney, 2017, p9.

326 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p11.

327 *ibid.*, p15.

328 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, pp34, 61; Government of Western Australia and StudyPerth, *Where bright futures begin: International education in Perth, Western Australia 2018–2025*, Perth, 2018, pp7, 14, 19; StudyPerth, *International education action plan 2019–2025*, Perth, 2019, pp9, 13.

329 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p4.

Other states have set specific targets in relation to the Indian market. Like the Varghese Report, the *Queensland–India Trade and Investment Strategy 2018–2023* set targets to:

- increase the number of opportunities in India facilitated by the Government of Queensland by 50 per cent over five years; and
- increase total exports from Queensland to India by 15 per cent over five years.³³⁰

Victoria’s India Strategy: Our Shared Future (2018) sets the following targets. By 2027, to:

- increase goods exports to India from an annual average of \$500 million over the previous five years to \$959 million;
- increase the number of Indian postgraduate research students in Victoria by 25 per cent over 10 years;
- double the number of Victorian businesses engaged in India from 150 to 300 per annum; and
- grow Indian visitor expenditure from \$367 million to \$885 million.³³¹

The *NSW India Strategy: NSW International Engagement Strategy* (2017) also set a target to increase the value of tourism from India to NSW to \$500 million by 2020.³³²

As to why targets are important, a House of Commons’ publication observed that:

A target is a clear expression of a policy priority, setting out exactly what the Government wants to have done and by when. Targets let those responsible for delivery know what needs to happen, so that they can plan, monitor and deliver the specified change. They let citizens know what the priorities are. They allow organisations to be held to account on whether they meet the targets, including by Parliament. They can provide a focus on long-term strategic goals in areas where short-term pressures would otherwise mean that these goals might not be achieved.³³³

Targets help deliver an outcome and ensure that resources and action are focused on achieving the target.

To give an example of a target effectively driving the allocation of resources, prior to the Varghese Report, the job description of Austrade trade commissioners in India

did not include the responsibility to drive Australian

capital *into* India. After the release of the Varghese Report, Austrade considered the resources required in India to meet the investment target. Austrade have since expanded the number of trade commissioners in India, and developed trade commissioners’ roles to execute the Varghese Report and achieve its outbound investment target. In addition to the

*If you don’t have measure
of success, you cannot
allocate resources.*

Private witness

330 Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018, p8.

331 Government of Victoria, *Victoria’s India Strategy: Our Shared Future*, Melbourne, 2018, p6.

332 Government of New South Wales, *India Strategy: NSW International Engagement Strategy*, Sydney, 2017, p12.

333 Lorna Booth, 'Targets as a policy tool' in Adam Mellows-Facer (ed.), *Key Issues for the New Parliament 2010*, House of Commons Library Research, London, 2010, p38.

following findings, finding 121 states that the India Market Plan should include measures of success and targets.

Finding 28

The State Government is developing an India Market Plan. It has indicated its intent to release an 'external outlook' which will be publicly available.

Finding 29

The Commonwealth and other Australian governments have set targets for the Indian market, often expressed in dollar values. Targets, or measures of success, help deliver outcomes and ensure that resources and action are focused on achieving the target.

A 'big role' for the diaspora

The Committee heard that the Indian diaspora is an underused resource and could greatly assist in strengthening the trading relationship with India. Many inquiry participants recommended initiatives to leverage the diaspora to grow the WA–India economic relationship.³³⁴ The passion, knowledge and market intelligence of members of the Indian diaspora was evident during the Committee's diaspora hearing and depositions in September 2020.

Western Australia needs to focus on the pool of Indian talents that exist here in WA to form a partnership with the talent in India to boost the WA economy.

Sanjeev Gupta

The Varghese Report observed that the Indian diaspora in Australia will have a 'big role' in the Australia–India relationship because:

[t]hey can go into the nooks and crannies of a relationship where governments cannot. They can shape perceptions in a way governments cannot. And they create personal links, in business, the arts, education, and civil society which can help anchor the relationship.³³⁵

There is political support at the highest level to deepen diaspora linkages between Australia and India. This is evidenced by the June 2020 Joint Statement on the Comprehensive Strategic Partnership between Australia and India, where both countries agreed that '[i]n recognition of the growing contribution of Indian-Australians to the bilateral relationship, we will continue to work to deepen diaspora and community-level contact'.³³⁶

A large, educated and growing diaspora

Australia's Indian diaspora—that is, Australians with Indian ancestry and Indian-born residents—comprises 700,000 to 800,000 people, and is the fastest-growing, large diaspora

334 Submission 7, Federation of Indian Associations of WA, p12; Submission 21, Avenewz News, p1.

335 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p8.

336 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

in Australia.³³⁷ Migration from India to Australia increased dramatically between 2006 and 2016, more than doubling the Indian-born population in Australia to almost 700,000.³³⁸ Before the COVID-19 pandemic, the number of Indian-born Australians was expected to double again by the early 2030s, reaching 1.4 million and surpassing the number of Chinese-born Australians.³³⁹

The Committee heard different estimates about the size of the Indian diaspora in WA, which may reflect the last census being in 2016 and differing definitions of diaspora membership (i.e. whether Indian students are included).³⁴⁰ The Perth USAsia Centre said that there are 75,000 Western Australians with Indian ancestry, which reflects the Varghese Report.³⁴¹ The Varghese Report noted that, at the time of the 2016 census, 73,464 people claiming Indian ancestry resided in WA, making it the third highest overseas birthplace of WA residents after England and New Zealand.³⁴²

The AIBC, Indian Society of Western Australia (ISWA) and Federation of Indian Associations of WA reported that the diaspora in WA was around or over 100,000.³⁴³ The AIBC estimate includes people with Indian ancestry who reside in WA, as well as Indian people studying in, or visiting, WA.³⁴⁴

The Indian diaspora is the fastest-growing diaspora in WA. Between 2006 and 2016, the size of the diaspora in WA more than tripled—it was 22,000 in 2006.³⁴⁵ In 2016–17, 2017–18 and 2018–19 the net migration of Indians to WA was 3,740 (of 14,640 immigrants), 3,480 (of 13,980), and 4,640, (of 17,590) respectively.³⁴⁶ Given this migration increase since the 2016 census, the Indian diaspora in WA may be 90,000 to 100,000 people in 2020.

You cannot understate how important [the] diaspora base is. ... four per cent of Perth's population is of Indian ancestry, so that is very strong.

Hugo Seymour, Perth USAsia Centre

337 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p6.

338 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p356.

339 *ibid.*

340 Submission 33, Department of Local Government, Sport and Cultural Industries, p3; Submission 24, Department of Jobs, Tourism, Science and Innovation, p10.

341 Submission 5, Perth USAsia Centre, p22.

342 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p361. The Perth USAsia Centre states that there are 75,000 Western Australians with Indian ancestry living in WA, and 65,000 live in Perth based on the 2016 census and the Varghese Report data (Submission 5, p22). The Department of Local Government, Sports and Cultural Industries states that as at 2016, 68,799 Western Australian residents had Indian ancestry and 49,384 were born in India (Submission 33, p3). JTSI reflect this number when it says that in 2016 the diaspora was 69,000 strong (Submission 24, p10).

343 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p1; Submission 7, Federation of Indian Associations of WA, p12; Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p1.

344 Australia India Business Council: WA Chapter, Email, 7 August 2020, p1.

345 Submission 24, Department of Jobs, Tourism Science and Innovation, p10; Submission 5, Perth USAsia Centre, p22.

346 Australian Bureau of Statistics, *3412 – Migration, Australia 2018-19*, 2020, accessed 20 August 2020, <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3412.02018-19?OpenDocument>>.

The Indian diaspora in Australia is highly educated, employable and wealthy.³⁴⁷ The majority of members travelled to Australia on professional skills, student or business migration visas.³⁴⁸ The Indian diaspora in WA, like Indian society, is made up of many sub-groups, state and community associations.

Leveraging the diaspora to grow the Western Australia–India economic relationship

The Varghese Report observed that the Indian diaspora is yet to have a significant impact on national bilateral trade figures. The Perth USAsia Centre added there is little evidence to suggest that this statement does not apply to WA.³⁴⁹

The Indian Government puts considerable effort in maintaining links with its diaspora. The overseas migration of skilled professionals is not seen as a ‘brain drain’ but rather as a ‘brain circulation’ and ‘brain gain’.³⁵⁰ Promoting and supporting the diaspora community validates Australia as an ‘innovative, diverse, safe and prosperous society and improves Australia’s standing and influence in India’.³⁵¹

Embracing the contributions of our Indian diaspora, and giving them prominence in bilateral relations; strengthening diaspora organisations; attracting talent in sectors that will drive Australia’s growth

*An India Economic Strategy to 2035:
Navigating from Potential to Delivery
(Peter Varghese AO)*

The Varghese Report highlighted placing diaspora achievement and entrepreneurial ventures at the forefront of bilateral engagement.³⁵² It

recommended ‘[g]iving prominence in the bilateral relationship to achievements and innovation in the diaspora’, and that the Commonwealth Government:

- Leverage India’s ‘brain circulation’ narrative of the diaspora by ensuring Indian diaspora participation is prominent in bilateral engagement.
- Increase the visible presence of diaspora achievement and leadership in Australia’s competitive growth sectors.
- Engage CEOs of successful Indian diaspora businesses, Indian diaspora professionals in high-level executive positions in Australian companies, and leading Indian diaspora researchers at Australian universities more closely:
 - including by encouraging their participation in bilateral dialogues, delegations, and business-to-business engagement between India and Australia.
- Support efforts by Asialink, the Diversity Council Australia and others for greater Indian diaspora representation in organisational structures and on boards.

347 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, p364.

348 *ibid.*, p359.

349 *ibid.*, p370; Submission 5, Perth USAsia Centre, p22.

350 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, p358.

351 *ibid.*, pp356–357.

352 *ibid.*, p358.

- Ensure visiting Indian delegations spend time both with the broad Indian diaspora community and with Indians of notable achievement.
- Celebrate and showcase achievement and entrepreneurship within the diaspora community, through the India Australia Business and Community Awards and similar initiatives.³⁵³

The President of ISWA, the peak diaspora organisation in WA, Supriya Guha, said WA should ‘absolutely’ be leveraging the diaspora more to promote WA, and this needs to be driven by community leaders.³⁵⁴ The Federation of Indian Associations of WA highlighted that there is a lack of cohesive policy to take the WA–India economic relationship to the next level, adding that the State Government should increase engagement with the diaspora ‘beyond tokenism and photo opportunity’ and show real commitment to forging deep relationships.³⁵⁵

The Australian Indian diaspora is a national economic asset, and should be engaged and deployed as such. The Indian Government puts a large effort into working with this diaspora. The Australian Government must also do so.

*An India Economic Strategy to 2035:
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(Peter Varghese AO)*

JTSI acknowledges that WA can strengthen its trade and investment with India by leveraging the Indian diaspora.³⁵⁶ It describes ‘Indian-born communities’ as ‘powerful partners in deepening the State’s connectivity and influence in India, as well as attracting business investment, tourism and international students’.³⁵⁷ A State Government ‘action’, identified in the Asian Engagement Strategy, is to partner with ‘Asian diaspora communities on economic initiatives including greater engagement with visiting Asian delegations, entrepreneurs and investors, and identification of market opportunities’.³⁵⁸

As to *how* JTSI partners with the diaspora, Ms Mathews described JTSI’s engagement with the Indian diaspora as a ‘more organic, than formal process’.³⁵⁹ She noted that JTSI connects with AIBC ‘largely through ... structured events that we arrange like the India Business Forum, and through the consulate’.³⁶⁰ When asked to provide ‘a couple of models’ to better leverage the knowledge and experience of the Indian diaspora, JTSI did not provide any structural models but repeated its less structured model of engagement when it advised:

JTSI has ongoing engagement with a number of Indian diaspora organisations (or organisations with Indian diaspora representatives), including the Indian Business

353 *ibid.*, recommendation 90, p373.

354 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p9.

355 Submission 7, Federation of Indian Associations of WA, pp11, 14.

356 Submission 24, Department of Jobs, Tourism, Science and Innovation, p11.

357 *ibid.*, p16.

358 Government of Western Australia, *Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p15.

359 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p15.

360 *ibid.*, pp15–16.

Council of WA; Indian Society of WA; Federation of Indian Associations of WA; Sikh Professional Network; Crescent Institute; and Perth Asian Professionals...

JTSI is aware that the Indian diaspora in Western Australia is large and diverse and the number of diaspora organisations reflects this. As such, engagement activities need to be appropriately targeted and, from a trade and investment point of view, directed to achieving realistic and productive outcomes.

Engagement activities could be prioritised on the basis of the sectors identified in the Indian Economic Strategy [Varghese Report] and/or on the basis of priority Indian states ... JTSI also encourages Indian diaspora organisations to establish networks among themselves and with other relevant organisations.³⁶¹

In relation to supporting diaspora and Indian-focused institutions, recommendation 4 recommends that the State Government:

- continue to partner with and leverage the resources, networks and skills of India-focused institutions, such as the Perth USAsia Centre, Asialink Business, the Chamber of Commerce and Industry of Western Australia and the Australia India Business Council: WA Chapter; and
- maximise ministerial and agency engagement with India-based organisations and institutions that are relevant to opportunities in target sectors, and support and encourage Western Australian organisations to do so.

It is important that the State Government continues to support diaspora associations because organisations like ISWA ‘thrive on government support and some sponsorship’.³⁶² Government support also helps them organise important networking events.³⁶³ The Federation of Indian Associations of WA said the State Government should make it easier to gain grants and funding for diaspora community engagement programs.³⁶⁴ The Perth USAsia Centre added that government policy should support ‘diaspora-focused programs oriented to business and trade development’.³⁶⁵ One way this could be done is to include diaspora members of ‘notable achievement’ (in the words of the Varghese Report), as part of outgoing or incoming trade missions, and other bilateral engagement events (as noted in chapter 12).

Given the capacity of the diaspora to assist to grow the WA–India economic relationship, the State Government could develop an Indian diaspora engagement plan. This could be included in the India Market Plan. Asialink Business has developed diaspora engagement plans for other states and assisted other governments to build ‘innovative tools to enable strategic resources such as the Indian diaspora to be utilised effectively in strengthening partnerships with India’.³⁶⁶

361 Department of Jobs, Tourism Science and Innovation, Attachment to Email, 6 October 2020, p1.

362 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p9; Submission 5, Perth USAsia Centre, p22.

363 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p9.

364 Submission 7, Federation of Indian Associations of WA, p15.

365 Submission 5, Perth USAsia Centre, p22.

366 Submission 10, Asialink Business, p2.

An India group or committee with diaspora membership

Diaspora organisations have expressed support for a working group or committee to provide input and advise the State Government on initiatives to grow the WA–India relationship. In particular:

- ISWA recommend establishing a diaspora advisory group or forum (see below).³⁶⁷
- The Federation of Indian Associations of WA recommend an Indian Engagement Advisory Working Group of prominent Indian diaspora people in all professions to advise on government policy directions.³⁶⁸
- The International Business Council of Australia added that the talent of Indian diaspora members in WA with business and educational backgrounds should be exploited by offering them positions on ‘various committees, enterprises, Government Agencies, etc’.³⁶⁹

Engaging the Indian diaspora on our trade and investment and economic engagement with India I think is very, very important.

*Professor Stephen Smith,
Perth USAsia Centre*

These views reflect the Varghese Report recommendation to incorporate the Indian diaspora in organisational structures and boards (noted above).

Establishing an India-focused committee to advise JTSI could directly leverage the talent, market intelligence and relationship-building potential of the Indian diaspora. It could also be a forum for the diaspora to submit proposals for the body to assess and suggest to government. One example of how the Indian diaspora could inform the State Government of opportunities was provided in the context of social media marketing. When personalities who are well-known in India and have large social media followings visit WA, diaspora members are more likely to be aware of their arrival than Tourism WA. The tourism authority is ‘not out there looking for celebrities who are here from overseas’.³⁷⁰ When asked how Tourism WA could be notified about these potential social media influencers, Tourism WA Managing Director Brodie Carr responded ‘I guess through the Indian network or if the chamber of commerce or something lets us know’.³⁷¹ An Indian advisory group or committee could feed this information directly to JTSI to action, or not, as appropriate.

When asked to provide details of the recommended group or committee, ISWA responded that its main objective would be to ‘identify specific strategies, approaches and a roadmap to enable and strengthen P-P [people-to-people] connection between India and WA to elevate and augment the brand of WA from a social and economic perspective through the Indian diaspora’. ISWA recommended the following structure:

- The proposed Advisory Committee should comprise leaders from different disciplines and backgrounds within the Indian diaspora. As an example, the Committee should include members from technologies, medical and health, education disciplines as well

367 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p7.

368 Submission 7, Federation of Indian Associations of WA, p15.

369 Submission 32, Business Council of Australia, p2.

370 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p8.

371 *ibid*.

as representation from business community, women leaders, and key community leaders of different communities/states and culture of the Indian diaspora.

- These members will work together to formulate a strategy and road map to strengthen India and WA links to promote economy, tourism and people-to-people (P-P) links. They can work together with an objective to promote WA as the go to state within Australia.
- The Committee should incorporate 4 key points in the strategic planning:
 - Connect P – P; [people-to-people]
 - Collaborate;
 - Exchange; and
 - Showcase.
- Each of the key points in the strategy should articulate who, how and when.
- The road map should articulate small, medium and long-term activities with clear milestones. A set of KPIs and success criteria should be established upfront that the group will aim to deliver.
- This Advisory Committee will directly report to the State Government representative leading this initiative. There will be regular checkpoints to present the status back to the Government and course correction as required.

This checklist would be useful when considering how to better engage with the diaspora, as part of the development of the India Market Plan, and demonstrates the depth, expertise and commitment of the diaspora to contribute to growing the WA–India relationship.

An India advisory group could assist the State Government by providing important market intelligence, insight and knowledge. The committee could report directly to an appropriate JTSI officer (who could observe meetings), the Business Advisory Forum (which does not meet often), or the International Education Advisory Group if appropriate.

Finding 30

The large and growing Indian diaspora in Western Australia is an underused resource and could greatly assist Western Australia to strengthen its trading relationship with India. Members of the diaspora should have a prominent role in bilateral relations.

Recommendation 6

That the State Government consider developing an Indian diaspora engagement strategy or plan, which could be part of the India Market Plan, and:

- continue to fund Indian diaspora organisations;
- host and support networking events and diaspora-focused programs oriented to business and trade development between Western Australia and India;
- ensure that members of the Indian diaspora are given a prominent role in bilateral relationships, such as participating in outgoing and incoming trade missions and other events; and
- establish an India group or committee with diaspora membership to provide important intelligence, insight and knowledge to the State Government.

Chapter 5

The challenges of the economic relationship

There is an enormous potential for [the India] relationship to grow and there are also significant challenges ahead if we are to grow that relationship.

Chamber of Commerce and Industry of Western Australia

Despite the great potential of the WA's economic relationship with India, there are nonetheless significant challenges. While it is essential to identify the complementarities between the WA and Indian economies, these challenges must be acknowledged and navigated.

Success with India is by no means "too hard"—it is essential

Perth USAsia Centre

As discussed in chapter 2, the nature of WA's economic relationship with India differs from its other relationships in Northeast Asia: the economic relationship is not underpinned by demand for a particular mineral or energy commodity. Pursuing a different type of engagement with India is challenging.

Many market challenges and barriers to trade are imposed by Indian central and state governments. While the Commonwealth Government, collaborating with state governments, work to improve market access in India, there are limits to what can be achieved in trade if India maintains protectionist trade settings. The Department of Foreign Affairs and Trade (DFAT) advised that it is important for Australia to have 'strong productive relationships' with Indian decision makers, business and institutions to minimise and manage barriers to trade. Insights or forewarning of potential trade policy or regulatory changes also assist DFAT to minimise disruptions and damage to the broader bilateral relationship.³⁷²

There is a different dynamic to the main services 'export' sectors, international education and tourism. Many challenges that apply to trade and investment in India do not apply to these sectors. International education and tourism are discussed in chapters 6 and 7.

A complex market

A significant impediment for business, including small and medium-sized enterprises (SMEs), is the complexity of navigating and operating in the enormous, competitive, and price sensitive Indian market.

India is just an enormous, complex market

*Australia India Business Council:
WA Chapter*

India is the world's largest democracy and its diverse states operate as distinct economies. Frustrations for companies in doing business include

372 Submission 15, Department of Foreign Affairs and Trade, p3.

bureaucratic inefficiencies, restrictive land acquisition, difficult regulatory procedures, the obtaining of permits and enforcing of contracts and the challenges of starting a business in India.³⁷³ India is not only a crowded marketplace but it is very cost competitive, driven in part by India's domestic supply of low-priced commodities and services.³⁷⁴ Foreign businesses struggle to navigate India's complex regulatory environment, with significant variations across India's states.³⁷⁵

Indian trade policy and settings—tariffs, import and export quotas, and other restrictions—are used to protect domestic industries and control supply and prices in the short term. This is most evident in the agribusiness sector, as well as in some mineral commodities, especially gold. Significant changes in policy may occur with little notice.³⁷⁶ Mining companies wanting to enter the Indian market must also consider how sovereign risk might affect a proposed enterprise, and a number of policy and regulatory constraints.

India is committed to improving the ease of doing business.³⁷⁷ India's ease of doing business ranking has improved in recent years; it is now ranked 63rd among 190 nations,³⁷⁸ its ranking falling 14 places in the last year and 67 places over the last three years.³⁷⁹ India, which the World Bank considers has 'conducted a remarkable reform effort', was included in the list of 10 most improved economies in 2020 for the third year in a row. Only four other countries have ever achieved the same feat. Major improvements in India were registered in the areas of starting a business (ranked 136), dealing with construction permits (27), trading across borders (68) and resolving insolvency (52).³⁸⁰ Importantly for Australian business, importing and exporting has become easier for the fourth consecutive year where India ranks 68th globally. While there has been progress, India still lags in areas such as contract enforcement (ranked 163) and property registration (154).³⁸¹ There is a wide variation in the ease of doing business across different sectors and states.³⁸²

Tariffs

India has some of the highest tariffs in the world.³⁸³ Although India has dramatically decreased maximum tariff rates since economic liberalisation began in 1991, in 2018 India

373 Submission 14, Australia India Business Council: WA Chapter, p5.

374 Submission 24, Department of Jobs, Tourism, Science and Innovation, p2.

375 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p323.

376 Submission 24, Department of Jobs, Tourism, Science and Innovation, p10.

377 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p323.

378 World Bank Group, *Doing Business 2020: Comparing Business Regulations in 190 Economies*, Washington, D.C., 2020, p4.

379 Submission 5, Perth USAsia Centre, p12. India was ranked 77 in 2019, 100 in 2018, 130 in 2017.

380 World Bank Group, *Doing Business 2020: Comparing Business Regulations in 190 Economies*, Washington, D.C., 2020, pp9, 8; The World Bank, *Ease of doing business in India*, 2020, accessed 22 October 2020, <<https://www.doingbusiness.org/en/data/exploreeconomies/india#>>.

381 Australian Trade and Investment Commission, *Insight – India on the rise in latest ease of going business rankings*, 2019, accessed 8 May 2020, <<https://www.austrade.gov.au/news/insights/india-on-the-rise-in-latest-ease-of-going-business-rankings>>.

382 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p323.

383 Tariffs in this section include other customs duty rates that are applicable to imports.

Other sectors do not face the same tariffs as agricultural products. Tariffs on minerals and metals are some of the lowest in India, but tariffs are higher in the mining equipment, technology and services (METS) sector.³⁹⁰

Non-tariff barriers

Non-tariff barriers are ‘any kind of “red tape” or trade rules that unjustifiably restrict the flow of goods and services and are inconsistent with trade rules.’³⁹¹ They include a range of barriers such as biosecurity requirements, border delays, price controls, data storage and privacy requirements, and local ownership rules.³⁹²

India is not an easy place to conduct international trade. According to the World Bank, the number of trade documents required to export from and import into India as at May 2019 was six and 10 respectively.³⁹³ This is less than the 10 export documents and 15 import documents reported in 2006 (when the measure was first introduced as part of the World Bank’s ease of doing business index),³⁹⁴ but is still higher than the four or five documents required to trade with many European countries.³⁹⁵

India is currently ranked 68th out of 190 countries for the time and cost associated with the logistical process of exporting and importing goods.³⁹⁶ When importing to India, businesses face 70 hours and US\$260 to comply with border procedures in Delhi and 60 hours and US\$273 in Mumbai per shipment. This is better than South Asia as a whole, where businesses face an average of 85.7 hours and US\$472.90 to comply with border procedures per shipment.³⁹⁷

One non-tariff barrier that affected market access was India’s requirement that Australian grain be fumigated with methyl bromide. The Australian grain industry prefers and uses phosphine. Following Commonwealth Government and Department of Primary Industries and Regional Development (DPIRD) engagement with Indian Government representatives, India recognised this issue. Since then, there has been ‘significant improvement’ to market access, although DPIRD is still working through technical issues with industry.³⁹⁸

390 This statement was true at the time of writing the Varghese Report. See *ibid.*, pp107, 110.

391 Department of Foreign Affairs and Trade, *Addressing trade barriers*, accessed 3 October 2019, <tradebarriers.dfat.gov.au/index.html>.

392 Department of Foreign Affairs and Trade, *Non-tariff measures and trade barriers*, accessed 3 October 2019, <tradebarriers.dfat.gov.au/transparency/index.html>.

393 World Bank Group, *Doing Business 2020: Economy profile—India*, Washington, D.C., 2020, pp90, 94.

394 World Bank Group, *Doing Business in 2006: Creating jobs*, Washington, D.C., 2006, p105.

395 The World Bank, *Doing Business: Trading across borders*, accessed 22 May 2020, <www.doingbusiness.org/en/data/exploretopics/trading-across-borders>.

396 World Bank Group, *Doing Business 2020: Economy profile—India*, Washington, D.C., 2020, p4.

397 These costs do not include tariffs. See *ibid.*, pp87, 91.

398 Submission 11, Department of Primary Industries and Regional Development, p3; Liam O’Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p2.

Business attitudes and lack of awareness of the opportunity of India

The Committee consistently heard that Western Australian businesses regard India as a difficult and challenging market, and there was a lack of confidence in the market.³⁹⁹ Ambassador Anil Wadhwa added that ‘there is a relative lack of awareness ... about business opportunities on both sides’ of the Australia–India relationship.⁴⁰⁰

There is a perception that India is ‘too hard’ and is not ready to do business. According to Peter Varghese, Australian businesses are yet to buy into the importance of India to Australia’s future economic growth. For some businesses, their pessimism may be shaped by their awareness of, or their own, past failures in India.⁴⁰¹

A key barrier to trade and investment is the lack of market awareness and understanding between India and Western Australia, and this goes very much two ways.

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Respondents to *Australia’s International Business Survey 2019* identified the key barriers to doing business with India, noted in box 5.2.

Box 5.2: Australia’s International Business Survey 2019: Barriers to doing business in India

Respondents to the *International Business Survey 2019* identified the following key barriers to doing business with India:

- cultural challenges/capabilities (31 per cent of respondents);
- corruption and contract security issues (31 per cent);
- identifying a partner (28 per cent); and
- issues related to intellectual property protection; difficulties in navigating government; and market access issues (25 per cent each).

Survey respondents not doing business in India identified the following main reasons for not doing business in India:

- their business being focused on other markets (42 per cent);
- difficulty in identifying a partner (29 per cent);
- concerns due to corruption or contract security issues (22 per cent); and
- problems related to market access issues (21 per cent).⁴⁰²

The Federation of Indian Associations of WA considers that WA is giving ‘[t]oo much focus’ to China and Japan and that this is an impediment to the relationship with India.⁴⁰³ However, this is understandable given China and Japan’s demand for mineral resources and energy and the long-standing and extensive trade ties with these nations.

399 Closed evidence.

400 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p1.

401 Matthew Cranston, ‘Big business needs to shake India pessimism’, *Australian Financial Review*, 13 November 2019, p13.

402 Export Council of Australia et al., *Australia’s International Business Survey 2019*, Australia, 2019, pp36–37, 39.

403 Submission 7, Federation of Indian Associations of WA, p12.

Prior to the COVID-19 pandemic, there was growing business optimism about the future of the Australia–India trading relationship, although the level of optimism varied. *Australia's International Business Survey 2016: Country Profile Report India* found that among Australian companies that were already trading with India, a majority felt business conditions were improving.⁴⁰⁴ This optimism is reflected in *Australia's International Business Survey 2019*, which found that:

- 45 per cent of respondents see sales growth and economic growth as the main opportunities encouraging them to do business in India;
- 38 per cent of respondents consider access to a growing consumer market as a key opportunity.⁴⁰⁵

It appears that many businesses are simply unaware about the opportunities India presents, and this may be especially so for SMEs. Inquiry participants were of the view that the State Government needs to drive awareness of the opportunities presented by India.⁴⁰⁶ DPIRD advised that India does not feature in the agricultural industry's awareness in general, so 'the more we talk about [it], the more it will feature in their awareness.'⁴⁰⁷ Awareness appears to be growing as demonstrated by attendances at more recent events such as the Department of Jobs, Tourism, Science and Innovation's (JTSI's) India Business Forum in May 2019 and the Chamber of Commerce and Industry of Western Australia (CCIWA) and Australia India Business Council: WA Chapter (AIBC) Business Pathways to India breakfast information session in March 2020. Initiatives to raise awareness of opportunities in India are set out in chapter 12.

A lack of understanding of India and its business culture

Australian businesses should improve their understanding of India's business environment to get noticed and maximise the opportunities in the crowded Indian market place.⁴⁰⁸ Inquiry participants agreed that Western Australian businesses lack India literacy.⁴⁰⁹ As Asialink Business submitted:

Australian organisations urgently require a more sophisticated understanding of Indian culture, the business environment and Australia's relationship with India, as well as the skills to manage the complexities of relations and ensure mutual understanding and success within an Indian context.⁴¹⁰

India's business culture differs from the business culture in Australia in many ways. These differences present challenges in doing business with India, particularly in the areas of

404 Australian Trade and Investment Commission et al., *Australia's International Business Survey 2016: Country Profile Report India*, Australia, 2016, p11.

405 Export Council of Australia et al., *Australia's International Business Survey 2019*, Australia, 2019, p40.

406 Submission 2, UWA and UWA Public Policy Institute, p1.

407 I-Lyn Loo, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p11.

408 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p327.

409 Submission 2, UWA and UWA Public Policy Institute, p3; Submission 10, Asialink Business, p2.

410 Submission 10, Asialink Business, p2.

contract negotiation, interpretation, and dispute resolution.⁴¹¹ Family owned businesses exercise significant market power and political influence in India, and can operate on longer time horizons and with greater levels of risk compared to Australia's listed companies.⁴¹² Indian businesses are typically less risk averse than Australian businesses.

A deeper understanding of India's business culture will enable businesses to maximise opportunities. The Committee heard of one instance where an Australian business had followed its traditional approach of sending its marketing manager into the Indian market to speak to Indian businesses. But this approach did not work. Indian businesses are more hierarchical and what was required was a CEO-to-CEO discussion, followed by engagement at other levels of the relevant businesses.⁴¹³ A

witness told the Committee that, to effectively sell a business proposition, a business has to speak to the right person, with a well-thought-through proposition, and economics that work for that business.⁴¹⁴ Further, as the *Queensland–India Trade and Investment Strategy 2018–2023* notes, 'India's businesses typically expect high levels of communication and persistence (it often takes 4–5 interactions before relationships progress), and prefer to meet face-to-face.'⁴¹⁵

Opportunities exceed difficulties in the Indian market for Australian business. But success in this market requires a clear-eyed understanding of the business environment and differences in business culture.

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The mutual lack of understanding extends beyond the business culture. There are outdated views and misconceptions about India in WA and, to the extent that there is any perception of the State, WA in India.⁴¹⁶ While the cultures of the United States and United Kingdom are well understood in India, partly due to Indians visiting or studying in those countries, the Australian culture is not.⁴¹⁷

Perception matters when it comes to strengthening economic ties with India, particularly given the importance of relationships in Indian business. Each year, the Lowy Institute measures how Australians feel towards a range of countries to 'put Australia's foreign policy in context'. In 2020, Australians expressed the most unfavourable feelings towards India that have been recorded since the feelings thermometer began in 2006. On the scale of zero degrees to 100 degrees—with zero being the coldest feelings and 100 the warmest—India's reading is 52 degrees. This is one degree cooler than in 2019 and six degrees cooler than in 2018.⁴¹⁸ When Indians were surveyed about their feelings towards Australia in 2013, they

411 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p324.

412 *ibid.*, p325.

413 Closed evidence.

414 *ibid.*

415 Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018, p7.

416 Submission 14, Australia India Business Council: WA Chapter, p5.

417 Closed evidence.

418 Lowy Institute, *Lowy Institute Poll 2020: feelings towards other nations*, 2020, accessed 1 October 2020, <<https://poll.lowyinstitute.org/report/>>.

expressed similarly lukewarm feelings. Australia only scored 56 degrees.⁴¹⁹ Forty five per cent of Australians trust India, a 14-point drop from 2018.⁴²⁰ Australians are also lukewarm on the prospects of a free trade agreement: 24 per cent consider that a free trade agreement with India would be ‘bad’ for Australia, with 44 per cent responding that it would be ‘good’ for Australia.⁴²¹

Initiatives to build Western Australian business capability in India are set out in chapter 12.

Direct flights

A number of witnesses to the inquiry considered that direct flights between India and Perth will address the Indian perception that Australia is a far away, long-haul destination.

New arrangements made in June 2018 under the existing *Australia–India Air Services Agreement* laid the groundwork for airlines to increase direct flights across six Indian and six Australian cities, which could include Perth.

Inquiry participants commended State Government action to secure direct flights between India and Perth. Securing direct flights between WA and India will be a catalyst to growing the WA–India economic relationship in all service, trade and investment sectors. As the Perth USAsia Centre observed, ‘the importance of direct flights between Perth and a major Indian city (for example, New Delhi, Mumbai or Chennai) to strengthen the tourism **and** broader trade relationship cannot be understated [emphasis added]’.⁴²² However, direct flights with India should not be a condition precedent for WA to pursue initiatives to grow the WA–India economic relationship.⁴²³

***More direct flights between
Australia and India are
essential to building the
tourism and broader economic
relationship.***

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Further detail on direct flights is set out in the tourism chapter (chapter 7) and chapter 12, where the Committee recommends that the State Government continues to pursue securing direct flights between Western Australia and India as a priority.

Finding 31

The Western Australia–India economic relationship has great potential, but also faces challenges. Challenges include the complexity of the Indian market, high tariffs, other regulatory and non-tariff barriers, a lack of business awareness of the opportunities of India, and lack of understanding of India’s business culture.

419 Lowy Institute and Australia India Institute, *India-Australia Poll 2013*, Australia, 2013, p3.

420 Lowy Institute, *Lowy Institute Poll 2020: feelings towards other nations*, 2020, accessed 1 October 2020, <<https://poll.lowyinstitute.org/report/>>.

421 *ibid.*

422 Submission 5, Perth USAsia Centre, p32.

423 *ibid.*, p33.

Finding 32

Although they have declined 150 per cent since economic liberalisation began in 1991, India's tariffs remain amongst the highest in the world. This adversely affects Western Australia's agricultural commodity exports, where tariffs are particularly high.

Finding 33

The Indian Government is committed to improving the ease of doing business with India. In the last three years, its World Trade Organization ranking for ease of doing business has more than halved, from 130 to 63 (out of 190 nations).

Finding 34

Direct flights between Western Australia and India will be a catalyst to growing the Western Australia–India economic relationship in all sectors including tourism. The importance of direct flights cannot be understated.

Chapter 6

International education

[We] need to make the relationship that we have as a university and as a state and a country with India much more than just recruiting students. It needs to be those lifelong links and it needs to be investment both ways and so on and so on.

David Norman, Senior Policy Adviser to the Vice-Chancellor, University of Western Australia

International education provides perhaps the most promising opportunity to create jobs and diversify the WA economy and trade base. StudyPerth estimates that one job is created for every five international students in WA.⁴²⁴ In 2019, the sector generated an export income of \$2.1 billion and directly or indirectly supported around 11,900 full time jobs in WA courtesy of students' course fees and general expenditure.⁴²⁵ Yet, as was noted chapter 2, the way in which trade has been historically measured—that is, 'the sales of services from Australian businesses to buyers from foreign markets'⁴²⁶—has tended to overlook such flow-on effects and has led to an undervaluing of service exports.

This chapter examines the WA Government's current focus on international student recruitment. The opportunities in the international education sector extend well beyond this one aspect of international education and into the lucrative potential of providing education services in India, among other opportunities. Growth in all aspects of international education may result in significant job growth in WA.

International education is a 'point of strength' for the Western Australia–India relationship

The international education sector is a vital element of the economic relationship between WA and India. In the *Western Australia Investment and Trade Plan 2019–20*, India is identified as a key market in the education subsectors of higher education, vocational education and training (VET) and English Language Intensive Courses for Overseas Students (ELICOS). The only subsector in which India is not identified as a key market is schools (primary or secondary school courses or secondary school exchange programs).⁴²⁷ JTISI, which has shared responsibility for the delivery and implementation of *Where bright futures begin: International education in Perth, Western Australia 2018–2025* (the International Education Strategy), submitted that the international education sector is 'a point of strength in Western Australia's economic relationship with India.'⁴²⁸

424 StudyPerth, *Economic contribution of international education in Western Australia*, Perth, 2020, p16.

425 *ibid.*

426 Asialink Business, PwC Australia and ANZ Banking Group, *Australia's Jobs Future: The rise of Asia and the services opportunity*, Australia, 2015, p15.

427 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p15.

428 Submission 24, Department of Jobs, Tourism, Science and Innovation, p17.

Both India and WA have complementary interests in the international education sector: India has a significant and growing demand for high-quality education and WA has the educational expertise to meet this demand. This dynamic, in which the need of one economic partner can be met by the other, mirrors the complementarities set out in *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report)—the roadmap for Australia on how to grow its economic partnership with India. The Varghese Report identified international education as the ‘flagship sector’ in Australia and India’s economic relationship.⁴²⁹ WA vies for a part of the Indian education market against many countries, including the United Kingdom, Canada and United States.

What India needs

India reportedly requires an additional ‘200,000 secondary schools, 35,000 colleges and 700 universities’ to meet the education demands of its growing population.⁴³⁰ As at late 2017, around 500 million people—or 37 per cent of India’s total population—was in the ‘education age bracket’, aged five to 24 years old.⁴³¹ The tertiary-age population in India alone is projected to increase to a consistent 118 million by 2035.⁴³²

India also wants to improve the quality of education provided to its students. According to the Varghese Report, only around one-third of Year 4 students are currently able to read at a Year 2 level. The National Assessment and Accreditation Council of India has rated 91 per cent of accredited colleges at or below average, in part because of outdated curricula.⁴³³ One way of addressing this situation, as noted by the Varghese Report, is for Indian education bodies and regulators to work with Australian providers in curriculum development.⁴³⁴

Indian parents are also increasingly willing to pay for their children’s education. Although the country remains a price sensitive market, India’s expanding consumer class has increased the number of people with the means and willingness to study overseas.⁴³⁵ As JTSI Acting Deputy Director General of Strategy and International Engagement Jennifer Mathews said during her appearance before the Committee, India ‘has a young and growing population, a growing middle class. That presents opportunities for us in areas like international education and vocational training.’⁴³⁶

429 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p7.

430 *ibid.*, p67.

431 Closed evidence.

432 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p67; Submission 24, Department of Jobs, Tourism, Science and Innovation, p17.

433 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p72; Closed evidence.

434 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp72–73.

435 *ibid.*, p67.

436 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p2.

What Western Australia can provide

WA is well-positioned to meet India's increased demand for high-quality education services. For those students wishing to study abroad, it offers universities ranked amongst the best in the world. Two of WA's five universities, the University of Western Australia (UWA) and Curtin University, are in the top 250 of the *Times Higher Education* World University Rankings for 2021. In contrast, none of India's ranked institutions are in the top 300.⁴³⁷

WA's VET institutes have experience providing training in India through partnerships with Indian institutes or companies. In 2012, for example, Polytechnic West started delivering the Certificate I in General Construction to employees of a large construction company in India.⁴³⁸ The Central Institute of Technology collaborated with an Indian training institute to deliver Central Institute-licensed qualifications in mining, engineering and safety in India. It trained the trainers who would deliver the qualifications, then quality assured, monitored and audited the training delivered by the trainers.⁴³⁹ Polytechnic West and the Central Institute of Technology are now part of South Metropolitan TAFE and North Metropolitan TAFE respectively.

The State also has well-respected curriculum programs from kindergarten through to Year 12, which it has been licensing to overseas schools for over 32 years. Run by WA's School Curriculum and Standards Authority (SCSA), the International Education Program (IEP) is offered in 11 overseas schools. An additional 17 were scheduled to join the program by the middle of 2020 but unfortunately, the COVID-19 pandemic delayed the SCSA's due diligence processes for six of the additional 17 schools. As at June 2020, these processes had still not been completed.⁴⁴⁰ No Indian schools are part of the IEP but the SCSA hopes to expand to India in the near future. The program is so highly regarded that it has a waiting list of schools wanting to offer the WA curriculum to their students.⁴⁴¹

International education and the multiplier effect

International education is also important because it is a key driver of the 'multiplier effect'. Stakeholders told the Committee that education services, regardless of whether they are provided onshore or offshore in India, have the potential to create considerable returns for WA.

As was outlined in the opening of this chapter, economic benefits flow from international students completing their studies in WA. Their living expenses, accommodation costs, and tuition fees feed into the WA economy, stimulating jobs and generating income.⁴⁴² The

437 Times Higher Education (THE), *World University Rankings 2021*, September 2020, accessed 13 October 2020, <https://www.timeshighereducation.com/world-university-rankings/2021/world-ranking#!/page/0/length/25/sort_by/rank/sort_order/asc/cols/stats>.

438 Polytechnic West, *Annual Report 2012*, Government of Western Australia, Perth, 2013, p18.

439 Central Institute of Technology, *2012 Annual Report*, Government of Western Australia, Perth, 2013, p28.

440 Lisa Rodgers, Department of Education, Letter, 29 June 2020, p2.

441 Submission 8, School Curriculum and Standards Authority, p4; Allan Blagaich, School Curriculum and Standards Authority, *Transcript of Evidence*, 20 March 2020, p6.

442 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p15.

Indian market was the largest contributor to WA's gross state product from international students in 2019. Indian students contributed \$398 million to the WA economy, around \$5 million more than WA's second largest source market, China.⁴⁴³ A study commissioned by StudyPerth found that in 2019:

- every Indian student enrolment contributed \$44,678 to the WA economy;⁴⁴⁴
- every four students from India supported one full-time equivalent (FTE) job in WA; and
- the Indian international education market supported a total of 2,241 FTE jobs.⁴⁴⁵

Box 6.1: What is international education?

International education is a broad sector, encompassing many different activities and services. For clarity, in this report we use three main defined terms:

- 'Onshore education' refers to the face-to-face delivery of education in WA to students whose usual country of residence is not Australia. It includes education services provided through WA universities, VET providers, ELICOS, and schools; however, the prominence of universities and VET providers in the WA–India international education relationship means that the term 'onshore education' is primarily used in this chapter to describe the education offerings of universities and/or VET providers.

International students enrolled in onshore education generally pay higher tuition fees than domestic students, and higher tuition fees than they would in offshore education programs.

- 'Offshore education' refers to international education services offered by WA universities, institutions or training providers outside of Australia. Such services are often provided with the support of overseas partners. Examples in this chapter include:
 - 'Train-the-trainer' courses delivered by WA VET providers in partnership with Indian counterparts.
 - Bespoke skills courses delivered by WA VET providers working directly with large Indian companies to meet their skills needs.
 - Education programs developed in WA but delivered by a third party provider in India, through licensing or partnership arrangements. This includes curriculum programs, such as the School Curriculum and Standards Authority's International Education Program, and twinning programs (although it is probable that Indian regulations currently prohibit twinning programs being offered in India).
- 'Online education' refers to education services that are provided via the internet. In the university context, it may include students accessing lectures and set readings online and communicating with teaching staff by email or online chat.

There are some programs, such as joint degrees, which move between all three forms of education delivery as students progress through their education program.

The expansion of the onshore international education sector also generates tourism growth. An examination of national tourism data found that one in four international students (or 'visitors whose main purpose was education') had family or friends visit them while studying in 2018.⁴⁴⁶ This trend appears to be present in WA. In the year ending March 2020, 32,500 Indian visitors came to WA of which 20,200—or around 62.2 per cent—said their reason for travel was to visit friends and relatives. It was calculated that they spent a total of \$17

443 StudyPerth, *Economic contribution of international education in Western Australia*, Perth, 2020, p19.

444 *ibid.*, p32.

445 *ibid.*, p20.

446 Rebecca Hall and Amy Godfrey, *Edu-tourism and the impact of international students*, 3 May 2019, accessed 24 April 2020, <<https://broadenourhorizons.com.au/edu-tourism-and-the-impact-of-international-students/>>.

million in WA.⁴⁴⁷ JTSI said there was a ‘strong link’ between the number of Indian students in WA and the tourism sector ‘with the growth in students from India contributing to growth in the number of visitors from India to Western Australia over the past few years.’⁴⁴⁸

The increased exposure to WA and its business environment can, in turn, cause students’ families to invest in WA real estate and businesses.⁴⁴⁹ As one inquiry participant put it,

International Education is a bedrock for building the important people to people linkages and being a catalyst for encouraging visitor tourism and investment attraction from families and business associates having families studying in our premier institutions.⁴⁵⁰

StudyPerth, the peak industry body that shares responsibility for implementing the WA Government’s International Education Strategy with JTSI, is well aware of the symbiotic relationship between onshore international education and tourism. One way that it measures the Strategy’s success is by the number of friends and family visiting students in Perth.⁴⁵¹ Chief Executive Officer (CEO) Philip Payne spoke of StudyPerth’s efforts to increase awareness of WA’s tourism offerings, including a welcome event attended by over 2,000 students and their families in February 2020 and a Rottnest Island Student Day in March 2020, attended by 1,200 students and their families.⁴⁵² The aim of the student day in particular was to ‘showcase one of WA’s iconic destinations, as well as local arts and culture.’⁴⁵³ Attendees were offered discounted tickets to travel to and from Rottnest and participate in activities while on the island. As they arrived, a local indigenous Elder conducted a smoking ceremony.⁴⁵⁴ Mr Payne said StudyPerth sought to emphasise

[T]he fees are clearly the biggest revenue generator, but international students have to live somewhere, so there is accommodation. They buy food; they spend in retail; they spend in hospitality; they spend in tourism. So it is all the additional spend that they provide for the local economy. Then their parents come to visit, and they spend on accommodation and tourism et cetera. Then there are, as you said, business connections, investments.

Philip Payne, StudyPerth

the link between international education and tourism, and trying to facilitate that at the beginning of the students’ relationship with Western Australia, in the hope

447 Tourism Western Australia, *Western Australia tourism industry scorecard—Year ending March 2020*, Government of Western Australia, Perth, 2020, pp1, 2.

448 Submission 24, Department of Jobs, Tourism, Science and Innovation, p18.

449 Submission 31, Perdaman Global Services, p3; Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p3; Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p2.

450 Submission 31, Perdaman Global Services, p1.

451 StudyPerth, *International education action plan 2019–2025*, Perth, 2019, p13.

452 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p3.

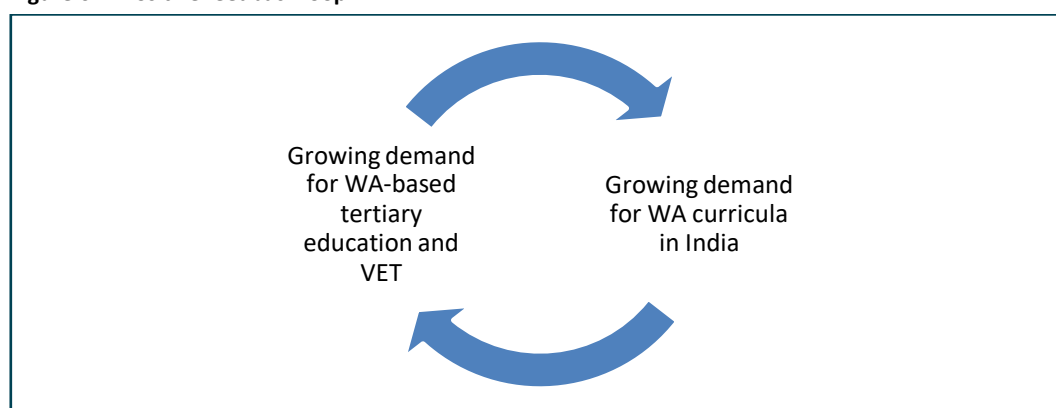
453 Submission 39, StudyPerth, p4.

454 *ibid.*

and expectation that students' families and friends would then be more inclined to spend tourist dollars in the city and the state in coming years.⁴⁵⁵

Further economic gains may be realised once students return to India, having adopted some of the cultural practices or eating habits of their host country. For example, Australian Export Grains Innovation Centre CEO Richard Simonaitis said that five per cent of the Indonesian wheat market is 'home use'. It is driven by people who have become used to baking while studying overseas. Although demand for wheat in India is yet to reach a similar maturity, Mr Simonaitis expected that it would eventually follow a similar trajectory.⁴⁵⁶

Figure 6.1: Positive feedback loop



There is also an opportunity to create a positive feedback loop between curriculum services and the recruitment of students to WA universities and VET institutes (see figure 6.1). The SCSA said that one of the benefits of its IEP was the flow-on effect whereby students who gained their Western Australian Certificate of Education (WACE) and Australian Tertiary Admissions Ranking (ATAR) through the IEP then enrolled in higher education or VET in WA. Not only does the IEP assist WA universities to 'identify students that have prepared for higher education studies through an appropriate curriculum' but also 'provides a further branding point and target market for onshore education in the State.'⁴⁵⁷ As SCSA Board Chair Professor Patrick Garnett said, 'It also builds our reputation, I think, as an education provider in this state and in Australia generally.'⁴⁵⁸ As the reputation of WA higher education grows, this in turn feeds demand for the IEP since it offers a pathway to WA universities.⁴⁵⁹

Recruiting the 'best and brightest' from India to drive WA's future growth was a theme of some evidence.⁴⁶⁰ This echoed the Varghese Report, which stated Australia's 'future growth and prosperity' will depend on its ability 'to generate and attract the "best and brightest"' and recommended that the Commonwealth Government introduce a scholarship akin to the

⁴⁵⁵ Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p3.

⁴⁵⁶ Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, p13.

⁴⁵⁷ Submission 8, School Curriculum and Standards Authority, p7.

⁴⁵⁸ Professor Patrick Garnett, School Curriculum and Standards Authority, *Transcript of Evidence*, 20 March 2020, p2.

⁴⁵⁹ Closed evidence.

⁴⁶⁰ Submission 26, Sanjeev Gupta, p4; Professor Gordon Flake, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, pp17–18.

Rhodes or Fulbright, to attract top students from India.⁴⁶¹ Such individuals, as one inquiry participant put it, will ‘invest their knowledge and expertise in innovation, in turn creating jobs and industry.’⁴⁶²

However, the Varghese Report stressed that attracting the ‘best and brightest’ should not be based solely on the model in which Indian students come to WA and stay after their studies are completed.⁴⁶³ Nor should it be built on what the UWA Public Policy Institute and UWA called ‘transactional student recruitment’.⁴⁶⁴ This, as David Norman, Senior Policy Adviser to the UWA Vice-Chancellor, explained

The way we generate pull in India is by getting the best and the brightest to come to school here, to do tourism here and to emigrate here, and then to leverage those networks back there, which will lift off.

*Professor Gordon Flake,
Perth USAsia Centre*

is increasingly seen by the countries from which we get students as extractive. We are taking them, we are taking their money, we are churning out graduates, we are sending them back.⁴⁶⁵

How the WA international education sector might diversify its relationship with India beyond student recruitment is discussed throughout this chapter.

International education increases India capability and vice versa

The international education sector can contribute to improved business capability or India literacy, which the Committee finds is generally absent from WA businesses (see chapters 5 and 12). Companies that hire Indian students during or after their studies can gain employees who have an understanding of the WA culture and business environment (courtesy of the time spent in the State) and also the language skills and understanding of India’s cultures and business environment. With such employees, companies are not only more likely to consider opportunities in India but, when they expand into this market, are better placed to manage the complexities.⁴⁶⁶ StudyPerth explained:

International students generate cultural linkages, knowledge exchange and relationships that build our social capital and contribute to future international research and business relationships.⁴⁶⁷

461 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, pp66, 87.

462 Submission 26, Sanjeev Gupta, p4.

463 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p67.

464 Submission 2, University of Western Australia (UWA) and UWA Public Policy Institute, p7. See also Submission 14, Australia India Business Council: WA Chapter, p7; Submission 5, Perth USAsia Centre, p27; Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p5.

465 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p5.

466 Asialink Business, *Activating Asia: Converting opportunities to outcomes with Asia*, Melbourne, 2019, pp9–10.

467 Philip Payne, StudyPerth, Letter, 22 May 2020, p1.

Similarly, WA students who complete part or all of their education in India can help Indian companies invest in WA. Curtin University Professor Abhijit Mukherjee told the Committee of one student who completed a semester and, later, an internship at the Indian Institute of Technology Madras (ITT Madras). He joined a start-up company based in India and now the company has two offices—one in Chennai and the other in Perth.⁴⁶⁸

This outcome is the result of education's role as an instrument of soft power. Soft power, or the ability to influence others' actions or points of views so they align with your own without the use of force or bribery, can be a by-product of the friendships and mutual respect and understanding that generally result from sustained contact between WA and Indian students and academics. As Caitlin Byrne and Rebecca Hall stated in their examination of soft power and Australia's international education sector, onshore and offshore education offerings provide a 'solid platform' for 'enabling cultural understanding across borders, building lasting relationships, and mobilising ideas, skills and networks in ways that advance Australia's regional and global interests.'⁴⁶⁹

Finding 35

The international education sector has the potential to drive Western Australia's future economic relationship with India. There are complementarities between the two jurisdictions and room for growth. The sector also produces a significant 'multiplier effect' and can assist to increase business capability or India literacy. For these reasons, the State Government should be ambitious, strategic and persistent in pursuing efforts to grow and diversify the international education sector.

Role of the State Government

Responsibility for the international education sector rests mainly with the Commonwealth Government. It provides the quality assurance and regulatory framework that seeks to maintain the standards of higher education services. It has primary responsibility for funding universities and other institutions. And it is responsible for the immigration system through which international students gain their visas.⁴⁷⁰

In comparison, the WA Government's sphere of influence in the international education sector is quite narrow. Throughout this chapter, the Committee refers to the levers that the WA Government has available to it in order to influence the international education sector within the State. For completeness, these include:

- advocating for changes to Commonwealth policies or settings that act as a barrier to the international education sector, such as federal visa settings;
- amending criteria for State Nominated Migration Program visas;
- promoting WA as a destination for international education through:
 - the Government of Western Australia's office in India (GoWA India);

468 Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p2.

469 Caitlin Byrne and Rebecca Hall, 'Realising Australia's international education as public diplomacy', *Australian Journal of International Affairs*, vol. 67, no. 4, 2013, p435.

470 Productivity Commission, *International Education Services*, Commonwealth of Australia, 2015.

- ministerial visits;
- the investment of resources;
- State Government-hosted trade missions, which support engagement;
- State parliamentary delegations; and
- giving effect to Memoranda of Understanding (such as the sister state agreement with Andhra Pradesh) through specific project plans.⁴⁷¹
- identifying opportunities in the Indian international education market and communicating these to WA providers; and
- funding:
 - scholarships for international students;
 - collaborative research projects; and
 - onshore services for international education services, such as the employability initiatives of StudyPerth.

Table 6.1: WA ministerial visits to India, 2000 to 2019, with a specific focus on education⁴⁷²

Date	Minister	Location(s)	Principal purpose(s)
February 2007	Premier; Trade	Mumbai; Coimbatore (Tamil Nadu); Chennai; Hyderabad (Telangana); New Delhi	Trade and Investment; Energy and Minerals; International Education
January 2019	Education and Training	Mumbai; New Delhi; Ahmedabad (Gujarat)	International Education
November 2019	Premier; State Development, Jobs and Trade	Mumbai; New Delhi	Tourism; International Education; Energy and Minerals

Importantly, the WA Government also provides the State's international education sector with a clear strategic focus through the development of strategies, action plans, and associated funding programs. WA has a suite of strategic documents that variously identify international education as a priority sector, outline potential opportunities, and set out the Government's approach. These include the economic framework *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA); *Western Australia's Asian Engagement Strategy 2019–2030* (Asian Engagement Strategy); and the *Western Australia Investment and Trade Plan 2019–2020*.

The clearest formulation of the WA Government's international education objectives is found in the International Education Strategy and the accompanying *International Education Action Plan 2019–2025* (the Action Plan). The WA Government, in conjunction with StudyPerth, released the International Education Strategy in October 2018 and StudyPerth subsequently launched the Action Plan to support the Strategy. Whether the strategic focus encapsulated in the International Education Strategy and Action Plan requires realignment is discussed in the next section.

⁴⁷¹ Submission 5, Perth USAsia Centre, p16; Submission 15, Department of Foreign Affairs and Trade, p3.

⁴⁷² Submission 5, Perth USAsia Centre, p14.

JTSI initially told the Committee that it was also developing ‘a very specific action plan around education within each of our key markets, including India.’⁴⁷³ But when questioned further, it indicated that no such plan was being developed. JTSI instead directed the Committee to the International Education Strategy and stated that the ‘Strategy does not highlight individual markets as priorities.’⁴⁷⁴

As noted in chapter 4, approximately two months before the publication of this report, JTSI advised that it was developing Market Plans for WA’s key markets. JTSI said it had always been its intention to develop these plans in stages, but the COVID-19 pandemic and its impact on other JTSI work had enabled it to prioritise the Market Plans. Market Plans will be for internal government use only, but JTSI said that it was translating ‘each one of those internal plans ... into an external market outlook’ for public information.⁴⁷⁵ The public version of the Indian Market Plan will be released by the end of 2020.⁴⁷⁶ It appears that the Market Plans will not be sector specific, but instead focus on all sectors within a market.

There are suggestions that the devolution of responsibility for sectors such as the higher education system from central government to state governments in India strengthens WA’s ability to increase its activities through state-to-state relationships.⁴⁷⁷ Yet the Commonwealth’s Department of Foreign Affairs and Trade (DFAT) cautioned that Commonwealth Government support for state and territory engagement is still often required to show endorsement, secure access and lend credibility in India.⁴⁷⁸

Many of the challenges faced by the sector, most notably the alignment and recognition of each country’s standards or qualifications, are the responsibility of the Commonwealth Government and outside the State Government’s control. Expanding the WA education offerings in India to include more online education services or joint degrees, for example, will rely on the ability of the Commonwealth Government to persuade the Indian Government of the benefit of these education offerings. This reinforces one of the points made in this chapter: that strengthening the WA–India relationship in the international education sector requires cohesion between Commonwealth Government and WA approaches.

473 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p8.

474 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p5.

475 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18.

476 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p2.

477 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, p79; Submission 5, Perth USAsia Centre, pp8, 20; Submission 15, Department of Foreign Affairs and Trade, p2.

478 Submission 15, Department of Foreign Affairs and Trade, p3.

Finding 36

Although the Commonwealth Government has primary responsibility for higher education services in the international education sector, the State Government can influence the international education sector by:

- advocating for changes to Commonwealth policies or settings that act as a barrier to the international education sector, such as federal visa settings;
- amending criteria for State Nominated Migration Program visas;
- promoting Western Australia as a destination for international education through:
 - the Government of Western Australia’s office in India;
 - ministerial visits;
 - the investment of resources;
 - State Government-hosted trade missions, which support engagement;
 - State parliamentary delegations; and
 - giving effect to Memoranda of Understanding (such as the sister state agreement with Andhra Pradesh) through specific project plans.
- identifying opportunities in the Indian international education market and communicating these to Western Australian providers; and
- providing the State’s international education sector with a clear strategic focus through the development of strategies, action plans, and associated funding programs.

Western Australia’s undiversified international education sector

WA must diversify its education relationship with India beyond the recruitment of onshore students to realise the potential of the WA–India relationship. WA’s international education policy is primarily concerned with increasing the number of international students in WA. This aim drives the State’s International Education Strategy and Action Plan—neither consider alternative education offerings such as offshore VET programs or curriculum services, or address the opportunities within research partnerships. Instead, they both focus on supporting the WA Government’s goal of almost doubling the number of international students in WA to 100,000 by 2025.⁴⁷⁹

StudyPerth has begun a review of the Action Plan in light of the COVID-19 pandemic. The focus of the review, as StudyPerth told the Committee in August 2020, is ‘renewal and recovery.’⁴⁸⁰ When JTSI was asked whether it was conducting a similar review of the International Education Strategy, it told the Committee that it was instead developing a Recovery and Renewal Plan for the international education sector. The International Education Advisory Group (discussed further below) is to guide the development of the plan’s initiatives over the next two years. JTSI said it will be reviewing the *implementation* of the International Education Strategy under the auspices of the International Education Advisory Group. This review will include the pandemic’s impact on the international

479 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, pp34, 61; Government of Western Australia and StudyPerth, *Where bright futures begin: International education in Perth, Western Australia 2018–2025*, Perth, 2018, pp7, 14, 19; StudyPerth, *International education action plan 2019–2025*, Perth, 2019, pp9, 13; Submission 39, StudyPerth, p1.

480 Philip Payne, StudyPerth, Letter, 12 August 2020, p1.

education sector, with ‘a view to establishing a more sustainable approach to the growth of the international education sector’.⁴⁸¹

The Committee hopes that StudyPerth’s finalised action plan and JTSI’s Recovery and Renewal Plan will broaden their scope beyond re-establishing international student enrolments from markets such as India, to also focus on diversifying WA’s international education offerings. Specific opportunities for diversification are discussed below.

Prior to the pandemic, WA’s public universities also appeared to emphasise the recruitment of international students. Using 2019 information, the Office of the Auditor General found that Curtin University, Edith Cowan University and Murdoch University derived between 17 per cent and 24 per cent of their total operating revenue from fee-paying international students. This placed them at medium financial risk; universities with between 15 per cent and 25 per cent of operating revenue from fee-paying international students are considered to be medium risk.⁴⁸² Of WA’s four public universities, only UWA was rated as low risk with 14 per cent of its operating revenue from fee-paying overseas students. This was an improvement on the previous year, when UWA was also at medium financial risk with international students contributing 16 per cent of UWA’s operating revenue.⁴⁸³

Commentators suggest that a range of factors have likely contributed to WA’s focus on international student recruitment, including a desire to encourage the multiplier effect, federal policies and institutional responses in the Australian tertiary sector,⁴⁸⁴ how trade has been measured historically (see chapter 2),⁴⁸⁵ and—at least in India’s case—the regulatory barriers Australian universities face when establishing campuses overseas.⁴⁸⁶

During the inquiry, the Committee received a submission that addressed WA education institutions’ drive for international student enrolments and raised concerns about the historical treatment of international students.⁴⁸⁷ The tenor of this evidence echoed a news story, released in 2019, which found that some Australian universities were waiving their English entry standards to increase their international student numbers. Students were consequently finding it difficult to meet the assessment standards, leading to increasing incidences of academic misconduct, such as plagiarism and collusion, and a higher workload for university staff (academics and welfare staff) to assist students struggling to meet the required standards.⁴⁸⁸

481 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p2.

482 Auditor General for Western Australia, *Audit results report: Annual 2019 financial audits*, Office of the Auditor General, Perth, 2020, p18.

483 *ibid.*

484 Peter Hurley and Nina Van Dyke, *Australian investment in education: higher education*, Mitchell Institute, Melbourne, 2020; Auditor General for New South Wales, *Universities 2018 audits*, Audit Office of New South Wales, Sydney, 2019, p11.

485 Asialink Business, PwC Australia and ANZ Banking Group, *Australia’s Jobs Future: The rise of Asia and the services opportunity*, Australia, 2015, p15.

486 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p69.

487 Closed evidence.

488 Four Corners, *Cash cows: Australian universities making billions out of international students*, 6 May 2019, accessed 9 October 2020, <<https://www.youtube.com/watch?v=Sm6lWJc8KmE>>.

While the Committee acknowledges the importance of these matters, it chose not to investigate them as part of this inquiry. The student visa system, which determines the evidence (including English language proficiency) that international students must provide when applying for a visa, is a federal responsibility and therefore outside the Committee's purview. Also, Indian students were not the only cohort affected—international students from a range of countries were caught up in education institutions' decision to waive English entry standards.

Finding 37

In response to the COVID-19 pandemic and its impact on the international education sector, StudyPerth has begun a review of the *International Education Action Plan 2019–2025* and the Department of Jobs, Tourism, Science and Innovation is developing a Recovery and Renewal Plan.

The finalised action package should broaden its scope beyond re-establishing international student enrolments from India, to include the diversification of Western Australia's international education offerings.

The risk associated with focusing on student recruitment: the impact of the COVID-19 pandemic

The emphasis on student recruitment has weakened the international education sector's ability to withstand macroeconomic stresses. Even before the COVID-19 pandemic, there were indications that the Australian model, whereby students complete their entire academic program while living in the country, was out of reach of many Indian students. A weakening rupee against the Australian dollar had made it unaffordable for many students to enrol in Australian universities.⁴⁸⁹ As inquiry participant Manoj Kasare said:

It is a dream of every parent to provide top class education to their kids. However, due to personal circumstances, it becomes challenging for some of the parents to send their children abroad for higher education.⁴⁹⁰

The risk associated with an undiversified sector was illustrated approximately 10 years ago, when a series of attacks on Indian students in Australia and the Indian media's coverage resulted in many Indians believing that the country was unsafe for students.⁴⁹¹ Between December 2009 and December 2013, the number of Indian students enrolled in WA declined by around 58.5 per cent.⁴⁹² Although it is impossible to attribute this decline solely to the attacks given that it coincided with a high Australian dollar and the introduction of stricter

489 Submission 43, Melvyn Gilbert, p3.

490 Submission 19, Manoj Kasare, p1.

491 Caitlin Byrne and Rebecca Hall, 'Realising Australia's international education as public diplomacy', *Australian Journal of International Affairs*, vol. 67, no. 4, 2013, p424. See also Matt Wade, 'Big News: The Indian media and student attacks in Australia', *Cosmopolitan Civil Societies Journal*, vol. 7, no. 3, 2015; Kate Ben-Tovim, 'Oz Fest India: Why *Masterchef Australia*—garnished with comedians, film, contemporary performance, and music—was the best recipe for Australian public diplomacy in India', *Politics and Policy*, vol. 45, no. 5, 2017.

492 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

visa policies,⁴⁹³ it no doubt impacted Australia's reputation as a study destination. The number of Indian students in WA did not return to its 2009 level until 2016.⁴⁹⁴

Even if India and WA's relationship is unaffected by such events, it is possible that the number of Indian students completing their education in WA will still decline at some point. Some sources predict that as the Indian education sector develops and the quality of domestic degrees improves, the number of Indian students completing their education overseas will decline.⁴⁹⁵

Of course, even if WA's international education sector had been more diversified, the COVID-19 pandemic would still have had a devastating impact on education providers' revenue. The pandemic is an extraordinary event for which it would have been difficult to prepare. StudyPerth's Philip Payne observed in March 2020 that while the universities have sufficient reserves and resilience to survive COVID-19, many private providers in WA will cease to exist.⁴⁹⁶ When Mr Payne met with the Committee, he was already predicting that the pandemic would have a 'devastating' impact on WA's international education sector:

[S]emester one has been decimated; semester two will not happen because of the restrictions announced yesterday as far as closing the borders entirely to non-Australian residents so that is a year's worth of enrolments or commencements of students that will be lost and it takes a long time to build those again.⁴⁹⁷

An issues paper issued by the Mitchell Institute found that border closures and travel restrictions stranded over 20 per cent of Australia's international students outside of the country. Perth has two of the 15 most affected areas in Australia—the population of Perth's south-eastern and inner suburbs declined by over 6,500 international students in May 2020.⁴⁹⁸

Early estimates indicate that universities nationally face a loss of \$10 billion to \$19 billion between 2020 and 2023 because of the pandemic and the resulting government restrictions.⁴⁹⁹ In May 2020, UWA predicted a shortfall in core revenue of around \$64 million for 2020. Curtin University estimated that its revenue would be around \$60 million lower than budgeted. The University of Notre Dame, which reportedly does not have a significant international student population, meanwhile estimated a loss of around \$25.5 million.⁵⁰⁰

493 Submission 24, Department of Jobs, Tourism, Science and Innovation, p10.

494 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

495 Closed evidence; Department of Jobs, Tourism, Science and Innovation, *Western Australia's Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p38; Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p5.

496 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p5.

497 *ibid.*

498 Peter Hurley, *International students vital to coronavirus recovery*, issues paper, Mitchell Institute, Melbourne, 2020, p5.

499 Peter Hurley and Nina Van Dyke, *Australian investment in education: higher education*, Mitchell Institute, Melbourne, 2020, pp17, 18.

500 Eliza Borrello, 'WA universities suffer huge coronavirus income losses as international students stay away', *ABC News* (web-based), 27 May 2020, accessed 28 May 2020,

One analysis of the Australian higher education subsector predicts that any decrease in international student revenue will be felt for at least two to three years.⁵⁰¹

This does not mean that WA should simply abandon international education recruitment in favour of other, offshore, education offerings. In fact, GoWA India and JTSI have suggested that the pandemic might provide the State with an opportunity to market onshore education in WA in a new way. WA could promote itself as a 'safe and clean market' for Indian students, addressing the hesitancy Indians might feel about travelling to other western markets which have been badly affected by the pandemic.⁵⁰²

The current drive for increased student recruitment should be maintained but the State should also encourage the sector's diversification. As the Perth USAsia Centre submitted:

The greatest opportunity to strengthen WA's international education relationship with India lies with a policymaking purpose to develop the relationship beyond the recruitment of Indian students to study in WA's onshore universities, TAFEs and private training organisations.⁵⁰³

Finding 38

Prior to the COVID-19 pandemic, Western Australia's education sector had generated significant revenue from international student recruitment. This placed the sector's revenue at risk from external shocks affecting demand for international education.

Finding 39

The COVID-19 pandemic is the greatest external shock to affect the global economy in a century. The pandemic and the resulting government restrictions have had a devastating impact on onshore education.

Early estimates indicate that universities nationally face a loss of \$10 to \$19 billion between 2020 and 2023. The University of Western Australia, Curtin University and University of Notre Dame have estimated losses of \$64 million, \$60 million and \$25.5 million respectively. It is predicted that many onshore education providers will cease to exist. The scale of job losses in all onshore education sectors is unknown.

Finding 40

Western Australia must diversify its international education relationship with India beyond the recruitment of onshore students to deliver on the potential of the Western Australia–India economic relationship.

<<https://www.abc.net.au/news/2020-05-27/uwa-curtin-big-covid-losses-as-international-students-stay-away/12291722>>.

501 Peter Hurley and Nina Van Dyke, *Australian investment in education: higher education*, Mitchell Institute, Melbourne, 2020, pp17, 18.

502 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p1.

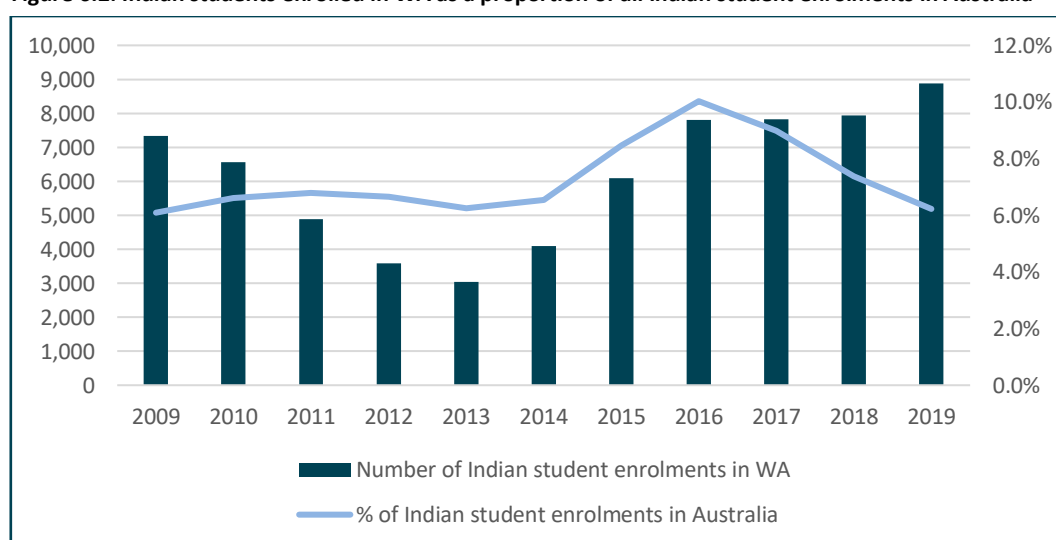
503 Submission 5, Perth USAsia Centre, p27.

Onshore international student recruitment

Western Australia has a low market share of Indian student enrolments

India was WA's largest market for international students in 2019, accounting for 16.7 per cent of international student enrolments. The number of Indian students enrolled in WA increased by around 12 per cent to 8,879 students in 2019.⁵⁰⁴ However, WA still had a relatively low market share with only 6.2 per cent of all Indian student enrolments in Australia being made at a WA institution.⁵⁰⁵ By way of comparison, WA has 11 per cent of Australia's population and accounts for 15 per cent of Australia's GDP, and 36.5 per cent of its total exports.⁵⁰⁶ Four years ago, 10 per cent of all Indian student enrolments in Australia were in WA so the current market share represents a significant decrease (see figure 6.2).⁵⁰⁷

Figure 6.2: Indian students enrolled in WA as a proportion of all Indian student enrolments in Australia⁵⁰⁸



The Victorian Government's long-term commitment and resourcing of initiatives to attract Indian students has achieved results. As at December 2019, 47.1 per cent of Indian student enrolments in Australia were in Victoria. New South Wales (NSW) had a 24.8 per cent market share, Queensland 12.3 per cent and South Australia a 6.3 per cent market share.⁵⁰⁹ Many of

504 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>; Submission 39, StudyPerth, p8.

505 *ibid.*

506 StudyPerth, *Economic contribution of international education in Western Australia*, Perth, 2020, p6; Department of Foreign Affairs and Trade, *Australia's Trade by State and Territory 2018–19*, Commonwealth of Australia, 2020, p9.

507 Submission 24, Department of Jobs, Tourism, Science and Innovation, p10; Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

508 *ibid.*

509 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

these states—notably NSW and Victoria—have the visibility and advantage of being associated with known international cities like Sydney and Melbourne.

Given the recent release of the International Education Strategy in October 2018, it is not possible to assess the pre-COVID impact of the strategy on WA's market share of Indian student enrolments. As shown in figure 6.2, the State's share decreased from 7.4 per cent in 2018 to 6.2 per cent in 2019.⁵¹⁰

A range of reasons for WA's declining market share were suggested to the Committee, including State and federal visa settings, a limited knowledge of WA educational offerings in India, and limited employment opportunities in WA.

Until recently, visa settings stymied growth

Submissions to the inquiry emphasised that prospective international students often decide where to study based on graduate employment and migration opportunities,⁵¹¹ both of which can be affected by the visa settings imposed by the Commonwealth Government and/or State Government.

All the students in HDR [higher degree by research] come from the top Indian universities. They come from the Indian Institute of Technology. They are excellent.

*Professor Abhijit Mukherjee,
Curtin University*

When, in 2017, Perth's classification as a regional centre for immigration purposes was removed by the Commonwealth Government, with the support of the WA Government, international students could no longer access the extra visa points that came with completing studies in a designated regional area and use them for the skilled migration visas' points test, nor apply for the Regional Skilled Migration Scheme visa that offered a possible path to permanent residency.⁵¹² According to migration agency EasyMigrate Consultancy Services, students already studying in Perth relocated to other parts of Australia to complete their studies. It personally began advising prospective students that 'they should ... study in other states'.⁵¹³

Statistics indicate that Perth's change of status had an immediate impact on Indian student numbers. The number of Indian students enrolled in WA only increased by around 0.2 per cent in 2017. The following year, it increased by about a further 1.5 per cent. Before 2017, the percentage increases in Indian student enrolments were in the double digits: 2014 saw a 34.5 per cent increase on the previous year, 2015 saw a 48.5 per cent increase and 2016 had

510 *ibid.*; Hon Mark McGowan, Premier, Hon Sue Ellery, Minister for Education and Training, and Hon Paul Papalia, Minister for Tourism, *Landmark strategy launches new era for international education in Western Australia*, media release, 23 October 2018; Submission 39, StudyPerth, p1.

511 Submission 39, StudyPerth, p2; Submission 5, Perth USAsia Centre, p30.

512 Victoria Laurie, 'Foreign students abandon west', *The Australian*, 11 September 2019, p25; Department of Home Affairs, *Points calculator*, 18 November 2019, accessed 7 January 2020, <immi.homeaffairs.gov.au/help-support/tools/points-calculator>; Department of Jobs, Tourism, Science and Innovation, *Western Australia's Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p37; Submission 42, EasyMigrate Consultancy Services, p4.

513 Submission 42, EasyMigrate Consultancy Services, p4.

a 28.2 per cent increase.⁵¹⁴ This decreased growth rate was specific to WA. In 2017, the number of Indian students enrolled in all states and territories except WA increased by around 13.1 per cent while 2018 saw a further increase of approximately 25.8 per cent.⁵¹⁵

During this inquiry, the Commonwealth Government reinstated Perth's regional classification with the support of the WA Government. Further changes to federal visa settings were introduced. International students who study in Perth and subsequently gain a post-study visa can, from 2021, stay in Australia for an additional year. International students who graduate from a regional WA campus gain two additional years in Australia from 2021.⁵¹⁶

The WA Government also amended criteria for the two skilled visas that make up the State Nominated Migration Program: the Skilled Work Regional (Provisional) visa (subclass 491) and the Skilled Nominated visa (subclass 190).⁵¹⁷ In September 2018, WA introduced graduate streams for both visas, a move that the Department of Training and Workforce Development said aimed to:

provide the best and brightest international students studying at the State's universities with a permanent pathway to skilled migration to help grow Western Australia's economy as well as its share of the international education sector.⁵¹⁸

In late 2019, WA reduced the work experience and job offer requirements for graduates from 12 months to six months.⁵¹⁹ It also expanded its state nomination for graduate stream skilled migration to include VET graduates who have studied in WA for at least two years and received a qualification at Certificate III or above. The two-year study requirement does not have to come from the same qualification but can be made up of ELICOS, VET and/or university courses. Previously, only university graduates were able to apply.⁵²⁰ Up to 75 per cent of WA graduate stream nominations will be made for higher education graduates and up to 25 per cent for VET graduates.⁵²¹

514 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

515 *ibid.*

516 Submission 39, StudyPerth, p9; Department of Home Affairs, *Regional migration*, 20 April 2020, accessed 21 April 2020, <<https://immi.homeaffairs.gov.au/visas/working-in-australia/regional-migration>>.

517 Department of Training and Workforce Development, *Annual Report 2018–19*, Government of Western Australia, Perth, 2019, p6.

518 *ibid.*, p49.

519 Submission 39, StudyPerth, p10; Skilled Migration Western Australia, *Skilled Migration: Latest news*, accessed 21 November 2019, <www.migration.wa.gov.au/services/skilled-migration-western-australia/latest-news>; Skilled Migration Western Australia, *Graduate stream requirements*, accessed 7 January 2020, <www.migration.wa.gov.au/services/skilled-migration-western-australia/graduate-stream-requirements>.

520 Skilled Migration Western Australia, *State nomination requirements for applicants invited prior to 1 December*, accessed 7 January 2020, <www.migration.wa.gov.au/services/skilled-migration-western-australia/state-nomination-requirements>; Submission 42, EasyMigrate Consultancy Services, p4.

521 Skilled Migration Western Australia, *Invitation rounds*, accessed 20 January 2020, <www.migration.wa.gov.au/services/skilled-migration-western-australia/invitation-rounds>.

Box 6.2: What is the State Nominated Migration Program?

As the name suggests, state nominated visas are visas for which applicants are nominated by a state or territory.

Applicants submit an online expression of interest (EOI) through the Commonwealth Department of Home Affairs' database, SkillSelect. WA's Department of Training and Workforce Development (DTWD) then reviews the EOIs, identifies people who have skills and experience in high demand in WA, and invites them to apply for state nomination.

Nominees must have experience in an occupation on the Western Australian Skilled Migration Occupation List or the Graduate Occupation List, depending on the stream for which they are applying.

DTWD assesses the resulting applications for state nomination against the WA-specific criteria and nominates successful applicants through SkillSelect. State nomination does not guarantee applicants a visa—they still need to meet the Department of Home Affairs' visa requirements.

It is difficult for the Committee to assess the effectiveness of these visa settings. First, they are recent initiatives, introduced during the course of the inquiry. Second, the COVID-19 pandemic is likely to significantly reduce the number of international students seeking to study overseas, making a year-on-year assessment of student numbers almost impossible. The Committee notes, however, that inquiry participants expressed widespread support for the changes to visa settings, believing that they would encourage more international students to study in Perth.⁵²² StudyPerth, for example, said that the introduction of the graduate stream was 'an outstanding leap forward for the state'.⁵²³

The only area for improvement, as identified by StudyPerth, was greater differentiation between the two state nominated visas. The 491 visa is temporary while the 190 visa is permanent. However, StudyPerth said there is 'virtually no difference between the state nomination requirements for the two visas'. It suggested the following changes should be considered:

- Expanding the Graduate Occupation List (see box 6.2) for 'certain regional areas of WA' and so that it includes jobs in WA's priority and/or growth industries.
- Lowering the English-language requirement for 491 visa applicants.
- Relaxing the commitment that 491 visa holders must show in order to be eligible for a permanent visa. At the moment, 491 visa holders must live and work in WA for some time before being eligible for a permanent visa.⁵²⁴

Finding 41

The 2018 and 2019 changes to visa settings at the federal and state levels are widely supported by stakeholders, although it is difficult to assess their impact because of how recently they were enacted and the ongoing effect of the COVID-19 pandemic.

522 Submission 5, Perth USAsia Centre, p30; Submission 8, School Curriculum and Standards Authority, p10; Submission 24, Department of Jobs, Tourism, Science and Innovation, p18; Submission 37, Murdoch University, p2; Submission 42, EasyMigrate Consultancy Services, p4; David Norman, UWA, Email, 29 April 2020, p1.

523 Philip Payne, StudyPerth, Letter, 22 May 2020, p2.

524 *ibid.*

A lack of awareness of WA education offerings in India

WA's international education sector is not well-known in India.⁵²⁵ A 2017–18 survey of prospective international students, including some from India, found that only 9.5 per cent of prospective university students and 17.3 per cent of VET prospects consider themselves 'quite familiar with Perth' or to 'know Perth very well'.⁵²⁶ Even prospective students who had gone so far as to make an enquiry about studying in Perth knew very little about the city: 64 per cent of prospective university students and 43 per cent of prospective VET students said they knew nothing or very little about Perth.⁵²⁷

Professor Kadambot Siddique, Director of UWA's Institute of Agriculture, spoke of an Indian university vice-chancellor who once mistook a visitor from Western Sydney University as being from UWA:

[T]he vice-chancellor said, "We just had some of your colleagues over here." I said, "No-one comes from UWA without my knowledge." They were from the university of western Sydney; they think it is all the same. We have an image problem about Western Australia and Perth in India.⁵²⁸

Karthik Pasumarthy, who migrated from India to study in Australia, similarly said 'there was almost no awareness about WA universities amongst the Indian student community'.⁵²⁹

Reasons for WA's marginal presence in India's education market is the same as in many sectors: India is a big market in which WA has struggled to build brand recognition. Inquiry participants suggested that this 'image problem' might be attributed to WA's trade office presence being concentrated in Mumbai, one of the largest cities in the world.⁵³⁰ As one witness said, 'it is a very crowded marketplace in terms of identifying yourself as different'.⁵³¹ When it comes to international student recruitment, some participants suggested that there are considerable opportunities to WA focusing on smaller Indian cities.⁵³²

If you do not have the wherewithal of a Victoria in terms of the funding or if you do not have the luck of a New South Wales in terms of having a bridge and an Opera House, it is very hard to compete against those two states.

*David McCulloch,
Department of Jobs, Tourism, Science and
Innovation*

525 Submission 31, Perdaman Global Services, p2; Submission 38, Dr Papori Barua, p2; Submission 40, Grover Projects, p2; Submission 8, School Curriculum and Standards Authority, pp6–7; Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p9.

526 StudyPerth, *Understanding the international student experience*, Perth, 2018, pp6, 8.

527 *ibid.*, p8.

528 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p9.

529 Submission 6, Karthik Pasumarthy, p1.

530 Submission 5, Perth USAsia Centre, p18.

531 Closed evidence.

532 Submission 38, Dr Papori Barua, p1; Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p19; Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, pp3–4.

WA is also at a disadvantage in that it has a small Indian diaspora compared to larger states.⁵³³ WA does not benefit to the same extent as other Australian jurisdictions from the ‘network effect’, in which the ‘word of mouth and the presence of family, friends and familiar communities increases the desirability for Indians to choose to study [in a specific location]’.⁵³⁴

Inconsistent and poorly-resourced marketing initiatives were also blamed for WA’s poor performance in the recruitment of Indian students. The Perth USAsia Centre said that, compared to other states, WA has suffered from a lack of marketing.⁵³⁵ When asked why other states seemed to be outperforming WA in the international education sector, Ms Mathews suggested that they had been more aggressive in their marketing and promotion while JTSI International Engagement General Manager David McCulloch said they were better resourced.⁵³⁶

WA has started to expand its marketing of the onshore education sector. Over the past two years the WA Government has increased funding to StudyPerth, which coordinates the marketing of the WA brand for international education. This funding includes \$2 million over five years, announced at the launch of the International Education Strategy, and \$4.5 million over three years to ‘enable StudyPerth to implement its plan to secure more international students to Perth’.⁵³⁷

Nevertheless, initiatives to increase awareness of WA in India are in their infancy. When StudyPerth appeared before the Committee in March 2020, it was yet to develop a marketing campaign for India. Mr Payne told the Committee that StudyPerth intended to ‘start preparing a campaign for India’ in late 2020, although he cautioned that it would depend on ‘how the pandemic plays out’.⁵³⁸ This campaign would likely be similar to the digital campaign launched in China in 2019, which was delivered across seven digital platforms and emphasised the themes of Better Lifestyle, Better Experience and Better Opportunities.⁵³⁹

In July 2019, StudyPerth launched its inaugural ambassador program. Based on good practice peer-to-peer marketing, the program involves 10 international students acting as ambassadors for 12 months.⁵⁴⁰ Included in the first intake of ambassadors was Abhijith Harikumar from India. Mr Harikumar and the other ambassadors share stories on digital channels and in-person about ‘why Perth is the best place to live, learn and launch your

533 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p361; Submission 33, Department of Local Government, Sport and Cultural Industries, p3; Submission 14, Australia India Business Council: WA Chapter, p8.

534 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p78.

535 Submission 5, Perth USAsia Centre, p8.

536 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p8; David McCulloch, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p9.

537 Hon Mark McGowan, Premier, and Hon Sue Ellery, Minister for Education and Training, *State budget boost to secure more international students to Perth*, media release, 5 May 2019.

538 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p2.

539 Submission 39, StudyPerth, pp5–6.

540 *ibid.*, p3.

career'.⁵⁴¹ StudyPerth claimed it was a 'resounding success' based on the feedback it received from the ambassadors, students, StudyPerth members and other stakeholders.⁵⁴² Ambassadors develop personal connections with international students that StudyPerth, as a business, believes it would struggle to achieve. StudyPerth intends to launch a similar program for under-18 year old school students in 2021.⁵⁴³

The President of the Indian Society of Western Australia (ISWA), Supriya Guha, supported the use of ambassadors to attract Indian students to WA. He suggested a program could be developed that involved 'people across all spheres of life who are well settled and highly established people and leaders in the community and industrial leaders'. They would act as 'role models', showing prospective students what WA universities can offer.⁵⁴⁴

University alumni in India and institutions such as the DFAT-supported Australian Alumni Association in India can be leveraged to market Western Australian universities. StudyPerth aimed to have a WA Alumni Engagement Strategy and database of WA alumni established by June 2020. The intention was to increase alumni involvement in mentoring, internship and marketing opportunities.⁵⁴⁵

If I am an Indian student, which I was 20 years ago, and I am saying, "Okay, there are these four universities that have come here; so have universities from the US and so have universities from Germany and France. What does one get in Australia?" I would like to see my role models.

*Supriya Guha,
Indian Society of Western Australia*

Additional marketing is conducted by WA's education specialist (known as an Education Business Development Manager) based in GoWA India and managed by JTSI. The education specialist communicates directly with parents in India, emphasising the key themes developed by StudyPerth and JTSI.⁵⁴⁶ He or she also identifies specific areas of demand in VET in India and relays that information, via JTSI, to the TAFE sector in WA so that they can potentially develop courses that appeal to the Indian market.⁵⁴⁷ As Ms Mathews said,

It is about positioning Perth and positioning Western Australia, making sure it has a good brand in India, and highlighting why Perth is an attractive destination in which to study, and also to look at how we can promote ourselves as a first class provider of vocational education and training.⁵⁴⁸

JTSI and StudyPerth's marketing efforts also encompass education agents. JTSI brings delegations of education agents from India to showcase Perth, while WA's education specialist actively engages with education agents, undertaking education agent training and

⁵⁴¹ *ibid.*

⁵⁴² *ibid.*; Philip Payne, StudyPerth, Letter, 22 May 2020, p2.

⁵⁴³ Philip Payne, StudyPerth, Letter, 22 May 2020, p2; Philip Payne, StudyPerth, Letter, 12 August 2020, p1.

⁵⁴⁴ Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p6.

⁵⁴⁵ Submission 39, StudyPerth, p8.

⁵⁴⁶ Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p20.

⁵⁴⁷ *ibid.*, pp8, 21.

⁵⁴⁸ *ibid.*, p8.

familiarisation tours.⁵⁴⁹ StudyPerth has an education agents database and since October 2018 has sent everyone in the database a bimonthly newsletter of relevant content.⁵⁵⁰ With over 75 per cent of Indian students in Australia using an education agent,⁵⁵¹ it is likely that this approach will assist the growth of Indian student enrolments.

Working together to market Western Australia and increase awareness

Apart from StudyPerth and JTSI, it appears that some international education stakeholders are struggling to collaborate in their marketing of WA education offerings. Professor Siddique told the Committee that, unlike the University of California system in which universities within that state work together to attract international students to California, WA universities 'will not come together all at the same time.'⁵⁵² ISWA's Mr Guha recognised a similar pattern:

I know that in the past there have been universities' open days in India, trying to get the students there. But I have a feeling that that has been a little bit more sporadic in terms of every university independently going and trying to do that.⁵⁵³

One recent government initiative may improve the regularity with which education stakeholders work together to market WA education offerings. The WA Government has established an International Education Advisory Group to 'provide coordination and accountability support for activities across the sector'.⁵⁵⁴ Made up of entities such as universities, State Government agencies, StudyPerth and TAFEs, the advisory group will 'ensure that there is a very cohesive and coordinated message as we project Western Australia in the education space'.⁵⁵⁵ It meets every two months and, as mentioned above, will be responsible for guiding the development of initiatives under JTSI's Recovery and Renewal Plan for the international education sector and reviewing the implementation of the International Education Strategy.⁵⁵⁶

We are not just competing with universities in other states of Australia; we are competing very actively with the Americans and the British and Canadian universities...

*Michael Carter,
Chamber of Commerce and Industry of
Western Australia*

The Committee is of the opinion that this Group should be a forum for education experts to formulate new, ambitious and innovative initiatives to grow international education or respond to changes in circumstances. For example, it could discuss remote learning initiatives to respond to the COVID-19 pandemic.

549 *ibid.*, p20; Submission 24, Department of Jobs, Tourism, Science and Innovation, p18.

550 Submission 39, StudyPerth, p6.

551 Submission 24, Department of Jobs, Tourism, Science and Innovation, p18.

552 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p3.

553 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p6.

554 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p16.

555 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p9.

556 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, pp3, 2.

There are also opportunities for WA to coordinate State marketing initiatives with Commonwealth efforts. The Varghese Report recommended greater cooperation amongst Australian governments, noting that going it alone risked diluting Australia's brand in an already crowded market.⁵⁵⁷ (Chapter 3 discusses 'Brand Australia').

At the recommendation of the Varghese Report, the Commonwealth Government held an education 'states forum' on India in August 2019 that brought together Australian state and territory governments to discuss shared approaches to the Indian market.⁵⁵⁸ The Varghese Report envisioned that such a forum would be biannual and enable 'governments to learn from each other, avoid duplication and, where appropriate, leverage current activity to spread the benefits of engagement more broadly.' States could also contribute to Commonwealth Government discussions with India and raise education issues with Indian officials via Australia's High Commission.⁵⁵⁹

There is a risk, based on past national marketing initiatives, that a wholly collaborative approach will be driven by more populous states' priorities to the detriment of WA. As noted in chapter 3, one witness advised that DFAT and the Australian Trade and Investment Commission (Austrade) can sometimes be east coast-centric. Nevertheless, it is possible for WA to work under a national umbrella while also proudly marketing the State. JTSI stressed the 'significant' opportunities for WA to maximise and optimise the State's resources by leveraging Austrade and DFAT activities:

[T]here is an opportunity to leverage off what activities and strategies the commonwealth has in place, and that may be across a spectrum of activities, but just simply it may be making sure that, for example, if there is a big education expo, we are part of a national stand but branded WA, so the brand you project as a state but within a national context.⁵⁶⁰

Finding 42

The Indian education market is unaware of Western Australian education offerings because of the:

- significant size of the Indian market;
- smaller size of the Indian diaspora in Western Australia compared to larger states, which reduces the 'network effect'; and
- lack of targeted, consistent, coordinated and well-resourced marketing.

There is significant opportunity for better coordination of marketing between Western Australian institutions.

557 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp84–86, 311.

558 Submission 15, Department of Foreign Affairs and Trade, p4.

559 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p86.

560 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p13.

Finding 43

Over the past two years, StudyPerth and the Department of Jobs, Tourism, Science and Innovation have begun implementing marketing initiatives to grow Western Australia's share of the international education market. These initiatives were still in their infancy when the COVID-19 pandemic began, and are being re-assessed as part of the State Government's COVID-19 response.

Finding 44

The International Education Advisory Group is a promising initiative. By bringing together the key international education stakeholders in Western Australia, it should support the development of a cohesive and coordinated brand for Western Australia.

This Group should be a forum for education experts to formulate new, ambitious and innovative initiatives to grow international education or respond to unexpected circumstances such as the COVID-19 pandemic.

Finding 45

Coordinating the marketing of Western Australia as a study destination so that it aligns with 'Brand Australia' allows the State to leverage the activities of other Australian jurisdictions, reduce duplication, and contribute to increased recognition of Australian educational offerings in the Indian market.

Recommendation 7

That the State Government continue working with StudyPerth and relevant Commonwealth bodies to align, as much as possible, the marketing of Western Australia as a study destination with 'Brand Australia'.

Fewer employment opportunities in Western Australia

Employment is one of the key factors influencing international students' choice of study destination.⁵⁶¹ A 2017–18 survey of prospective and current international students in Perth found that:

- 62 per cent of prospective university students and 54 per cent of prospective VET students considered that being able to find employment while studying was 'very important'.⁵⁶²
- 42 per cent of current students were seeking employment.⁵⁶³
- The majority of international students expected 'the opportunity to participate in an internship linked to their course'.⁵⁶⁴

When choosing a destination, a student's future employability is a major factor. They want to have the right skills, the ability to make connections and have appropriate knowledge to advance their career or entrepreneurial aspirations.

StudyPerth

561 Submission 8, School Curriculum and Standards Authority, p9; Submission 23, Raveesh John, p1; Submission 26, Sanjeev Gupta, p4; StudyPerth, *International education action plan 2019–2025*, Perth, 2019, p19; Submission 5, Perth USAsia Centre, p30.

562 StudyPerth, *Understanding the international student experience*, Perth, 2018, p26.

563 *ibid.*

564 *ibid.*, pp18–19.

- 62 per cent of prospective students said they would select a university with a high graduate employment rate above one with high student satisfaction ratings.⁵⁶⁵

Diaspora member Raveesh John said that international students had difficulty finding jobs while studying. He supported ‘government input to encourage employers to employ while they [students] are on temporary residence visas’.⁵⁶⁶

Increasing work opportunities for international students in Perth is one of StudyPerth’s main roles and, prior to the COVID-19 pandemic, it was implementing a number of initiatives aimed at assisting international students to find employment:

- International Student Hub

In August 2020, StudyPerth opened its International Student Hub. Located at 191 St Georges Terrace in Perth and operating between 10am and 4.30pm, the Hub allows students to ‘book meeting rooms, get free access to employment and career advice, welfare support and take part in a range of events run by StudyPerth and local businesses.’⁵⁶⁷ StudyPerth said that initial student engagement and interest in the Hub has been ‘very positive.’⁵⁶⁸

- International Education Event Series

In 2019–20, StudyPerth intended on running 10 events as part of its International Education Events Series. The events focused on a range of topics, including ‘The art of networking’, ‘Jobs or skills: what’s WA lacking?’, ‘The changing nature of work’ and a ‘Student, business, government, industry and community meet and greet’. As well as showcasing Perth to international students, these events also provided students with an opportunity to connect with employers and other parts of the community.⁵⁶⁹

StudyPerth recognises that attracting international students to Perth requires the cooperation of all Western Australians. It told the Committee that ‘it is important to make the community aware’ of the benefits of international education ‘in order for Western Australia to foster a welcoming attitude towards international students, among employers and the community more generally, which will in turn assist in growth of market share.’⁵⁷⁰

Unfortunately, COVID-19 resulted in StudyPerth putting the events series on hold. StudyPerth diverted some of the series’ funding towards the StudyPerth Crisis Relief (SPCR) program (see box 6.3).⁵⁷¹

- ProsPER

ProsPER is an online portal assisting international students to become ‘job ready’ by gamifying the acquisition of skills needed to be competitive in the job market. Soft-launched in March 2020, ProsPER activities include a career personality questionnaire,

565 *ibid.*, p17.

566 Raveesh John, Community spokesperson, *Transcript of Evidence*, 9 September 2020, p7.

567 Philip Payne, StudyPerth, Letter, 12 August 2020, pp1–2.

568 *ibid.*

569 Submission 39, StudyPerth, pp2–3.

570 Philip Payne, StudyPerth, Letter, 22 May 2020, p1.

571 Philip Payne, StudyPerth, Letter, 12 August 2020, p2.

buddy program e-portfolio, a job readiness program and internship preparation.⁵⁷² According to JTSI, it is StudyPerth's main employability project assisting Indian students to gain employment.⁵⁷³ By early August 2020, over 5,000 people had registered with ProsPER.⁵⁷⁴

Box 6.3: The StudyPerth Crisis Relief (SPCR) Program

The StudyPerth Crisis Relief (SPCR) Program was launched on 22 April 2020 to provide support for international students affected by the pandemic. Open to international students who reside in WA and have exhausted all other avenues of support, the SPCR offers successful applicants with supermarket vouchers and/or will directly pay two weeks of their rent.⁵⁷⁵ According to JTSI, a 'significant proportion of students who have accessed the SPCR come from India.'⁵⁷⁶

There was contention regarding project funding for these initiatives. StudyPerth raised JTSI's decision to withhold project funding worth \$1.5 million in 2020–21.⁵⁷⁷ This was part of the \$4.5 million that the State Government pledged to provide over three years 'in anticipation of a matching contribution from the WA international education sector'.⁵⁷⁸ StudyPerth said that JTSI's withholding of funds therefore impacts an additional \$1.5 million per annum from StudyPerth's Member Contribution Levy;⁵⁷⁹ in total, \$3 million of StudyPerth's income for 2020–21 could be affected.

JTSI stated that it had not withheld the \$1.5 million but simply delayed it until 'there is more certainty as to how StudyPerth would spend the money'.⁵⁸⁰ It said that projects like the International Student Hub were not funded with this money, but instead from StudyPerth's base grant. Simone Spencer, Acting Deputy Director General of Strategy and International Engagement at JTSI, told the Committee that the \$1.5 million was granted to undertake projects, particularly in destination marketing; however, the onset of the COVID-19 pandemic had 'disrupted' StudyPerth's activities and left it with 'a lot of unspent funds'.⁵⁸¹ She explained:

the state government was really looking to sort of understand if we did grant them another \$1.5 million in project funding on top of their base funding, that they would be able to acquit that money.⁵⁸²

572 Submission 39, StudyPerth, p7; StudyPerth, *Activities*, accessed 4 May 2020, <<https://prosper.studyperth.com.au/activities/>>.

573 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p4.

574 Philip Payne, StudyPerth, Letter, 12 August 2020, p3.

575 *ibid.*; StudyPerth, *StudyPerth crisis relief*, 2020, accessed 21 August 2020, <www.studyperth.com.au/covid-19-information/studyperth-crisis-relief/>.

576 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 9 October 2020, p2.

577 Philip Payne, StudyPerth, Letter, 12 August 2020, p1.

578 StudyPerth, *Premier Boosts International Education Sector With \$4.5 Million For StudyPerth Over Three Years*, 2019, accessed 21 August 2020, <www.studyperth.com.au/blogs/premier-boosts-international-education-sector-with-4-5-million-for-studyperth-over-three-years/>.

579 Philip Payne, StudyPerth, Letter, 12 August 2020, p1.

580 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p26.

581 *ibid.*

582 *ibid.*

The COVID-19 pandemic is affecting almost every corner of the international education sector and long-lasting impacts are to be expected.

Finding 46

The International Student Hub, International Education Event Series and online portal ProsPER, implemented and/or developed by StudyPerth in 2019–20, recognised the importance of employability to international students when choosing a study destination. The initiatives aimed to support better employment outcomes for international students in Western Australia; however, their effectiveness and longevity are currently at risk due to the impact of the COVID-19 pandemic on the international education sector and its funding streams.

Recommendation 8

That the State Government pursue, in conjunction with StudyPerth, targeted, coordinated and consistent marketing of Western Australian education institutions in India. The International Education Advisory Group could provide strategic guidance for this initiative.

Opportunities to diversify

Diversify WA calls for diversification, applicable within sectors and across the economy as a whole. Opportunities to diversify WA's international education sector are outlined below. They include potential offshore education offerings and onshore education programs that do not require students to complete their entire academic program while living in the State. All rely on partnering with Indian organisations, an approach that underpins the future of the WA–India economic relationship.

We need to diversify our economy, to balance our reliance on a narrow band of industry sectors and thereby improve our resilience to negative external influences.

*Diversify WA: Strong Economy,
Creating Jobs, Diverse Industries
(Government of Western Australia)*

Many of these opportunities were identified in evidence received before the COVID-19 pandemic and some may no longer be able to be immediately realised. The Committee believes, however, that as WA's international education sector begins rebuilding in the wake of the pandemic, stakeholders should consider expanding into these areas to reduce the sector's exposure to future shocks.

Offshore education: vocational education and training

The Varghese Report saw 'immense opportunities' for VET providers in India.⁵⁸³ This assessment was based, at least in part, on India's high demand for VET. The Indian Government previously set the aim of upskilling 400 million workers.⁵⁸⁴ Driven by urbanisation, the formalisation of its labour market and the automation of many tasks, the

583 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p73.

584 *ibid.*; Submission 5, Perth USAsia Centre, p28.

future job market in India will centre on industries that require well-trained employees (i.e. services and capital-intensive manufacturing).⁵⁸⁵

India's VET market also has considerable room for growth. Compared to countries like China and the United States, India has relatively few people enrolled in vocational training. China and the United States have 90 million and 11 million people respectively enrolled in vocational training while India only has an estimated seven million people.⁵⁸⁶

India's 'ambitious skills reform agenda' was recognised as part of the June 2020 summit between Indian Prime Minister Hon Narendra Modi and Australian Prime Minister Hon Scott Morrison. The Joint Statement that was subsequently released noted Australia and India had concluded a Memorandum of Understanding on Cooperation in Vocational Education and Training 'to forge new bonds of cooperation in policy development, program delivery and information exchange.' This is a positive sign, indicating both countries' support for the expansion of VET providers' activities into India.⁵⁸⁷

Foreign VET providers already face less regulation when operating in India. Unlike universities, for-profit enterprises are able to offer training, assessment services and content in the Indian market.⁵⁸⁸ However, WA providers seeking to enter the Indian market still face some challenges, primarily due to the dominance of the 'high volume, low cost' model.⁵⁸⁹ This is likely unachievable for many providers, who would struggle to match the price points expected by the market.

VET partnerships in India must emphasise low cost, high volume and high quality, and will take time to succeed.

Perth USAsia Centre

Instead of delivering training in India directly, WA providers will have to consider alternative models. The most promising opportunities seem to lie in two areas:

- Partnering with Indian training providers to deliver specific parts of the VET value chain, such as 'train-the-trainer' courses or curriculum development.
- Working directly with large Indian companies to meet their skills needs.⁵⁹⁰

Curtin University's 2018 agreement with India's National Council of Education Research and Training (NCERT) provides an example of what such collaboration may look like. The NCERT wants train 3.2 million of India's estimated eight million teachers and, to achieve this goal,

585 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, pp68, 69.

586 *ibid.*, p68.

587 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

588 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p69; Submission 5, Perth USAsia Centre, p28.

589 Submission 5, Perth USAsia Centre, p29; Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p78.

590 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p73.

has turned to Curtin University to create and implement online training modules and other professional development tools for Indian teachers.⁵⁹¹

Some of WA's publicly-funded VET providers have joined with Indian partners in the past to develop train-the-trainer programs. As already noted, around eight years ago the Central Institute of Technology (now part of South Metropolitan TAFE) worked with an Indian training institute to train trainers who would deliver Central Institute-licensed qualifications in mining, engineering and safety in India. It then also quality assured, monitored and audited the training delivered by the trainers.⁵⁹² Polytechnic West, around that time, started delivering the Certificate I in General Construction to employees of a large construction company in India.⁵⁹³

Some private training providers are expanding into India. For example, a Memorandum of Understanding was signed between WA-based private training operator Flex Health International and Maharashtra University of Health Sciences in January 2018 to deliver training and education programs for health practitioners.⁵⁹⁴

Nevertheless, few VET providers appear to be active in the Indian market. Perth USAsia Centre submitted that 'efforts to develop an established offshore VET presence in India have largely dissipated over the last decade.'⁵⁹⁵

Expanding into India will require training providers to align their offerings to the market. WA government entities can assist in this regard. GoWA India identifies opportunities within India and JTSI then works with WA providers to consider the most appropriate service delivery model. Ms Mathews explained:

The message for us is maybe about being a bit more nimble around how you deliver the service. Often it is not the whole diploma [students] need. In an area like construction or building, they might just want a quick, short course. It is appropriate and has the right standards around it but it might be more around a certificate of participation. Looking at what those delivery models are certainly is part of our engagement with the VET sector.⁵⁹⁶

While she acknowledged that a WA-based course might not be the most appropriate, it was unclear whether the office assisted providers to deliver services in India.⁵⁹⁷

591 Curtin University, *New agreement works to enhance teachers' skills in India*, media release, 4 July 2018, accessed 6 May 2020, <<https://news.curtin.edu.au/media-releases/new-agreement-works-enhance-teachers-skills-india/>>; Submission 5, Perth USAsia Centre, p28.

592 Central Institute of Technology, *2012 Annual Report*, Government of Western Australia, Perth, 2013, p28.

593 Polytechnic West, *Annual Report 2012*, Government of Western Australia, Perth, 2013, p18.

594 Tabled Paper 2530, Legislative Council, 2 April 2019, p4.

595 Submission 5, Perth USAsia Centre, p27.

596 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p21.

597 *ibid.*, pp8, 21.

Finding 47

There is high demand for vocational education and training (VET) services in India, driven by the country's need to train hundreds of millions of people. This demand offers Western Australian VET providers with immense opportunities. To realise results, they will have to tailor their offerings to reflect the needs of the Indian market and to match its expected price points.

Recommendation 9

That the State Government explore opportunities to provide vocational education and training in India.

Twinning programs or joint programs

The Varghese Report identified twinning programs and joint partnerships as a way for Australian universities to establish a presence in India. Indian regulations tend to prohibit foreign universities from establishing campuses in India,⁵⁹⁸ and in lieu of a 'standalone physical presence', the Varghese Report considered joint programs and twinning could assist universities to expand their brand.⁵⁹⁹

There are different opinions about the definitions of twinning and joint programs and whether foreign universities are able to provide them in India. Curtin University defines a joint degree program as 'where students study at a partner institution, usually a University, and then transfer to Curtin to complete the award.'⁶⁰⁰ Joint degree programs are also known as articulation partnerships.⁶⁰¹ It sees twinning programs as 'where a third party provider assists to deliver Curtin programs in an overseas location. The students are enrolled with Curtin, with the teaching being delivered by the partner.'⁶⁰² Curtin University does not provide twinning programs in India because it considers the legal system currently precludes foreign universities from doing so.⁶⁰³

The Varghese Report, meanwhile, recommended universities 'make the most of Indian regulations that allow for the establishment of joint study/twinning programs between local and foreign institutions'.⁶⁰⁴ This suggests that it sees twinning programs differently from Curtin University, although it defines neither joint programs nor twinning programs.

598 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p76.

599 *ibid.*, p75.

600 Curtin University, Email, 21 August 2020.

601 *ibid.*

602 *ibid.*

603 *ibid.*

604 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p89.

Table 6.2: Curtin University's articulation partnerships with Indian institutions⁶⁰⁵

Indian partner	Awards
Amity University	BBA, BCOM
Chandigarh Group of Colleges (Punjab Technical University curriculum)	BCOM, MBAG BEng Electrical
Chandigarh University	BCOM
GLS Institute of Business Administration	BBA, BCOM, MBAG
ICFAI Business School	BBA, BCOM
Lovely Professional University	BBA, BCOM
Lovely Professional University	BEng(Hons) Electrical and Electronic Engineering Major
Lovely Professional University	BPsych
Acharya Nagarjuna University	BEng(Hons) Computer Systems Engineering Major
Acharya Nagarjuna University	BEng(Hons) Elec & Electronic Major; Elec& Comms Major; and MechEng Major
Vellore Institute Technology ("VIT")	BEng (Hons) Elec & Comms Major; and Comp Systems Major

Even with the confusion about what does or does not constitute a twinning program or joint partnership, WA universities have paired with Indian education institutions to provide educational offerings. Curtin University, for example, has a number of articulation partnerships with Indian institutions (see table 6.2). The Indian partner's curriculum is taught in each of these partnerships. Students receive credit for completing agreed units in India and then complete the Curtin award in Australia.⁶⁰⁶

The benefits of such programs, according to Professor Mukherjee, is that they reduce Indian students' costs as they pay local fees and expenses while in India, but confers them with a qualification that is the same as that conferred by Curtin University. Professor Mukherjee said it was a 'win-win-win for our students, for partner universities and Curtin'.⁶⁰⁷

Some WA universities also offer collaborative PhD programs. These programs are discussed in relation to research collaboration below.

Exchanges or study abroad programs

WA and India do not have a strong history of exchanges or study abroad programs at a tertiary or school level. Some engagement has occurred, such as the participation of Edith Cowan University students in a 'structured academic and cultural program' at Pandit Deendayal Petroleum University in Gujarat.⁶⁰⁸ But non-award courses, including study

⁶⁰⁵ Curtin University, Email, 21 August 2020.

⁶⁰⁶ *ibid.*

⁶⁰⁷ Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p5.

⁶⁰⁸ Tabled Paper 2530, Legislative Council, 2 April 2019, p5.

abroad programs and exchanges, only accounted for 0.4 per cent of Indian student enrolments in WA in 2019.⁶⁰⁹

A number of inquiry participants saw the benefit of student exchanges between India and WA.⁶¹⁰ Exchanges, as JTSI submitted, are a 'soft power initiative' that 'deliver high-value business and community outcomes.'⁶¹¹ When undertaken by university students at the higher degree research level, for example, they can develop pathways to research collaboration which in turn contributes to innovation and economic growth (see below).⁶¹²

Teacher exchanges can drive professional development on both sides of the Indian Ocean, which ultimately benefits students. Manoj Kasare, President of the Ambedkarite Buddhist Community, said teacher and student exchange programs are a 'systematic link' that could enhance the relationship between India and assist WA to build its market share of Indian student enrolments.⁶¹³

The Committee received information about a proposed cricket tournament between four Indian private schools and four WA teams. Organisers intend for games to be played at WA universities 'to maximise visibility' and to position Perth as 'THE destination for inbound study'. Cultural programs are to be included so 'students get a true "feel" for Perth', which will hopefully encourage future tourism.⁶¹⁴

No matter what the level, exchanges or study abroad programs can act as an advertisement for WA education.⁶¹⁵ In response to questioning about how WA can increase its visibility as a study destination in the Indian market, Mr McCulloch said that it could follow a model similar to WA's relationship with Japan. This relationship has a strong history of student exchange with approximately 20,000 exchanges conducted between WA and its Japanese sister state, Hyogo Prefecture.⁶¹⁶

JTSI administers two WA Government scholarships that support student exchanges to Japan: the Japanese Studies Scholarship, introduced in 1972 in recognition of the Japan–WA economic relationship, and the Hyogo Prefecture Japanese Studies Scholarship, introduced to mark the sister state relationship between WA and the Hyogo Prefecture. Recipients are supported to study at a Japanese university for up to one year, receiving a return airfare, a monthly maintenance allowance of ¥200,000 and an initial allowance of \$3,000 for fees and other expenses.⁶¹⁷

609 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p2.

610 Submission 38, Dr Papori Barua, p1; Submission 40, Grover Projects, p2; Submission 19, Manoj Kasare, p1; Submission 8, School Curriculum and Standards Authority, p10; Submission 43, Melvyn Gilbert, p3.

611 Submission 24, Department of Jobs, Tourism, Science and Innovation, p16.

612 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p75.

613 Manoj Kasare, Ambedkarite Buddhist Community, *Transcript of Evidence*, 9 September, p3.

614 Submission 1, Peter Why, pp6, 1, 4.

615 Submission 31, Perdaman Global Services, p2.

616 David McCulloch, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p20.

617 Department of Jobs, Tourism, Science and Innovation, *Japanese studies scholarships for 2020: Guidelines*, Government of Western Australia, Perth, 2019, pp1, 2.

JTSI has postponed the application process for the Japanese Studies scholarships for semester one in 2021 in light of COVID-19 and the related disruption of international travel. The WA Government has committed, however, to resuming the program 'once conditions permit.'⁶¹⁸

According to the Varghese Report, increasing the number of exchanges and internships undertaken by Australian students in India might also increase the prestige of Australian universities. The report notes that Indian students and parents currently prefer universities in the United States and United Kingdom to Australia, believing that they are more prestigious and the quality of education is higher.⁶¹⁹ It suggested that connecting more young Australians with Indian universities and businesses could 'help raise awareness ... of the quality and value of Australian education.'⁶²⁰

Exchanges or study abroad programs are also one of the few areas within the international education sector in which the WA Government can make a tangible impact. The Perth USAsia Centre said that some areas of collaboration in the education sector, such as joint research, are beyond the funding capabilities of the WA Government. (It pointed out that even with Commonwealth funding, universities still need to find additional funding to conduct joint research). However, it suggested that the State does have capacity to fund PhD exchanges.⁶²¹

Finding 48

Student exchanges and study abroad programs are soft power initiatives that build people-to-people connections, help raise awareness of the quality of Western Australian education and the State more broadly, and can result in high-value business, tourism and community outcomes. Secondary school student exchanges can convert participants into international students in Western Australia.

Sister schools

Sister school relationships can encourage student and teacher exchanges and build long-standing relationships between WA and India. While the immediate outcome of sister school relationships is increased cultural familiarity amongst participating students, such relationships can convert Indian participants into international students in WA and encourage tourism.⁶²²

The Committee is aware that both Geraldton Grammar School and Bunbury's Cooina Primary School are partnered with Mother's Global School and Bluebells International School respectively, both of which are in New Delhi.⁶²³ These sister school relationships are part of

618 Department of Jobs, Tourism, Science and Innovation, *Japanese scholarships semester 1, 2021: Postponed*, Government of Western Australia, Perth, 2020, p1.

619 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp71–72.

620 *ibid.*, p72.

621 Submission 5, Perth USAsia Centre, p28.

622 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p86.

623 Geraldton Grammar School, *Sister Schools*, accessed 18 May 2020, <<https://www.geraldtongrammarschool.wa.edu.au/index.php/discover/sister-schools>>; Asia

the BRIDGE school partnerships program, an Asia Education Foundation program that ‘establishes school partnerships between students, teachers and school communities.’⁶²⁴

It is difficult to establish whether other WA schools have sister school relationships or exchange programs with Indian counterparts because the Department of Education does not collect data on these programs.⁶²⁵

Sister school relationships have been found to have ‘a significant positive effect on the global awareness, attitudes and response of students across both primary and secondary schools’, particularly when embedded within the school (i.e. the relationships are maintained for at least three years).⁶²⁶ The personal communication that sister schools offer bolster students’ enthusiasm for language learning and increase the number of students ‘continuing their language studies beyond the compulsory level.’⁶²⁷ If a greater number of WA schools formed sister school relationships with their Indian counterparts, it is likely that more students would be motivated to learn—and continue learning—Indian languages such as Hindi.

Many Victorian schools have sister school and exchange programs with India (among other programs). These are supported by three Victorian Government initiatives, launched in January 2018, which aim to engage more Victorian students with India and to strengthen the State’s economic and cultural ties with India:

- A two-year Victorian Young Leaders to India pilot which will send up to 200 Year 7–9 students and teachers to India to complete two to four-week immersion programs.
- A two-year Women in School Leadership Program that helps female school leaders, including principals and senior teachers, from Victoria and India to share knowledge.
- A two-year Victorian Schools and Indian Diaspora Partnerships Program that harnesses the knowledge of the Indian diaspora to develop and support partnerships between schools in India and Victoria.⁶²⁸ The Victorian Government provides schools with up to \$25,000 as part of its Connecting Schools with Indian Communities program.⁶²⁹

Education Foundation, *BRIDGE partner schools*, accessed 25 August 2020, <<http://www.asiaeducation.edu.au/programmes/school-partnerships/partner-schools/wa>>.

624 Asia Education Foundation, *BRIDGE School Partnerships*, accessed 25 August 2020, <www.asiaeducation.edu.au/programmes/school-partnerships>.

625 Lisa Rodgers, Department of Education, Letter, 29 June 2020, p1.

626 Department of Education and Early Childhood Development, *The benefits, impacts and success factors for successful sister school relationships from DEECD sister school relationships final report by Colmar Brunton 2012*, Government of Victoria, Melbourne, 2013, p3.

627 *ibid.*, p4.

628 Hon Daniel Andrews, Premier of Victoria, *New Education Initiatives to Strengthen Ties with India*, media release, 16 January 2018.

629 Department of Education and Training, *Connecting Schools with Indian Communities program*, Government of Victoria, 12 March 2019, accessed 18 May 2020, <<https://www.education.vic.gov.au/school/teachers/teachingresources/multicultural/Pages/connecting-schools-indian-communities.aspx>>.

Finding 49

Sister school relationships between Western Australian and Indian schools increase the India literacy of Western Australian students, and bolster their interest and enthusiasm for learning Indian languages.

Sister school relationships can also encourage student and teacher exchanges and build long-standing relationships between Western Australia and India. While the immediate outcome of sister school relationships is increased cultural familiarity amongst participating students, such relationships can convert Indian participants into international students in Western Australia and encourage tourism.

Recommendation 10

That the State Government create opportunities for Western Australian secondary schools to develop sister school relationships and participate in exchange and/or immersion programs with Indian schools. Schools in Indian states with tertiary student or business potential for Western Australia should be targeted.

Recommendation 11

That the State Government investigate ways to establish a scholarship program to support Western Australian tertiary students participating in student exchange or study abroad programs in India.

Online education

Traditionally, India has resisted recognising any online university courses regardless of the level or type of education. Although central government ministries had been directed to reform the sector and develop online learning regulations, the Varghese Report predicted ‘transformational reform’ was unlikely to occur for at least 15 years due to underfunding and bureaucratic constraints.⁶³⁰

However, the temporary halt of face-to-face teaching due to COVID-19 has resulted in more students being educated online. Mr Payne suggested that this could completely revolutionise the international education sector:

It may also be that the expertise and experience that is gained in the next months, years maybe, in online and blended learning may redefine how international education is delivered or recast how that is delivered, which may be a good thing, but it remains to be seen.⁶³¹

When he provided evidence in August 2020 to the inquiry, Ambassador Anil Wadhwa, author of the Indian Government’s forthcoming *Australia Economic Strategy*, also recognised India’s increasing appetite for online education. He said that ‘things like education, e-learning programs’ and the associated collaborations had increased by as much as 60 per cent over the previous four to five months.⁶³²

630 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p76.

631 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p6.

632 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p13.

WA is well-placed to benefit from this growing acceptance of online education. As JTSI pointed out, WA has a time advantage over other Australian states which online education could maximise.⁶³³

In early November 2020, the State Government announced an Online Capability Fund to support international education providers to develop and expand their online courses. Grants of up to \$40,000 will be awarded for the:

- Purchase and rollout of critical information and communication technologies infrastructure;
- Design and implementation of online curriculum in a way that maximises quality and the student learning experience; and
- Staff professional development to build capability in delivering education and training online.⁶³⁴

The fund seeks to address some of the impacts of COVID-19 on the international education sector by enabling students to ‘commence their studies offshore until such time as it is safe for WA to welcome the return of international students.’⁶³⁵

Nevertheless, WA providers wishing to move into online education face considerable challenges. There is already a huge amount of high-quality online content available to Indian consumers, much of which is provided at prices that WA might not be able to initially match.⁶³⁶ Indian providers in particular are able to develop products that reflect the market’s price sensitivities, and they have a strong understanding of local conditions.⁶³⁷

To gain a foothold in the market, the Varghese Report suggested that Australian providers begin by offering massive open online services to build brand recognition. Fee-for-service courses could then follow.⁶³⁸ Melvyn Gilbert similarly said it was time for WA to ‘flood’ the Indian market with ‘online study options that count for the same credit as if they were studying onshore.’⁶³⁹

The lack of formal government recognition of online learning does not necessarily forestall the success of all online courses. As long as Indian students and industry recognise the quality of online courses, WA providers may be able to succeed in the market. In 2018, for example, Curtin University signed an agreement with India’s NCERT to create and implement online training modules and other professional development tools for Indian teachers.⁶⁴⁰

633 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p1.

634 Hon Mark McGowan, Premier, and Hon Sue Ellery, Minister for Education and Training, *Support for international education providers to enhance online capability*, media release, 6 November 2020.

635 *ibid.*

636 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p6.

637 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p78.

638 *ibid.*, p72.

639 Melvyn Gilbert, *Transcript of Evidence*, 9 September 2020, p5.

640 Curtin University, *New agreement works to enhance teachers’ skills in India*, media release, 4 July 2018, accessed 6 May 2020, <<https://news.curtin.edu.au/media-releases/new-agreement-works-enhance-teachers-skills-india/>>; Submission 5, Perth USAsia Centre, p28.

The obvious downside to an increased uptake in online education is that the multiplier effect associated with international student recruitment will be lost if Indian students begin switching from onshore education programs to online education programs. However, this may be partly off-set by a growth in the total number of students engaged in WA education programs. Students who would have been dissuaded by the comparatively high living costs that come with onshore education may now be able to afford a WA-derived education regardless.

Also, depending on the long-term impact of the pandemic, the multiplier effect will be affected anyway. Diversifying services as a way to counter lost revenue might be one of the only options left.

Finding 50

The COVID-19 pandemic has highlighted a range of online education opportunities for Western Australian education providers. Exploring these opportunities, and developing flexible programs that incorporate various forms of education delivery, are likely to become increasingly important.

Curriculum services

As already mentioned, the School Curriculum and Standards Authority (SCSA) is hoping to license the WA curriculum to Indian schools as part of its International Education Program (IEP). The WA government agency believes that there is ‘significant potential in the Indian market’, partly driven by parents’ desire for their children to complete an education program in English, regarding it as the ‘business language of the world’.⁶⁴¹

The primary attraction of the IEP is its role as a pathway to an overseas university education. The WACE, which is one of the curriculum programs offered in the IEP, requires students to demonstrate a minimum standard of literacy and numeracy and take both qualitative (i.e. humanities) and quantitative (i.e. sciences) subjects. ‘When you add all of that up’, SCSA Executive Director Allan Blagaich said, ‘[the WACE] is a very strong guarantee of a standard once it has been demonstrated and achieved.’⁶⁴²

In recent years, schools in Vietnam and China have expressed interest in expanding the WACE program to include VET qualifications. This would align with WA, where VET programs can contribute to a student’s WACE. As at March 2020, the SCSA and Department of Training and Workforce Development were considering how such programs could be delivered overseas with the intention of offering students a ‘combination of general and vocational education and training certificate pathways’ by late 2020 or early 2021.⁶⁴³ Given the significant demand for VET in India, the inclusion of VET qualifications in the IEP offerings could make the State more competitive in this market.

The main economic benefit of the IEP is not the revenue that it generates directly but its potential to drive growth in other areas. As noted in relation to the multiplier effect, the IEP

641 Professor Patrick Garnett, School Curriculum and Standards Authority, *Transcript of Evidence*, 20 March 2020, p4.

642 Allan Blagaich, School Curriculum and Standards Authority, *Transcript of Evidence*, 20 March 2020, p4.

643 *ibid.*, p6.

provides a pathway to WA universities or VET institutions. The SCSA said that expanding the IEP to India could also raise greater awareness of WA as a tourism destination amongst participating students and their families.⁶⁴⁴ It might also lead to increased demand in India for products and services provided by other WA businesses or institutions, including:

- training for teachers, school leaders, and education agents;
- study tours to WA;
- exchanges for students and teachers;
- the marketing of higher education options;
- VET delivery;
- sister school arrangements; and
- onshore primary and secondary school enrolments.⁶⁴⁵

WA has not, to date, capitalised on some of the opportunities presented by the IEP. Mr Payne told the Committee that the percentage of students who attend WA universities after completing WACE overseas is approximately three to four per cent. In contrast, other Australian states have actively marketed their universities to these students:

[T]hey have been very aggressive in the marketing of their universities to these cohorts. In a sense, we have made it easy for them because these students are congregated in single schools, everyone knows where they are, and the better universities—because it is generally the Go8 universities [group of eight Australian universities] that have been most successful in attracting these students, and it has not been seen as a priority until very recently.⁶⁴⁶

Mr Payne said that reversing this trend in existing WACE schools will be difficult, but there is a ‘very great opportunity’ to avoid this from happening in new schools such as those in India (should they be included in a future round of IEP expansion).⁶⁴⁷

Nor will the inclusion of Indian schools in the IEP be easy. India is a price sensitive market with a relatively low appetite for high education costs. This is a challenge for the SCSA, which as a WA Government agency ‘must ensure that it covers the financial costs of its commercial activities whilst delivering an economic benefit to the State.’⁶⁴⁸ The SCSA said that the minimum number of students required before a WACE program can begin in an Indian school might need to be increased to offset the lower price points. It indicated that this would be greater than the minimum number required to commence a WACE program in China, which is currently 40 to 45 students.⁶⁴⁹

Like all foreign education providers wanting to enter the Indian market, the SCSA must also navigate a highly regulated sector and determine the ‘regulatory appetite’ for foreign

⁶⁴⁴ *ibid.*, p4.

⁶⁴⁵ Submission 8, School Curriculum and Standards Authority, p10.

⁶⁴⁶ Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p2.

⁶⁴⁷ *ibid.*

⁶⁴⁸ Submission 8, School Curriculum and Standards Authority, p6.

⁶⁴⁹ *ibid.*

curriculum.⁶⁵⁰ When it comes to delivering the syllabuses, possible variances in students' English language skills and teaching pedagogies will likely require the SCSA to provide teachers and students with a high level of support as they adjust to the SCSA syllabuses.⁶⁵¹

The SCSA does not see these challenges as insurmountable, pointing to the structures and resources it has used effectively in other IEP countries:

We offer professional learning, both online and face to face if possible. We offer support programs for students and teachers to transition into the WACE from the national curriculum, and that is highly important, particularly when the pedagogy is stand up and deliver, whereas ours is inquiry based and research based. A growing range of teaching and assessment resources are provided to the schools. We have run workshops that demonstrate practical application of the latest teaching strategies, and have gone out to support the teachers in situ. Conferences have been held in Singapore where teachers have flown in from Vietnam and Malaysia, which we have run. We are working collegiately with teachers to develop curriculum planning, so we are working right alongside them as we get them ready and stronger, and they are establishing international teacher support networks amongst themselves and we are facilitating those. We maintain regular visits where we do inspections, so the standard is very high.⁶⁵²

WA's Indian diaspora could help in expanding into the Indian market. The SCSA said businesses owned by diaspora members could assist the SCSA to identify Indian education institutions and to deliver the WA curriculum.⁶⁵³ The SCSA has already used this model in China, with mutually beneficial outcomes:

[T]hese businesses benefit financially through their relationship with approved overseas schools, assist the Authority with overseas communication and addressing cultural norms and support the Western Australian International Education Strategy by working towards bringing overseas WACE graduates to Perth.⁶⁵⁴

It said that businesses owned by members of the Indian diaspora could become education agencies, providing recruitment services to WA universities (presumably by recruiting from students who had completed the WA curriculum in primary or secondary school) and migration services for graduates of the WA curriculum programs wishing to attend higher education in WA.⁶⁵⁵

650 *ibid.*, p5.

651 *ibid.*, p8.

652 Allan Blagaich, School Curriculum and Standards Authority, *Transcript of Evidence*, 20 March 2020, p6.

653 Submission 8, School Curriculum and Standards Authority, p9.

654 *ibid.*

655 *ibid.*

Finding 51

Licensing Western Australia's curriculum to Indian schools has the potential to raise awareness of Western Australia as both a tourism destination and an education destination amongst participating students and their families in India.

Expanding the School Curriculum and Standards Authority's International Education Program to India will require an assessment of price sensitivities, regulation, and possible variances in students' English language skills and teaching methods (pedagogies).

Recommendation 12

That the State Government direct the School Curriculum and Standards Authority to assess the viability of licensing the Western Australian curriculum to Indian schools with a view to:

- identifying and attracting Indian schools that are interested and able to offer the Western Australian curriculum; and
- marketing Western Australia's onshore education offerings to Indian graduates of Western Australia's curriculum programs.

Research collaboration

A consistent theme of the inquiry is the potential of collaborative research to strengthen the WA–India relationship on many levels. Collaborative research can have a significant economic impact. In 2016, a London Economics report calculated the research activities of Australia's Go8 universities to have had a \$24.53 billion impact—a \$0.75 billion direct research impact and \$23.78 billion productivity and knowledge spillover.⁶⁵⁶ It found that every \$1 invested in Go8 university research in 2016 generated an additional \$9.76 in the private sector.⁶⁵⁷

More broadly, bringing researchers and universities together is necessary to solve some of the world's 'wicked problems' such as climate change, food security, water security or global pandemics.⁶⁵⁸ WA also has significant research expertise that aligns with India's economic needs and government priorities, such as agricultural water management and dryland farming, and thermal power generation.⁶⁵⁹

India is recognising the importance of research and increased international collaboration. In its draft National Education Policy, released for public consultation in 2019, the Indian Government proposes the creation of a National Research Foundation to build research capacity in universities and, amongst other things, 'strengthen the linkages between universities and their counterparts at the global level'.⁶⁶⁰

656 Submission 2, UWA and UWA Public Policy Institute, p7; Gavan Conlon, Maïke Halterbeck and Jenna Julius, *The economic impact of Group of Eight universities*, London Economics, London, 2018, pv.

657 *ibid.*

658 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p2.

659 Submission 37, Murdoch University, p2; Submission 5, Perth USAsia Centre, p43; Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p2.

660 Government of India, *Draft National Education Policy*, Delhi, 2019, p30.

This represents an opportunity for WA. According to the evidence received, two forms of research partnerships provide the greatest prospects: higher degree by research and collaboration between WA and Indian research institutes.

Higher degree by research

Higher degree by research (HDR) students are students who undertake research doctorate or research masters degrees. They are a kind of lynchpin in relation to the development of an international reputation for WA universities. The Varghese Report explained:

Attracting high quality students in advanced courses helps build our reputation as a premium education destination, establishes important people to people links, improves the visibility of Australia's academic expertise, and can be a precursor for a more established partnership between universities.⁶⁶¹

It seems that collaborative PhD programs, which involves a WA university and an Indian education institution jointly supervising students and jointly awarding a single degree,⁶⁶² were gaining traction in WA prior to the pandemic. Curtin University offers collaborative PhD programs with six partner institutions in India.⁶⁶³ UWA intends to offer a similar PhD program in the future. It has developed the program with an Indian institution, which would involve students attending UWA for at least one year of their study, but, as at March 2020, was waiting final approval from UWA and was yet to be implemented.⁶⁶⁴

Professor Mukherjee is a living example of how people-to-people links can lead to the establishment of such programs. He helped to develop a collaborative PhD program between Curtin University and the Indian Institute of Technology Bombay (IIT Bombay). Before joining Curtin University, Professor Mukherjee worked at IIT Bombay and, as he said, 'the leaderships of these universities were my friends, so it was easy to connect up with them.'⁶⁶⁵ Although this example is a result of Professor Mukherjee's employment at both institutions, the same process could easily occur should a former WA university student later gain tenure at an Indian university.

Such relationships are needed because WA, like many Australian universities, suffer from a perception within India that they are not as prestigious nor their quality of education as high as those in the United States and United Kingdom.⁶⁶⁶ Sanjeev Gupta submitted that WA universities 'are now regarded as a medium of getting residency' due to a 'failure to project an image of [an] institution with excellence'.⁶⁶⁷

661 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, p75.

662 Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p1; Curtin University, Email, 25 August 2020.

663 Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p1.

664 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p8.

665 Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p2; Curtin University, Email, 25 August 2020.

666 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, pp71–72.

667 Submission 26, Sanjeev Gupta, p4.

Box 6.4: Indian higher degree by research students enrolled in Western Australia's public universities

The Committee received international student statistics from all of WA's public universities and each had different proportions of students pursuing a higher degree by research (HDR) in 2019, arguably the most difficult—and prestigious—form of university education:

- Curtin had 771 Indian international students, 66 (or 8.6 per cent) of whom were HDR.⁶⁶⁸
- UWA had 348 Indian international students, 27 (or 7.8 per cent) of whom were HDR.⁶⁶⁹
- Murdoch had 1,402 Indian international students, 13 (or 0.9 per cent) of whom were HDR.⁶⁷⁰
- Edith Cowan had 1,657 Indian students, 10 (or 0.6 per cent) of whom were HDR.⁶⁷¹

The Varghese Report suggested that the misperceptions about Australian higher education could be overcome by increasing the funding available to doctoral students. In comparison to the United States, where less than 10 per cent of Indian doctoral students pay the full price for their degree, very limited funding for doctoral research is offered in Australia.⁶⁷²

In response, the Commonwealth Government extended its existing Australia Awards Scholarships program to India in 2019.⁶⁷³ The Australia Awards Scholarships are long-term awards administered by DFAT, which aim to develop individuals' knowledge and skills to 'drive change and contribute to the development in their own countries.'⁶⁷⁴ Masters-level scholarships are now offered to Indian students from specific institutions in the 10 states identified by the Varghese Report. Ten Indian students received a scholarship for the 2020 intake; however, none are studying in WA.⁶⁷⁵

Perth Airport supported the development of a 'competitive Western Australian-sponsored scholarship for an Indian student demonstrating academic excellence', suggesting that this would increase awareness of WA's 'exceptional, sought-after education experience.'⁶⁷⁶ There does seem to be an absence of WA scholarships aimed at Indian students. An online review of WA university scholarships found that only UWA and Edith Cowan University offer scholarships that are specifically for Indian students and, of these, all are targeted at students at undergraduate or Masters levels.⁶⁷⁷

668 Professor Abhijit Mukherjee, Curtin University, Email, 4 June 2020, p2. Unlike other universities, Curtin's data included an 'Other' category with 51 students. If this category was removed, 9.2 per cent of Indian international students at Curtin would be pursuing a HDR.

669 David Norman, UWA, Email, 29 April 2020.

670 David Harrison, Murdoch University, Email, 10 August 2020.

671 Professor Simon Ridings, Edith Cowan University, Letter, 11 August 2020, p1.

672 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p78.

673 Department of Foreign Affairs and Trade, *India: Applying for an Australia Awards Scholarship*, Commonwealth of Australia, 2019, p1.

674 Department of Foreign Affairs and Trade, *Australia Awards Scholarships*, accessed 12 December 2019, <<https://dfat.gov.au/people-to-people/australia-awards/pages/australia-awards-scholarships.aspx>>.

675 Department of Foreign Affairs and Trade, Attachment to Email, 21 May 2020, p1.

676 Submission 44, Perth Airport, p3.

677 Philip Payne, StudyPerth, Letter, 22 May 2020, p3; UWA, *UWA India Undergraduate Scholarship F17/959*, accessed 25 August 2020, <<https://www.uwa.edu.au/study/scholarships/explore>>; Edith Cowan University, *Executive Dean's 2020 Master of Engineering Scholarship*, accessed 25 August 2020,

Most Indian HDR students in WA probably receive some level of support in the form of Research Training Program (RTP) scholarships. These scholarships, administered by individual universities on behalf of the Commonwealth Department of Education, Skills and Employment, are available to both domestic and overseas students undertaking research doctorate or research masters degrees. They support the majority of HDR students in WA.⁶⁷⁸ The scholarships can cover a student's tuition fees, provide a stipend to assist with living costs and/or assist students with ancillary costs, such as thesis printing and health cover costs.⁶⁷⁹

Questions have been raised about the adequacy of RTP scholarships in the face of the COVID-19 pandemic. The postgraduate student association presidents from all of WA's public universities noted that although the Commonwealth Government had extended the maximum duration of RTP support by six months, the provision of these extensions remained at the discretion of the universities. The Commonwealth Government also did not provide any additional money to cover any extensions granted by the universities. As the postgraduate student association presidents wrote, 'universities are expected to fund this shortfall'.⁶⁸⁰ This means that in theory Indian HDR students are now able to receive RTP support for 4.5 years if they are a research doctorate student and 2.5 years if they are a research masters student, but in reality such support is unlikely to be forthcoming.

If the WA government begins a strategic investment into WA research, with a particular focus on supporting HDR students, who will be the researchers of the future, WA will have the opportunity to develop as a key international research hub. This, however, requires concerted, strategic support to boost a heavily impacted sector.

*Postgraduate student association presidents
from Western Australia's public universities*

In March 2020, Professor Siddique submitted that Indian PhD students could be jointly funded by their WA university and the State Government. He stressed that it was not about the government 'forking out all the money' but universities and the government working in conjunction to attract high-quality students.⁶⁸¹

Finding 52

Attracting Indian PhD students to Western Australian universities builds people-to-people links and raises the reputation of the Western Australian higher education sector. This can drive new partnerships between Western Australian universities and Indian institutes of technology, and may assist Western Australia to increase its market share of Indian student enrolments.

<https://www.ecu.edu.au/scholarships/details/executive-deans-2020-master-of-engineering-scholarship>.

678 May Majimbi, Curtin University Postgraduate Student Committee, et al., Letter, 2 July 2020, p3; Curtin University, Email, 25 August 2020.

679 Department of Education, Skills and Employment, *Research Training Program*, 24 July 2020, accessed 20 August 2020, <<https://www.education.gov.au/research-training-program>>.

680 May Majimbi, Curtin University Postgraduate Student Committee, et al., Letter, 2 July 2020, p3.

681 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p6.

Recommendation 13

That the State Government investigate measures to support or develop a scholarship program to increase the number of Indian higher degree by research students attending Western Australian universities. Scholarship programs should focus on the priority sectors identified in the State Government's economic agenda.

Collaboration between Western Australian and Indian research institutes

The Varghese Report identifies collaborative research between Indian and Australian researchers as an area in which, as the Varghese Report put it, 'there is considerable scope for further improvement.'⁶⁸² While the Committee received examples of WA universities joining with Indian researchers to advance their understanding and contribution to specific fields (see box 6.5), it appears that many WA academics tend to favour the United States, Europe and increasingly China for their academic collaborations rather than India.⁶⁸³ This is problematic, especially given that Professor Siddique predicted that within 20 years India will follow a similar trajectory as China, whose scientific output now tops the United States.⁶⁸⁴ If the current trend continues, WA risks missing out on the economic outcomes generated from research collaboration.

Box 6.5: Examples of collaborative research between WA and Indian researchers**UWA and International Crops Research Institute for Semi-Arid Tropics (ICRISAT)**

UWA has had a Memorandum of Understanding (MOU) with ICRISAT since the early 2000s. In recent years, research involving UWA and ICRISAT has resulted in a number of significant breakthroughs, including in relation to drought resistant barley and the identification of genes that can be used to develop drought and heat tolerant chickpeas.⁶⁸⁵

Murdoch University and Lala Lajpat Rai University

Murdoch has a MOU with Lala Lajpat Rai University of Veterinary and Animal Sciences to cooperate in the fields of animal sciences research and training and the improvement of production techniques through the exchange of scientists, technologies and joint research programs.⁶⁸⁶

However, WA academics cannot be forced to collaborate with specific countries. UWA's David Norman explained 'the nature of academic work is not a command and control system. ... the vice-chancellor cannot say to an academic, "You do this; you do that. You must focus on this; you must focus on that", because academic freedom permits academics to pursue their own academic interests to a great extent'.⁶⁸⁷

682 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p75.

683 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p2; David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p4.

684 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p2.

685 UWA, *Breakthrough in drought resistant barley*, 24 August 2017, accessed 22 October 2020, <www.news.uwa.edu.au/201708249871/barley-drought-tolerance/breakthrough-drought-resistant-barley>; UWA, *Breakthrough in high-yield drought-resilient chickpeas*, 30 April 2019, accessed 22 October 2020, <www.news.uwa.edu.au/2019043011366/research/breakthrough-high-yield-drought-resilient-chickpeas>.

686 Submission 37, Murdoch University, p3.

687 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p1.

To encourage academics to expand their links with Indian institutions, clear strategic positioning is required from the State Government, articulating its priorities in relation to preferred partners and sectors. The WA Government already has strategy documents that indicate its desire for increased engagement with India. The specific aim of WA's sister state agreement with Andhra Pradesh, for example, is to 'promote closer engagement' with Andhra Pradesh in a range of sectors, including education.⁶⁸⁸ Three projects identified in the agreement as having future potential involve research collaboration:

- The systematic analysis of 'scientific, technology and research alignments between Andhra Pradesh and Western Australia across nominated sectors'.
- The exploration of 'collaboration opportunities between Western Australian water management systems to improve usage in Andhra Pradesh's mining, agriculture and urban sectors'.
- The assessment of 'opportunities to connect medical research conducted in Andhra Pradesh with clinical trial capabilities in Western Australia'.⁶⁸⁹

Another powerful tool for encouraging increased collaboration is research funding. Even if academics want to work collaboratively with Indian partners, Mr Norman explained that the funding is not always forthcoming from Australian sources:

[F]or every dollar of competitive research money we win, we need to find another \$1.20 from somewhere, so we need international students or industry money or whatever it is. We cannot just decide we are going to do research in Andhra Pradesh, for example, because we have no funding to do it.⁶⁹⁰

By giving us links of universities which we already work with, or which we already know about, does not help us and in fact often it does the opposite. One of the difficulties we have internally in the way of transfer of the university, or we say to somebody, "Hey, why don't you work with this university?", is that they are already busy doing something else; it is an opportunity cost for the individual academic.

David Norman, University of Western Australia

This aligns with comments the Committee received from the postgraduate student association presidents from WA's public universities, who said that State and Commonwealth Government funding for research and experimental development has declined in recent years.⁶⁹¹ In contrast, Mr Norman said research collaboration with WA's Chinese sister state of Zhejiang had increased because funding (from the Chinese Government, rather than Australian sources) was available.⁶⁹²

688 Government of Western Australia and Government of Andhra Pradesh, *Agreement on the establishment of sister state relations between State Government Andhra Pradesh – Republic of India and State Government of Western Australia – Commonwealth of Australia*, 2016, p2.

689 *ibid.*, appendix 1.

690 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p3.

691 May Majimbi, Curtin University Postgraduate Student Committee, et al., Letter, 2 July 2020, p3.

692 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p3.

Similarly, the Committee heard that the Indian Government is currently contributing more money to Australian and Indian research collaborations than Australia.⁶⁹³

WA's postgraduate student association presidents emphasised the importance of sustained research and development funding, particularly during the COVID-19 pandemic:

Our state's research capacity is being eroded away at this critical time in a highly competitive national and global market, which reflects poorly on WA universities. The COVID-19 pandemic is further eroding the state's research capacity. If not addressed and rectified ... this will have a detrimental effect on WA.⁶⁹⁴

While there are indications that the level of funding required for joint research is beyond the capabilities of state governments,⁶⁹⁵ Professor Siddique suggested that even partial contributions to WA–India research partnerships would incentivise WA academics to explore these opportunities. Under Professor Siddique's proposed model, the WA Government would commit a set amount of money for every Australia–India Strategic Research Fund grant that a WA university is awarded (see box 6.6 for an explanation of the fund).⁶⁹⁶ This would not be straightforward: one of the conditions of the fund is that grant recipients cannot use funding from other Commonwealth, state, territory or local government grants towards the project.⁶⁹⁷

According to at least one inquiry participant, State Government agencies or government-funded entities have tended to see their role as facilitating relationships between WA universities and their Indian counterparts. This is unnecessary because universities do not usually find it difficult to commence relationships—it is the funding that stymies potential research collaborations, not a lack of awareness of potential opportunities:

If StudyPerth, for example, brings us an inbound group of vice chancellors from universities in any place you might pick in the world, because it makes sense for them and because it ticks boxes for them in terms of bringing people in to connect to us, those connections cannot work unless they have money to do the research, because we do not.⁶⁹⁸

To encourage increased research engagement, Mr Norman suggested that the WA Government instead focus on supporting businesses and increasing bilateral trade with India. The impact on joint research might not be immediate or linear but, as Mr Norman explained, increased economic activity between WA and India will create businesses with 'problems that need fixing' and staff that need training. This, in turn, drives demand for academic research.⁶⁹⁹

693 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p6.

694 May Majimbi, Curtin University Postgraduate Student Committee, et al., Letter, 2 July 2020, p3.

695 Submission 5, Perth USAsia Centre, p28.

696 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p6.

697 Department of Industry, Science, Energy and Resources, *Grant opportunity guidelines: Australia-India Strategic Research Fund round 13—COVID-19 collaborative research projects*, Commonwealth of Australia, Canberra, 2020, pp6, 15.

698 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p3.

699 *ibid.*, pp3–4.

Box 6.6: Australia–India Strategic Research Fund

The Australia–India Strategic Research Fund is Australia’s largest fund dedicated to bilateral research. It aims to increase the uptake of leading science and technology by supporting collaboration between Australian and Indian researchers; strengthen strategic alliances between Australian and Indian researchers; and facilitate Australia and India’s access to the global science and technology system.⁷⁰⁰

Since its inception in 2006, 13 rounds of grants funding have been offered for collaborative research projects. The Commonwealth Government has traditionally contributed grants of between \$200,000 to \$1 million, while the Government of India has funded Indian research partners on ‘a matching effort basis’.⁷⁰¹ As at June 2019, the Commonwealth Government had committed funding of around \$85 million over 16 years.⁷⁰²

As part of the Australia–India Virtual Summit in June 2020, Prime Minister Modi and Prime Minister Morrison committed to ‘a new phase of the Australia–India Strategic Research Fund’. This phase is to include the promotion of ‘innovative solutions for responding to and treating COVID-19, as well as other jointly determined priorities’.⁷⁰³

The most recent round of funding, which closed in July 2020, was open to projects in one of the fund’s ‘COVID-19 priority areas’ such as antiviral coatings or the development of immunotherapeutics. Projects also had to be ‘mutually beneficial for Australia and India with outcomes that contribute to the global response to the COVID-19 pandemic’.⁷⁰⁴

An evaluation of the program between 2013 and 2017 found that the fund was directly contributing to positive bilateral relations and was providing the Australian research sector access to ‘significant new research and knowledge’.⁷⁰⁵

Finding 53

There is considerable scope for growing collaborative research between Indian and Western Australian researchers. Western Australia risks missing out on economic outcomes generated from collaboration if it does not pursue opportunities to collaborate with India’s research talent in priority sectors.

Finding 54

The Indian Government is currently contributing more money to Australian and Indian research collaborations than Australia. Even partial contributions by the State Government would incentivise Western Australian academics to explore opportunities.

700 *ibid.*, p5.

701 Department of Industry, Innovation and Science, *Australia-India Strategic Research Fund: A decade of successful collaboration*, Commonwealth of Australia, Canberra, 2017, p6.

702 Department of Industry, Science, Energy and Resources, *Australia-India Strategic Research Fund: Evaluation*, June 2019, accessed 20 August 2020, <www.industry.gov.au/data-and-publications/australia-india-strategic-research-fund-evaluation-summary>.

703 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

704 Commonwealth of Australia, *Funding for joint Australian and Indian research focused on the COVID-19 pandemic*, 2 July 2020, accessed 20 August 2020, <<https://www.business.gov.au/Grants-and-Programs/Australia-India-Strategic-Research-Fund-AISRF#key-documents>>.

705 ‘Executive Summary’ in Office of the Chief Economist, *Australia-India Strategic Research Fund: Evaluation*, by Social Compass, 2019, p2.

Recommendation 14

That the State Government investigate ways to support collaborative research projects between Western Australia and India that focus on the priority sectors identified by the State Government and/or sectors with future trade potential.

Finding 55

Attracting onshore international students to Western Australia, and diversifying the international education sector beyond onshore enrolments, requires a long-term, targeted and coordinated strategy. A strengthened international education relationship with India will drive future growth and develop partnerships in a number of sectors. Some benefits may not be immediate, but they will materialise in the longer term.

Finding 56

The State Government has developed a suite of strategic documents that identify priority sectors for economic development. International education could be a vehicle to pursue a range of broader outcomes in these priority sectors. Prior to the COVID-19 pandemic, the State Government's strategic documents and policies focused on international student recruitment and not on the contribution that research collaboration or other forms of international education engagement could make to the growth and diversification of the State's economy.

Recommendation 15

That the State Government, in conjunction with StudyPerth, review the Western Australian International Education Strategy, *Where bright futures begin: International education in Perth, Western Australia 2018–2025*, and expands its focus beyond onshore student recruitment.

The Strategy and StudyPerth's action plan should seek to increase Western Australia's share of student enrolments from key markets, such as India, while also diversifying the scope of Western Australia's International Education Strategy with India to extend to the other aspects of the relationship noted in this report.

This broadened scope should be reflected in the India Market Plan being developed.

Chapter 7

Tourism

Although it is changing, tourists mostly go [to] the eastern states and students mostly go to the eastern states. They know of Sydney, Melbourne and Brisbane, and less so Adelaide and Perth.

Professor Kadambot Siddique, Director, Institute of Agriculture, University of Western Australia

Tourism is a major sector in Western Australia

Tourism is ‘a key economic driver for Western Australia’.⁷⁰⁶ According to the most recent and accurate data available, in 2018–19 the tourism sector directly employed 66,600 people and generated a further 34,300 jobs indirectly, accounting for 7.5 per cent of all employment in WA.⁷⁰⁷ The same year, the value of the tourism sector by gross value added (GVA) was \$10.9 billion (see box 7.2 for the definition of GVA). Over four per cent of WA’s total gross state product (GSP)—or just under \$12.2 billion—was either directly or indirectly the result of tourism (see figure 7.1).⁷⁰⁸ How this may have changed due to the COVID-19 pandemic is discussed further in chapter 13.

Box 7.1: What does the Committee mean when it says ‘tourism’?

International tourism is popularly used to describe the activities of people travelling outside their country of residence for leisure purposes. In this chapter, however, the Committee has adopted the broader definition used by the tourism sector in Australia. In addition to people travelling for a holiday, the Australian tourism sector considers that the international tourism sector includes people travelling outside of their countries for the following reasons:

- for business;
- for education;
- to visit friends and relatives (VFR); or
- other (mostly employment).

Before the COVID-19 pandemic, there was room for the WA tourism sector to grow its international market.⁷⁰⁹ Compared to other Australian states and territories, international visitors contributed a low proportion of WA’s direct tourism GVA. In 2018–19, international visitors accounted for less than one-quarter (or \$1.3 billion) of WA’s direct tourism GVA. In contrast, they accounted for 34.5 per cent (or \$5.9 billion) of the direct tourism GVA in New South Wales (NSW), 34 per cent in Victoria (\$4.6 billion) and 26 per cent in Queensland (\$3.3

706 Government of Western Australia, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, Perth, 2019, p31.

707 These statistics include the food and beverage sector. See Tourism Western Australia Strategy and Research, *State tourism satellite account 2018–19: Topline results for WA*, Government of Western Australia, Perth, 2020, p1.

708 *ibid.*

709 Submission 31, Perdaman Global Services, p2; Submission 5, Perth USAsia Centre, p10.

billion).⁷¹⁰ Only South Australia and Tasmania had international visitors contribute a lower share of their respective state's direct tourism GVA than WA.⁷¹¹

Figure 7.1: Economic contribution of tourism to Western Australia⁷¹²



Box 7.2: What is gross value added?⁷¹³

Gross value added (GVA) is total labour income and capital revenue received by the industry from tourism plus the net taxes that government receives from production.

It is a more accurate economic measure than gross state product (GSP) as it excludes taxes paid and accounts for the impact of subsidies. Both subsidies and taxes will vary across industries and states/territories, masking the true value of an economic activity and making comparisons more difficult. However, GSP or gross domestic product data tends to be more widely available and, consequently, more frequently used.

What India's growing appetite for travel means for Western Australia

Based on evidence gathered before the pandemic, India was identified as a source market from which WA could expand its international tourism sector. It was predicted that India's economic and demographic growth would see more Indians travel more often in the future. In 2017, 23 million Indians travelled overseas. Driven by an increasingly affluent middle class, affordable airfares and the growing perception that travel is a demonstration of success, it was estimated that this number would increase to almost 70 million by 2035.⁷¹⁴ The number of high net worth individuals (HNWI)—who Tourism Western Australia (Tourism WA) call 'high value travellers'—was expected to triple from 400,000 in 2016 to over 1.2 million in 2030.⁷¹⁵

⁷¹⁰ Destination NSW, *Economic contribution of tourism to NSW 2018–19*, Government of New South Wales, 2020, p4; Tourism and Events Visitor Economy Research Branch, *Economic contribution of tourism to Victoria 2018–19*, Government of Victoria, 2020, p3.

⁷¹¹ Tourism Research Australia, *State tourism satellite accounts, 2018–19*, Commonwealth of Australia, Canberra, May 2020, p10.

⁷¹² Tourism Western Australia Strategy and Research, *State tourism satellite account 2018–19: Topline results for WA*, Government of Western Australia, Perth, 2020, p1.

⁷¹³ *ibid.*; Tourism Research Australia, *State tourism satellite accounts, 2018–19*, Commonwealth of Australia, Canberra, 2020, p9.

⁷¹⁴ Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p147.

⁷¹⁵ *ibid.*

Box 7.3: Who are high value travellers?⁷¹⁶

Tourism WA defines high value travellers as people who:

- travel long haul;
- consider or intend to visit Australia;
- are motivated by nature and wildlife, aquatic and coastal, and food and wine experiences; and
- represent 'high value'—that is, have an above average trip expenditure, and are more likely to stay longer and disperse further.

This growth represents an opportunity for Australia and, by extension, WA. *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report) predicted that the number of Indian visitors to Australia would grow to between one and 1.2 million visitors by 2035, making it the country's fourth largest tourism market.⁷¹⁷ Should WA successfully attract a large proportion of these future travellers, it will make a considerable contribution to the State's economy.

WA has already experienced growth in the Indian visitor market. A decade ago, less than 15,000 Indians visited WA each year; by 2019, this number had more than doubled to 31,000.⁷¹⁸ The total amount spent by Indian visitors had also increased from around \$38 million in 2009 to \$62 million in 2019.⁷¹⁹ However, this growth has not been entirely linear. As figure 7.2 shows, while there has been an upward trend for Indian visitor numbers, declines were experienced in 2011 and 2013. Last year, Indian visitors rose by less than half a per cent. Visitor spending, illustrated by the red line, has been more variable.⁷²⁰

Box 7.4: Indian visitors to Western Australia, 2019⁷²¹

- India was WA's 11th largest market for international visitors, accounting for three per cent of the State's international visitors.
- Indian visitors rose 0.3 per cent compared to 2018.
- Indian visitors were WA's 11th largest spenders, accounting for three per cent of the total international visitor spend.
- Indian visitor spending in WA fell 15 per cent from 2018 to \$62 million.
- Indian visitors to WA spent \$2,006 on average per visit, the 14th highest among international visitors.

716 Tourism Western Australia Strategy and Research, *India: Market profile 2018–19*, Government of Western Australia, Perth, 2019, p4.

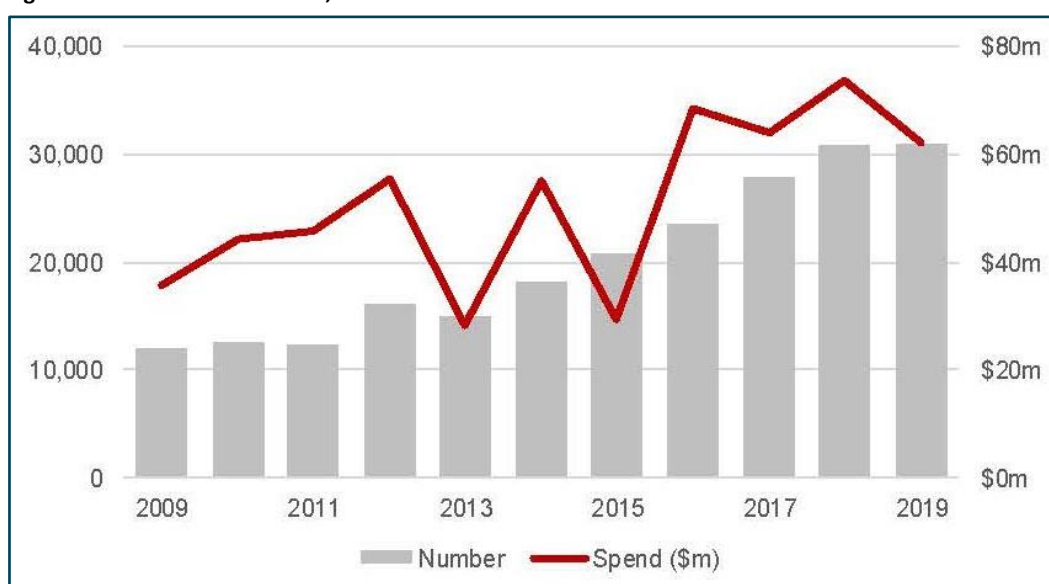
717 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p149.

718 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p2.

719 *ibid*.

720 Submission 24, Department of Jobs, Tourism, Science and Innovation, p8.

721 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p2; Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p6.

Figure 7.2: Indian visitors to WA, 2009–19⁷²²

In late October 2019, Tourism WA set a target to increase the total spend of Indian visitors to \$67 million—\$5 million more than the total Indian visitor spend in 2019. People travelling to VFR or for a holiday are a particular focus, with Tourism WA seeking to increase their total spend to \$28 million.⁷²³ These targets are unlikely to be achieved this year, due to the impact of the COVID-19 pandemic.

The Perth USAsia Centre submitted that WA was not yet receiving a ‘nationally-reflective share of Indian visitors travelling to WA for business or a holiday, as compared to the lower-spending VFR share.’⁷²⁴ In the year to March 2020, for example, 32,500 Indian travellers visited WA of which just 6,400 (19.7 per cent) came for a holiday and 3,300 (10.2 per cent) came for business. The majority of Indian travellers—62.2 per cent—came to WA to visit friends or relatives.⁷²⁵

The Perth USAsia Centre attributed this distribution of Indian visitors partly to the relative underdevelopment of the WA–India economic relationship, suggesting that without robust investment or business-to-business links there is no need for Indian business people to travel to WA. It also noted the interrelationship between international education and tourism.⁷²⁶ As discussed in chapter 6, the size of the VFR cohort highlights the impact of the international education sector on tourism. Increase the number of Indian international students in WA, or so the accepted logic goes, and Indian visitors will soon follow.

According to Hon Paul Papalia, WA Minister for Tourism, Indian visitors who come to WA will be ‘a predominantly younger, online-savvy generation of travellers seeking to discover iconic

722 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p2.

723 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p6.

724 Submission 5, Perth USAsia Centre, p31.

725 Tourism Western Australia, *Western Australia tourism industry scorecard—Year ending March 2020*, Government of Western Australia, Perth, 2020, pp1, 2.

726 Submission 5, Perth USAsia Centre, p31.

destinations, create new adventures and travel more independently than their families have ever done'.⁷²⁷ Minister Papalia said WA offers many of the experiences that these future visitors are looking for:

[Indian travellers] are interested in nature and wildlife, coastlines, beaches and marine wildlife, good food, wine, local cuisine and a family friendly destination—everything WA has to offer in spades.⁷²⁸

Finding 57

The number of Indian visitors to Western Australia has more than doubled over the past decade and Indian visitor spending has increased significantly. However, in 2019 India remained outside of Western Australia's top 10 international markets in visitor numbers and spend. A total of 31,000 Indian travellers visited Western Australia and spent \$62 million.

Finding 58

Western Australia is not receiving a nationally-reflective share of Indian business and holiday travellers. In the year to March 2020, over 62 per cent of all Indian visitors came to Western Australia to visit their friends and relatives compared to just 19.7 per cent who came for a holiday and 10.2 per cent who came for business.

Finding 59

Prior to the COVID-19 pandemic, Indians' appetite for travel was growing. While in 2017, 23 million Indians travelled overseas, it was predicted that this number would increase to almost 70 million by 2035. The number of Indian high net worth individuals travelling was expected to triple by 2030.

The long-term impact of the COVID-19 pandemic on tourism is not known

How the COVID-19 pandemic will affect the predicted growth in the number of Indian visitors to WA is not known. Tourism WA Managing Director Brodie Carr told the Committee that 'we do not know when it will be back or how it will come back'.⁷²⁹ As has been widely reported, the pandemic has had a significant and negative impact on the WA tourism sector. Tourism WA reported that around 22 tourism operators had closed by the end of September 2020 (see chapter 13).⁷³⁰ Border closures and a reduction in inbound flights has seen the number of international tourists sharply decline. Only 3,030 visitors arrived into Australia during August 2020, down 99.6 per cent compared to the same time in 2019.⁷³¹

The Indian tourism market has been similarly affected. Prior to the pandemic, travel from India to WA was forecast to grow by approximately 3.1 per cent per annum to 2025,⁷³² and

727 Hon Paul Papalia, Minister for Tourism, Legislative Assembly, *Hansard*, 16 August 2019, p4749.

728 Hon Paul Papalia, Minister for Tourism, *Premier and Gilly team up to get Indian travellers to holiday in WA*, media release, 28 October 2019.

729 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p7.

730 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p7.

731 Tourism Australia, *International market performance statistics: Monthly visitor arrivals*, October 2020, accessed 6 November 2020, <www.tourism.australia.com/en/markets-and-stats/tourism-statistics/international-market-performance.html>.

732 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p2.

by 2030, Indian travellers were forecast to make up 4.1 per cent of all visitors to WA.⁷³³ However, Tourism WA now believes that the pandemic will undermine this growth.⁷³⁴ As at mid-April 2020, bookings to WA from India for the April to September period were down 85 per cent compared to the same time in 2019.⁷³⁵ The Indian international education sector has also been severely impacted, which will inevitably affect the tourism sector.

No-one knows what the tourism sector will look like in the coming years. People's appetite for travel might have been temporarily or permanently altered. The uncertainty about the future reinforces the need for a strong strategic framework to support and guide the sector, particularly in relation to the diversification of source markets. The existing strategies of Tourism WA, the State Government authority responsible for promoting tourism in WA, are outlined below.

Finding 60

The uncertainty about future Indian visitation to Western Australia due to the COVID-19 pandemic reinforces the need for the State Government to have a strong strategic framework to support and guide the tourism sector.

Strategies to increase Indian tourism

Tourism makes up one of the WA Government's six priority sectors. The approach of the WA Government to tourism is set out in its suite of strategic documents, including the multi-sectoral *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA), *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy) and the *Western Australia Investment and Trade Plan 2019–20*.

Tourism-specific strategies and plans have also been developed or are in the process of being developed. When this inquiry began, the tourism-specific *Two Year Action Plan for Tourism Western Australia – 2018 and 2019* was still in force. The apparent intention of Tourism WA was to replace it with a Long-Term Strategy, aimed at establishing 'WA's tourism agenda to 2030'.⁷³⁶ Work on the Long-Term Strategy began in 2019–20; however, this work was halted in March 2020 because of the COVID-19 pandemic.⁷³⁷

Instead, Tourism WA developed a six-month Recovery Plan that focuses on 'sustaining the industry and maximising the intrastate visitor market'.⁷³⁸ This will remain in place until December 2020, when Tourism WA hopes to replace it with a 'short to medium-term Recovery Strategy'.⁷³⁹

The *Jina: Aboriginal Tourism Action Plan 2021–2025* (Jina Plan) is also under development. Described as the 'Government's agreed approach to aligning, collaborating and

733 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p6.

734 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p2.

735 *ibid.*

736 Government of Western Australia, [Western Australia Investment and Trade Plan 2019–20](#), Perth, 2019, p14.

737 Tourism Western Australia, *Annual report 2019–20*, Government of Western Australia, Perth, 2020, p18.

738 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p7.

739 *ibid.*

communicating cross-agency activities aimed at growing a diversified and sustainable Aboriginal tourism sector', the Jina Plan was due for release in mid-2020 but was delayed by the COVID-19 pandemic.⁷⁴⁰ It is now being reworked to reflect the changed environment and to incorporate 'initiatives to ensure the survival of businesses through the pandemic.'⁷⁴¹ It is scheduled for release by the end of 2020.⁷⁴²

In addition, the Department of Biodiversity, Conservation and Attractions (DBCA) has developed its *Two-Year Plan for Nature-Based Tourism in Western Australia 2019 and 2020*. Its objective is to 'develop and promote our State's natural attractions as key tourism assets.'⁷⁴³

The Department of Local Government, Sport and Cultural Industries (DLGSC) is finalising a Cultural Infrastructure Strategy, which it considers can:

contribute to achieving the objectives of Tourism WA, DBCA's Action Plan, and WA's tourism ambitions moving forward, by encouraging the growth of a wide variety of cultural experiences from world-class museums to distinctive vibrant local neighbourhoods.⁷⁴⁴

The Committee requested that the Department of Jobs, Tourism, Science and Innovation (JTSI) or Tourism WA provide information about multi-sectoral plans or tourism plans specific to India.⁷⁴⁵ However, the responses were unclear whether strategic documents were guiding—or are being drafted with the intention of guiding—government action in relation to Indian tourism, aside from those listed above. Figure 7.3 shows what the Committee *believes* to be the status of tourism-related strategies and plans, gleaned from JTSI and Tourism WA's responses.

Other government initiatives include tourism consortia. Last year, the second Tourism Consortium and first Aboriginal Tourism Consortium were held, bringing together tourism stakeholders to discuss ways of growing the industry. The Tourism Consortium, for example, included a focus on developing direct aviation routes (discussed further below) while the Aboriginal Tourism Consortium considered how to connect more visitors to Aboriginal tourism experiences and increase the participation of Aboriginal people in the industry.⁷⁴⁶

740 *ibid.*; Government of Western Australia, [*Western Australia Investment and Trade Plan 2019–20*](#), Perth, 2019, pp13, 14.

741 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p7.

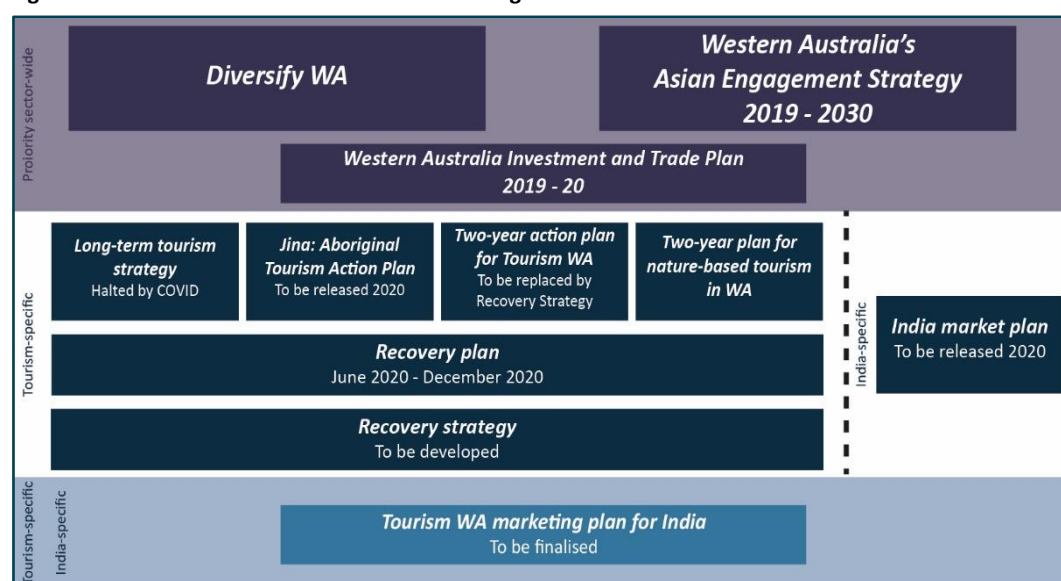
742 *ibid.*

743 Department of Biodiversity, Conservation and Attractions, [*Two-Year Plan for Nature-Based Tourism in Western Australia 2019 and 2020*](#), Government of Western Australia, Perth, 2019, p6.

744 Submission 33, Department of Local Government, Sport and Cultural Industries, p8.

745 Jessica Shaw, Chair, Economics and Industry Standing Committee, *Transcript of Evidence*, 20 March 2020, pp2, 3–4, 5; Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p2.

746 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, pp8–9.

Figure 7.3: Western Australian Government strategic documents for the tourism sector⁷⁴⁷

In the absence of an India-specific tourism plan, Tourism WA told the Committee that it is focusing on four areas to increase Indian tourism:

- Direct flights—leveraging aviation partnerships and building a business case for direct flights to WA.
- Marketing—raising awareness of WA as a holiday destination amongst consumer, trade and media partners.
- Marketing partnerships—maximising Tourism WA’s investments through targeted co-op marketing partnerships with Tourism Australia (the Commonwealth equivalent of Tourism WA), and key agents in the market.
- Training for tourism industry—upskilling WA operators to enable relevant products and services to be adapted to suit the needs of Indian consumers.⁷⁴⁸

The Committee considers these initiatives below, along with other areas identified by inquiry participants as initiatives worthy of further attention.

Tourism WA is also targeting high value travellers and business travellers from India (see box 7.3 for how Tourism WA defines high value travellers).⁷⁴⁹ However, specific information was not provided to the Committee outlining how they are being targeted. The Perth USAsia Centre supports the focus on this market, submitting that it was ‘vital for WA to increase’ the number and spend of business and high value travellers from India.⁷⁵⁰

⁷⁴⁷ Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, pp3, 14; Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p2; Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p4; Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p5.

⁷⁴⁸ Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, pp2–3.

⁷⁴⁹ *ibid.*, pp3, 4.

⁷⁵⁰ Submission 5, Perth USAsia Centre, p32.

Initiatives to increase tourism

Direct flights

Prior to the pandemic, increasing aviation access between Perth and other international ports, including India, was a priority for the WA Government.⁷⁵¹ In 2018, it committed funding towards 'Team Perth', a partnership between Tourism WA and Perth Airport, with the intention of establishing Perth as the 'western gateway' to Australia.⁷⁵² Despite the subsequent establishment of direct flight services between Perth and several overseas cities,⁷⁵³ a direct flight between Perth and India has remained elusive. Even before the COVID-19 pandemic reduced air travel options, the quickest flight time between Mumbai and Perth was said to take 12 hours and involve one stop.⁷⁵⁴

It makes sense for Team Perth to pursue increased aviation access between India and WA. India is Perth Airport's eighth top market and yet it does not have a direct flight. In contrast, countries with smaller market sizes such as Japan, South Africa, the Philippines, Hong Kong and Vietnam, do.⁷⁵⁵ Tourism WA's Mr Carr predicted that without a direct route, India would struggle to enter the top five of WA's key markets.⁷⁵⁶ Also, as noted in finding 34 in chapter 5, which discusses the challenges of the economic relationship, direct flights between WA and India will be a catalyst to growing the WA–India economic relationship in *all* trade and investment sectors.

It is the biggest market closest to us; similar time zone; huge middle class; a lot of them not travelling yet. Why are we not directly connected? There are markets smaller than that that we have direct connections to. We need that direct connection. With that direct connection, I think we can easily double the size of that market overnight.

Kevin Brown, Perth Airport

A direct service from Delhi and/or Mumbai are particularly sought after, being first and second respectively in terms of the number of passengers travelling between Perth and India.⁷⁵⁷

Many inquiry participants supported the Government's pursuit of a direct flight route between India and WA. Submitters said it would increase the flow of travellers, providing a

751 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p42; Government of Western Australia, *Diversify WA: Strong Economy. Creating Jobs. Diverse Industries*, Perth, 2019, p32; Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p14.

752 Hon Paul Papalia, Minister for Tourism, *\$30 million partnership to attract new air routes to Perth*, media release, 1 September 2018.

753 Hon Mark McGowan, Premier, and Hon Paul Papalia, Minister for Tourism, *First direct flight from Japan touches down in Perth tonight*, 1 September 2019; Hon Mark McGowan, Premier, and Hon Paul Papalia, Minister for Tourism, *Non-stop Shanghai to Perth flight trial a coup for WA*, media release, 26 September 2019; Hon Paul Papalia, Minister for Tourism, *New direct flights between Perth and Manila to begin in March*, 7 December 2019.

754 Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p1.

755 Stephanie Juskiewicz, Perth Airport, *Transcript of Evidence*, 11 September 2020, p5.

756 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p9.

757 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p5.

boost to tourism in India and/or WA,⁷⁵⁸ and allow more international students from India to study in WA.⁷⁵⁹ Professor Gordon Flake from the Perth USAsia Centre explained the flow on effect of increased aviation access:

Direct flights make all the difference in the world. ... You have direct flights; mothers are more happy sending their kids to go to school here, it is easier to visit for tourism. Again, when you have students, that follows tourism, and, candidly, it follows migration, in terms of getting the best and the brightest.⁷⁶⁰

Others recognised the positive impact of a direct service on business and investments.⁷⁶¹ According to Perth Airport Chief Executive Officer (CEO) Kevin Brown, each new direct international route generates \$70 million added value to the local economy annually and supports 600 direct jobs.⁷⁶² He said that with a direct connection to India, WA could 'easily double the size of that market'.⁷⁶³ Indian Society of Western Australia (ISWA) Secretary Dr Papori Barua attributed the merchandise delivery problems experienced by entrepreneurs involved in Naari (an event hosted by ISWA in celebration of International Women's Day) to the lack of direct flights.⁷⁶⁴ Mohamed Zoheb Maqsood Ahmed Siddiqui suggested that it would eradicate the 'lingering perception' that Australia is far away, thus overcoming a barrier to business and investment in WA.⁷⁶⁵

There is also widespread support from the Indian diaspora for direct flights. In the course of this inquiry, ISWA is said to have collected a petition with more than 2,000 signatures in support of a route.⁷⁶⁶ The absence of a direct flight was highlighted during the early stages of the COVID-19 pandemic, according to Deepak Sharma, a member of the ISWA Management Committee: 'During COVID when people wanted to go back, it became even more pronounced.'⁷⁶⁷

The lack of a direct flight service is not the result of inaction by Team Perth or the WA Government more generally. In its 2019–20 budget, the Government committed \$10 million over five years to aviation development, which included the attraction of new routes.⁷⁶⁸ Between August 2018 and August 2019, the Minister for Tourism led four missions to India with the primary purpose of meeting aviation stakeholders and building a case for a direct

758 Submission 14, Australia India Business Council: WA Chapter, p11; Submission 20, Chamber of Commerce and Industry of Western Australia, p5; Submission 21, Avenewz News, p2; Submission 22, Sanjeev Saran, p1; Submission 23, Raveesh John, p1; Submission 34, Rajesh Koul, p1; Submission 38, Dr Papori Barua, p1.

759 Submission 34, Rajesh Koul, p1.

760 Professor Gordon Flake, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p17.

761 Submission 21, Avenewz News, p2.

762 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p2.

763 *ibid.*, p9.

764 Submission 38, Dr Papori Barua, p1.

765 Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p1.

766 Hamish Hastie, 'India to Perth direct flights a certainty, but locking in an airline proves challenging', WA Today (web-based), 16 September 2019, accessed 22 October 2020, <<https://www.watoday.com.au/national/western-australia/india-to-perth-direct-flights-a-certainty-but-locking-in-an-airline-proves-challenging-20190916-p52rsi.html>>.

767 Deepak Sharma, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p6.

768 Tourism Western Australia, *Annual report 2018–19*, Government of Western Australia, Perth, 2019, p6.

flight to Perth (see appendix 6). All of the missions included Team Perth representatives.⁷⁶⁹ The Premier similarly led a delegation to New Delhi and Mumbai in November 2019, in part to push for greater aviation access.⁷⁷⁰

A framework already exists to facilitate direct flights. In June 2018, the Australian and Indian governments settled on new arrangements under the *Australia–India Air Services Agreement* (Open Skies Agreement) that enabled Australian airlines to operate unlimited services between Australia and six metropolitan airports in India and for Indian airlines to operate unlimited services between India and six airports in Australia.⁷⁷¹

The elusiveness of a direct flight can be attributed to the difficulties in finding an appropriate carrier to service the route. Jet Airways, India's oldest private airline and second-largest international carrier, grounded its fleet after significant financial difficulties.⁷⁷² The Indian Government, which owns Air India, is currently attempting to sell the airline. As JTSI explained, 'This divestment has placed a hold on any international expansion plans by Air India.'⁷⁷³ Airline experts have said that it is simply too costly for airlines to operate direct flights between India and Australia. Chairman Emeritus of CAPA—Centre for Aviation Peter Harbison was reported as saying:

It's potentially a very lucrative market but low-yielding because there's not a lot of business traffic ... And operationally it's difficult to serve on an economic basis because of aircraft and crewing needs to service a number of points.⁷⁷⁴

In this COVID-19 world, the pursuit of a direct service has become even more difficult. Airlines have reduced their carrying capacity as a result of the pandemic, which will have long-term effects. Qantas, for example, have either retired their Airbus 380s—the world's largest passenger aircraft—or put them into deep hibernation for at least three years.⁷⁷⁵ In this environment, it is unknown whether airlines will give any consideration to a direct flight between India and Perth.

While a commendable objective, some inquiry participants stressed that achieving direct flights should not be seen as a pre condition of increased connectivity with the Indian

769 Tabled Paper 1878, Legislative Assembly, 9 October 2018, p1; Tabled Paper 2174, Legislative Assembly, 12 February 2019, p1; Tabled Paper 2393, Legislative Assembly, 7 May 2019, p1; Tabled Paper 2932, Legislative Assembly, 17 October 2019, p1.

770 Hon Mark McGowan, Premier, Legislative Assembly, *Hansard*, 12 November 2019, p8772.

771 Submission 44, Perth Airport, p2; Submission 15, Department of Foreign Affairs and Trade, p4; Hon Steven Ciobo, Minister for Trade, Tourism and Investment (Cth), *New air services agreement boosts ties between Australia and India*, media release, 22 June 2018.

772 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p2; Hamish Hastie, 'India to Perth direct flights a certainty, but locking in an airline proves challenging', *WA Today* (web-based), 16 September 2019, accessed 22 October 2020, <<https://www.watoday.com.au/national/western-australia/india-to-perth-direct-flights-a-certainty-but-locking-in-an-airline-proves-challenging-20190916-p52rsi.html>>; Submission 24, Department of Jobs, Tourism, Science and Innovation, p19.

773 Submission 24, Department of Jobs, Tourism, Science and Innovation, p19.

774 Andrew Taylor, 'Tourism minister calls on airlines to start direct flights to India', *The Sydney Morning Herald* (web-based), 22 September 2019, accessed 13 October 2020, <<https://www.smh.com.au/national/tourism-minister-calls-on-airlines-to-start-direct-flights-to-india-20190920-p52tew.html>>.

775 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p7.

tourism market.⁷⁷⁶ The Perth USAsia Centre, for example, said that even if direct flights were not forthcoming, the WA Government should execute alternative tourism strategies and continue to prioritise tourism marketing in India.⁷⁷⁷

Finding 61

Despite much commendable effort, the State Government has not secured a direct flight route between India and Western Australia. COVID-19 will undoubtedly affect the ability to secure a direct flight in the near term.

Recommendation 16

That the State Government continue to prioritise tourism strategies and marketing to attract Indian travellers to Western Australia even if direct flights between India and Western Australia are not forthcoming.

Chapter 12 (initiatives to grow the economic relationship) also refers to direct flights, and includes a recommendation that the State Government continue to pursue securing direct flights between Western Australia and India as a priority.

Visa settings and processes

Visa settings and processes, although not within the purview of the WA Government, were identified as another barrier to growth in the WA tourism sector.⁷⁷⁸ Most Indian travellers to WA use a Visitor visa (subclass 600).⁷⁷⁹ This visa offers several streams, including a tourist stream and business visitor stream. Visa applications can be lodged online, but each application costs a minimum of \$145.⁷⁸⁰

JTSI highlighted two issues that Indian travellers face when applying for visas:

- The unavailability of Electronic Travel Authorities (ETAs) (see box 7.5) for Indian residents: Given that ETAs cost \$20—at least \$125 less than the minimum cost of a Visitor visa—the cost to Indian residents compared to those countries for which ETAs are available could dissuade greater tourism activity.
- The slow processing time of visa applications: The processing time of visa applications from Indian visitors has increased from 48 hours to over three weeks, according to JTSI. At the same time, there has been a ‘significant growth’ in applications with no increase in resources.⁷⁸¹

Paramount Events, an entertainment company that promotes cultural exchange by bringing Indian artists to WA, submitted that it had occasionally not known whether performers were

776 Submission 5, Perth USAsia Centre, p33; Closed evidence; Submission 7, Federation of Indian Associations of WA, p13.

777 Submission 5, Perth USAsia Centre, p31.

778 Submission 12, Events Industry Association, p1; Submission 31, Perdaman Global Services, p3.

779 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p3.

780 Submission 44, Perth Airport, p2; Department of Home Affairs, *Visitor visa (subclass 600): Tourist stream (apply outside Australia)*, 29 April 2020, accessed 7 August 2020, <<https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/visitor-600/tourist-stream-overseas>>.

781 Submission 24, Department of Jobs, Tourism, Science and Innovation, p19.

to be granted visas mere days before their event, despite applying well in advance with all the required documents.⁷⁸² Given how much money it spends on its events (sound, light, airfare etc.), Paramount Events said this places it under considerable pressure.⁷⁸³

Box 7.5: What is an Electronic Travel Authority (ETA)?⁷⁸⁴

An ETA provides authorisation to travel to and enter Australia and is electronically linked to a person's passport. It is for short-term stays for tourism or business visitor activities such as attending a conference, making business enquiries, or for contractual negotiations.

Only passport holders from the following countries are able to apply for an ETA through the website of the Commonwealth Department of Home Affairs:

- Brunei – Darussalam
- Canada
- Hong Kong (SAR PRC)
- Japan
- Malaysia
- Singapore
- Republic of Korea (South)
- United States.

Passport holders from other countries might be able to apply through a travel agent, airline or at an Australian visa office, but evidence from JTSI indicates that this might not be an option open to India passport holders.

The inquiry received a number of suggestions about how visa processes could be improved for Indian travellers:

- There were calls for a visa on arrival,⁷⁸⁵ with some submitters stating this type of visa could be limited to visitors who are sponsored by a Permanent Resident or Citizen.⁷⁸⁶
- Others said that the applications of investors, business people and their families could be prioritised, speeding up the procedures and processing times.⁷⁸⁷
- Paramount Events submitted that the cost of a visa should be reduced if there are 10 or more applicants.⁷⁸⁸

[The] visa issue is one of our major barriers which always put us into a jeopardising situation.

Paramount Events

Working holiday visas also received support. Ambedkarite Buddhist Community President Manoj Kasare said such visas could be restricted to students who have completed an

⁷⁸² Submission 17, Paramount Events, p2.

⁷⁸³ *ibid.*

⁷⁸⁴ Department of Home Affairs, *Electronic Travel Authority*, accessed 7 August 2020, <<https://www.eta.homeaffairs.gov.au/ETAS3/etas>>; Department of Home Affairs, *FAQs*, accessed 7 August 2020, <<https://immi.homeaffairs.gov.au/help-text/eta/pages/en/faqs.aspx>>; Submission 24, Department of Jobs, Tourism, Science and Innovation, p19.

⁷⁸⁵ Submission 23, Raveesh John, p1; Submission 34, Rajesh Koul, p1.

⁷⁸⁶ Submission 19, Manoj Kasare, pp1–2; Submission 18, Sarvesh Mali, p1.

⁷⁸⁷ Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p1.

⁷⁸⁸ Submission 17, Paramount Events, p3.

Australian degree-level course,⁷⁸⁹ while Dr Barua argued for broader application. She said a working holiday visa would assist professionals who lack the financial security to travel to WA to 'explore the opportunities in the industries with a better understanding of work compliance with Australian standard[s].'⁷⁹⁰

Perth Airport identified three measures that could further simplify and streamline visa processes:

- 1) Prioritise work that is already underway to use technology to ensure the provision of more easily accessible and longer duration visas for Indian business and tourist travellers, consistent with Australia's global visa policy and effective risk management;
- 2) Strengthen efforts to improve the timeliness and simplicity of issuing visas. The Department of Home Affairs could ensure resources are available to process the high Indian lodgement rates of tourism and other visas;
- 3) Fast track the processing of visas that are available for \$1,000 with a turnaround within 48 hours.⁷⁹¹

Tourism WA appears to have fewer visa-related concerns than other stakeholders. It had identified the cost and processing times for visas as a 'major barrier to travel' in the past.⁷⁹² But it told the Committee that it engaged with the Commonwealth Government about visa issues and in late 2019 the Department of Home Affairs 'addressed and implemented appropriate measures ... that have helped to improve visa application timelines and rates of visa approvals with reasonable success.'⁷⁹³

This response reflects the limited role that the State Government has in relation to visitor visa processes. The State Government, via Tourism WA, the WA Tourism Minister and Tourism Australia, can advocate for a particular policy position or additional resourcing but visas are ultimately the responsibility of Commonwealth Government and its Department of Home Affairs. And they, in turn, must consider a range of factors when setting immigration policies.

Finding 62

Visa issues are a barrier to growing Indian tourism to Western Australia. However, the State Government is not responsible for the processes relating to visitor visas and therefore cannot directly address the delays and costs that Indian travellers can experience when applying for a visa to visit Western Australia.

Increasing India capability in the tourism industry

The need for additional training to make WA businesses 'India ready', which the Committee discusses in chapter 12, also applies to the tourism sector. According to the Federation of

789 Submission 19, Manoj Kasare, pp1–2.

790 Submission 38, Dr Papori Barua, p1.

791 Submission 44, Perth Airport, p3.

792 Submission 24, Department of Jobs, Tourism, Science and Innovation, p19.

793 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p3.

Indian Associations of WA, the 'lack of understanding of Indian culture here [in WA]' is one of the reasons that WA is not attracting more Indian visitors.⁷⁹⁴ Sanjeev Gupta, who holds a diploma of hospitality management, similarly said there was 'room for improvement' in a number of areas including 'cultural acknowledgement and understanding of Indian tourist needs'.⁷⁹⁵ Recognising this gap in WA's tourism sector, the Perth USAsia Centre recommended that an evaluation of the India capability of the sector is undertaken and that Tourism WA 'explore what further support can be provided to enhance WA's catering of the Indian high-value holidaymaker and business traveller market.'⁷⁹⁶

There have been recent attempts to increase the India capability of the WA tourism sector. In May 2020, Tourism WA partnered with the Australian Tourism Export Council (ATEC) to offer the India Host Program. Funded by Tourism Australia and the Australian Trade and Investment Commission (Austrade), this online program aims to enhance WA operators' understanding of India. According to the ATEC website, it covers:

We have people over here thinking that every person who wears a turban is a Muslim. It is not the case; they are also Sikhs. Maybe we need a little bit of education from the tourism department for the regional places and the stuff like that.

Firoz Pestonji, Aussie Perth Tours

- Culture Ready – Indian Culture, country geography, society, education
- Product Ready – Indian traveller expectations, identifying target market segments, HVT [high value travellers], creating a value proposition, sales and marketing
- Service Ready – Tailoring products and services for the Indian market, service expectations for tourism operators
- Trade Ready – Indian customer travel planning journey, source of information and planning, booking sources, Indian travel distribution system.⁷⁹⁷

Despite the COVID-19 pandemic, a total of 15 tourism operators from WA participated in the May 2020 program.⁷⁹⁸

Prior to this program, Tourism WA did not have a structured India specific training program to offer WA tourism businesses. Increasing the India capability of WA's tourism industry centred around industry briefings hosted by Tourism WA. The authority said it also provided opportunities for industry partners to host Indian agents as part of Tourism WA's familiarisation program and to meet Indian agents through industry trade shows such as the ATEC Meeting Place and Australia Marketplace India. But these initiatives appear to be more

⁷⁹⁴ Submission 7, Federation of Indian Associations of WA, p13.

⁷⁹⁵ Submission 26, Sanjeev Gupta, p4.

⁷⁹⁶ Submission 5, Perth USAsia Centre, p33.

⁷⁹⁷ Australian Tourism Export Council, *India Host*, accessed 13 October 2020, <<https://www.atec.net.au/training-&-development/india-host/>>.

⁷⁹⁸ Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p4.

focused on facilitating business opportunities than helping tourism operators to increase their India capability.⁷⁹⁹

In contrast, Tourism Council Western Australia, the peak body representing tourism businesses, has run the China Ready Accreditation Program and workshops since at least 2017 with the support of Tourism WA.⁸⁰⁰ The China Ready workshops assist attendees to understand the cultural tastes, preferences and expectations of Chinese visitors.⁸⁰¹

Businesses that are China Ready and Accredited have, at a minimum, services such as 24/7 access to the China Ready and Accredited helpline or Chinese speaking staff and information that is accurately translated into Chinese.⁸⁰²

Finding 63

The China Ready Accreditation Program has enabled Western Australian tourism operators to better understand the cultural tastes, preferences and expectations of Chinese visitors. Although in its early stages in Western Australia, the India Host Program seeks to deliver similar benefits for operators pursuing the Indian market.

Marketing Western Australia

Inquiry participants told the Committee of the limited awareness Indian travellers have of WA. ‘Nobody literally knows where Perth is or what Perth is about,’ said Aussie Perth Tours Managing Director Firoz Pestonji.⁸⁰³ Perdaman Global Services said it is ‘very well known that tourists prefer travelling to eastern states compared to West Australia.’⁸⁰⁴ The Federation of Indian Associations of WA said that Perth has ‘huge tourism potential’ but lacks ‘comprehensive coherent policies to attract Indian visitors.’ It further said that WA’s existing tourism marketing is failing to penetrate the Indian market.⁸⁰⁵

According to the Perth USAsia Centre, WA suffers from a ‘historical lack of marketing in India’ and the Government has only recently prioritised investments in direct tourism marketing and in the assets of the Government of Western Australia’s office in India (GoWA India).⁸⁰⁶ Over the past two financial years, the WA Government has allocated \$12 million to Tourism WA to market the State to key South East Asia markets and long-haul destinations.⁸⁰⁷ Some of this was earmarked for marketing in India; in 2019–20, Tourism WA’s total marketing and resources budget for India was ‘around \$500,000’.⁸⁰⁸ However, it

799 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p8.

800 Tourism Western Australia, *Are you China ready*, 25 August 2017, accessed 22 October 2020, <<https://www.tourism.wa.gov.au/Industry-support/Understanding-China/Pages/Are-you-China-ready.aspx#/>>.

801 Tourism Council Western Australia, *China Ready*, accessed 10 August 2020, <<https://www.tourismcouncilwa.com.au/china-ready>>.

802 Tourism Council Western Australia, *China Ready Accreditation*, accessed 10 August 2020, <<https://www.tourismcouncilwa.com.au/china-ready-accreditation>>.

803 Firoz Pestonji, Aussie Perth Tours, *Transcript of Evidence*, 9 September 2020, p5.

804 Submission 31, Perdaman Global Services, p3.

805 Submission 7, Federation of Indian Associations of WA, p13.

806 Submission 5, Perth USAsia Centre, p31.

807 Government of Western Australia, *Western Australia State Budget 2019–20*, Budget paper no. 2, vol. 1, Department of Treasury, Perth, 2019, pp189, 191; Hon Paul Papalia, Minister for Tourism, Assembly Estimates Committee B, *Hansard*, 22 May 2019, pE287.

808 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p4.

is not known how much of this \$500,000 was spent before the COVID-19 pandemic and its accompanying travel restrictions led Tourism WA to essentially put all of its international marketing campaigns on hold.⁸⁰⁹ Tourism WA's marketing decisions in light of the pandemic are discussed further at the end of the chapter.

Tourism WA was already implementing many of the other techniques that inquiry participants identified as good practice to market WA in India. These include partnering with other tourism stakeholders to amplify marketing messages, leveraging Bollywood's reach and cricket's popularity in India, brand ambassadors, and using social media and GoWA India to increase awareness of WA amongst Indian travellers. The WA Government's activities in each of these areas are summarised below.

Finding 64

In recent years, the State Government allocated \$12 million to Tourism Western Australia to market the State to key South East Asia markets and long-haul destinations. Tourism Western Australia allocated around \$500,000 of this funding to marketing and resources in India in 2019–20.

Finding 65

Tourism Western Australia has put most of its international marketing activities on hold in response to the COVID-19 pandemic.

Marketing partnerships

Tourism WA's tourism marketing partnerships can be broadly classed as informal and formal.

Informal marketing partnerships: 'Our Story'

Informal marketing partnerships will most notably be created with the official launch and adoption of the WA tourism brand, 'Our Story'. In early 2019, Tourism WA contracted Tourism Tasmania's former marketing director, Guy Taylor, to formulate a marketing strategy to increase visitor numbers.⁸¹⁰ This resulted in 'Our Story', launched to the WA tourism industry in late April 2020.⁸¹¹ The brand is not an advertising campaign, but rather an 'internal tool' for Tourism WA and stakeholders that can be used in many ways—including as the foundation for future advertising campaigns.⁸¹²

'The Spirit of Australia' is the first tagline for 'Our Story'. It is made up of five pillars or themes that create 'The Spirit of Adventure' (see figure 7.4).






809 Tourism Western Australia, *\$12 million International Marketing Boost*, 2 June 2020, accessed 13 October 2020, <[https://www.tourism.wa.gov.au/marketing/Domestic-and-international-marketing/Pages/\\$12million_International_Marketing_Boost.aspx#/>.](https://www.tourism.wa.gov.au/marketing/Domestic-and-international-marketing/Pages/$12million_International_Marketing_Boost.aspx#/)

810 Emma Young, 'Going behind the scenery: Tourism guru's manifesto for WA nears completion', *WA Today* (web-based), 2 May 2019, accessed 13 October 2020, <<https://www.watoday.com.au/national/western-australia/going-behind-the-scenery-tourism-guru-s-manifesto-for-wa-nears-completion-20190501-p51j6p.html>>.

811 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p2.

812 Tourism Western Australia, *Western Australia Tourism: Our Story*, presentation, Perth, 2020, p8.

Figure 7.4: The pillars of 'The Spirit of Adventure'⁸¹³

 ANCIENT TRACKS, NEW JOURNEYS	 BAREFOOT LUXURY	 OTHERWORLDLY PHENOMENA	 MAJESTIC LANDSCAPES, BIG SKIES	 FULL OF CHARACTERS
<p>Ancient stories waiting to be shared by the world's oldest living culture. Aboriginal tourism experiences across the state and the seasons.</p>	<p>Luxury, but not as you know it. Special but not snobby. It's right on nature's doorstep. Exceptional service that's relaxed, down to earth and appears effortless. Special rare experiences in a low-key environment.</p>	<p>Where wonders hail from beyond the realms of possibility. Supernatural contrasts of colour, texture and landscapes. It blows your mind then takes you right back down to earth.</p>	<p>Spaciousness, sheer scale, scalpels sharp light. Witnessing what millions of years and the passage of time has created. It's a special place, where connecting with the land helps you reconnect with yourself.</p>	<p>Being surrounded by desert and sea forges our culture and communities. Tourism businesses in Western Australia don't happen by accident - it takes a fierce belief in what's great about our home to take it on and stick with it. Sharing our way of life and our stories is what drives us.</p>

This approach should assist the development of a coordinated message or brand, which is vital if WA is to have any chance at penetrating the Indian market and gaining the attention of high value or business travellers. Tourism WA has developed a tool kit, consisting of six exercises, to help tourism operators to understand how their business can use 'Our Story—The Spirit of Adventure'.⁸¹⁴ It also offers three case studies of operators who have leveraged 'Our Story' in their business operations, notably oceanic tourism company Live Ningaloo which applied 'Our Story' to strengthen the marketing of their humpback whale experience.⁸¹⁵

Tourism WA does not dictate how tourism stakeholders use 'Our Story—The Spirit of Adventure'. As its educational video about the brand states, 'How you choose to use "Our Story" is up to you. There are no rules. It's all about what inspires and suits your business.'⁸¹⁶ In essence, Tourism WA is providing the brand framework with which tourism stakeholders can choose to partner.

Formal marketing partnerships: Tourism Australia

An example of a more formal partnership is Tourism WA's engagement with Tourism Australia to promote WA in India. Tourism WA told the Committee that it:

actively engages with Tourism Australia through a host of co-operative marketing campaigns such as virtual travel fairs, aviation related partnerships, travel trade events such as Australian Market Place India, familiarisation tours of WA, training sessions for key travel agents through the Aussie Specialist Program, media opportunities for WA, and ministerial visits in market.⁸¹⁷

⁸¹³ Tourism Western Australia, *How you can incorporate Our Story into your business*, Perth, 2020, p2.

⁸¹⁴ *ibid.*

⁸¹⁵ Tourism Western Australia, *How 'Western Australia Tourism – Our Story' can inspire marketing and communications: A case study for Live Ningaloo*, Perth, 2020.

⁸¹⁶ Tourism Western Australia, *Western Australian Tourism – Our Story*, 30 April 2020, accessed 13 October 2020, <<https://www.tourism.wa.gov.au/marketing/Brand-and-campaigns/Pages/Tourism-WA—Our-Story.aspx#/>>.

⁸¹⁷ Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, pp4–5.

The Tourism WA relationship with Tourism Australia is vital because, as Mr Carr told the Committee, Tourism WA is not 'Coca-Cola where we have a mass amount, or even Tourism Australia. You have to leverage off Tourism Australia.'⁸¹⁸

Out of all of the shared Tourism Australia–Tourism WA initiatives that it employs, Tourism WA seems to regard the Aussie Specialist Program as particularly effective in increasing awareness of WA.⁸¹⁹ An online course for overseas travel agents, the Aussie Specialist Program aims to provide them with the knowledge and skills to sell Australia to their customers.⁸²⁰ It includes what Mr Carr called a 'specialist Western Australian element',⁸²¹ which presumably means at least part of the course highlights WA's tourism offerings.

The tourism specialist for WA (known as Tourism WA's Business Development Manager (BDM)) based in GoWA India builds on this program. The current tourism specialist spends 'a lot' of his time on trade training, further educating Indian travel agents about WA tourism.⁸²² He also gives gift vouchers for travel agents who have completed the course, increasing awareness of WA.⁸²³

Tourism WA also seeks to leverage what it calls Tourism Australia's 'hero' pieces—large campaigns focusing on one or two markets. Tourism WA leaves these larger campaigns to Tourism Australia but will try to develop smaller initiatives that tie in with the campaign.⁸²⁴ This approach broadly aligns with the Varghese Report, which recommended the Commonwealth Government 'ensure there is strong coordination between Australian states to minimise message dilution and build a common brand'.⁸²⁵ Mr Brown, CEO of Perth Airport, also supported this approach, stating that 'hunting as a pack with Tourism Australia actually works to our benefit'.⁸²⁶ However, he noted that this is a starting point:

we have to start with Australia and then we have to differentiate ourselves. It is then may the best person win, in terms of how well we promote ourselves and differentiate ourselves.⁸²⁷

A significant limitation of the Tourism Australia–Tourism WA relationship is that those markets targeted by Tourism Australia through its 'hero' campaigns may not always align with Tourism WA's priority markets. According to Mr Carr, Tourism Australia focuses mainly on the United States, Europe and China, and are yet to go 'particularly big in India'.⁸²⁸

818 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p10.

819 Brodie Carr, Tourism Western Australia, and Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, pp2, 9.

820 Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p9.

821 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p2.

822 *ibid.*

823 Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p9.

824 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p10.

825 Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, p160.

826 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p4.

827 *ibid.*

828 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p4.

Finding 66

Tourism Australia's marketing campaigns have focused mainly on the United States, Europe and China. Tourism Western Australia leverages large Tourism Australia campaigns, which focus on one or two markets, by developing smaller initiatives to tie in with the campaigns.

Formal marketing partnerships: cooperative marketing campaigns

Tourism WA has also partnered with airlines, media outlets and travel agents in India on cooperative marketing campaigns.⁸²⁹ In 2019, for example, Tourism WA signed a three-year cooperative marketing agreement with Singapore Airlines worth \$5 million. Singapore Airlines and Tourism WA agreed to jointly fund campaigns that promoted travel to WA from 10 international markets, including India.⁸³⁰ Promotional airfares and travel packages were offered and promoted through digital, print and television advertising.⁸³¹

Jointly funded by Tourism WA and the companies with which it partners, such cooperative marketing campaigns help Tourism WA to expand its advertising reach further than it could if it funded the campaigns alone. In 2019–20, Tourism WA invested \$6.4 million in cooperative marketing campaigns across all markets, with industry partners contributing \$6.7 million.⁸³²

The COVID-19 pandemic has resulted in Tourism WA postponing all of its cooperative marketing campaigns with partners in India. The last phase of the Tourism WA–Singapore Airlines campaign was in February 2020.⁸³³ Tourism WA's cessation of international marketing is discussed later in the chapter.

Government of Western Australia's office in India

Some in-market tourism promotion is conducted by WA's tourism specialist based in GoWA India. This position is a relatively recent addition to GoWA India,⁸³⁴ and its creation was applauded by inquiry participants.⁸³⁵

The tourism specialist is responsible for representing Tourism WA at tourism-related events in India, raising awareness of WA as a holiday destination amongst trade partners, and canvassing partnership opportunities available in India.⁸³⁶ In particular, the priority activities

829 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p9.

830 Singapore Airlines, *SIA Signs Marketing Agreement with Tourism Western Australia*, media release, 1 July 2019.

831 Hon Paul Papalia, Minister for Tourism, *State Government signs \$5 million marketing deal with Singapore Airlines*, media release, 10 July 2019.

832 Tourism Western Australia, *Annual report 2019–20*, Government of Western Australia, Perth, 2020, p22.

833 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p9.

834 Brodie Carr, Tourism Western Australia, and Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p2.

835 Submission 14, Australia India Business Council: WA Chapter, p11; Submission 5, Perth USAsia Centre, p32; Firoz Pestonji, Aussie Perth Tours, *Transcript of Evidence*, 9 September 2020, p5.

836 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p3.

identified in the *Western Australia Investment and Trade Plan 2019–20* assigns GoWA India (and, by extension, the tourism specialist) responsibility for:

- supporting promotion campaigns and partnerships marketing Perth and WA as a destination;
- supporting visits by 'Team Perth' to meet airlines and relevant ministers and Government officials;
- meeting travel agents across Mumbai and Delhi to understand the Indian travel sector and introduce them to WA; and
- working with India-based inbound tourism operators to support travel agent knowledge of WA.⁸³⁷

The Perth USAsia Centre said the WA Government's increased investment in tourism marketing in India, including the addition of the tourism specialist, seemed to be showing returns. It pointed to the growth in Indian visitor numbers to WA in 2019 to support this view.⁸³⁸ However, Aussie Perth Tours Managing Director Firoz Pestonji said more resources were required. Pointing out that the tourism specialist was just one person, working in a country of hundreds of millions of people, he said that WA needed 'more people to be promoting into India.'⁸³⁹

Finding 67

The creation of the Tourism Western Australia Business Development Manager position based in the Government of Western Australia's office in India was supported by inquiry participants. While some evidence said that the tourism specialist was increasing Indian visitation to Western Australia, there was at least one suggestion that additional personnel were required.

Cricket

Cricket seems to be one of the few areas in which WA is recognised in India. The Committee heard some blunt evidence on this point. One submitter said the fast pitch at the Western Australian Cricket Association sports stadium (the WACA) is the 'only thing people in India recognise with Perth'.⁸⁴⁰ Professor Kadambot Siddique, Director of the Institute of Agriculture at the University of Western Australia (UWA), similarly said: 'When you go to India, many people do not know about Western Australia. They only know it because of the cricket.'⁸⁴¹ It is perhaps unsurprising, then, that several inquiry participants suggested WA could leverage the sport's popularity in India to promote WA as a tourist destination.⁸⁴²

837 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p26.

838 Submission 5, Perth USAsia Centre, p63.

839 Firoz Pestonji, Aussie Perth Tours, *Transcript of Evidence*, 9 September 2020, p5.

840 Submission 7, Federation of Indian Associations of WA, p17.

841 Professor Kadambot Siddique, University of Western Australia (UWA), *Transcript of Evidence*, 20 March 2020, p9.

842 Submission 1, Peter Why, pp1, 11; Submission 2, UWA and UWA Public Policy Institute, p5; Submission 7, Federation of Indian Associations of WA, p17; Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p2; Submission 36, Annalakshmi Holdings, p2; Submission 42, EasyMigrate Consultancy Services, p2; Submission 43, Melvyn Gilbert, p4.

The WA Government had already begun building on cricket's 'pulling power' before the onset of COVID-19. In February 2020, Perth hosted five Women's T20 World Cup games at the WACA, including a match between India and Bangladesh. Tourism WA also successfully bid to host six Men's T20 World Cup matches in October 2020, featuring a match between India and South Africa.⁸⁴³ However, the tournament was postponed in light of the pandemic. Australia will now host the tournament in 2022.⁸⁴⁴

Tourism WA had started promoting the men's cricket tournament before its postponement, telling the Committee that it was 'working closely with ICC [International Cricket Council] and its official ticketing agents in India' to promote India's first match in Perth.⁸⁴⁵ The authority also appointed former Australian cricketer Adam Gilchrist as the State's 'destination ambassador'.⁸⁴⁶ Mr Gilchrist travelled to Delhi and Mumbai in November 2019 as part of Premier Mark McGowan's visit and participated in two tourism promotion events and some airline and industry meetings.⁸⁴⁷

Generally, inquiry participants' suggestions relating to cricket built on what Tourism WA was already doing. Some suggested that WA should intensify its pursuit of international games and not only seek to host matches between the men's and women's national teams but also under-19 teams and state-level teams.⁸⁴⁸ As the previously noted, a tournament between Indian private schools and WA teams was also proposed.⁸⁴⁹

Submitters also suggested that the use of well-known cricketers in WA tourism marketing could be expanded. UWA and the UWA Public Policy Institute, for example, said the WA Government should sponsor a promotional campaign featuring the Western Warriors and visiting Indian players.⁸⁵⁰

Ambassadors and influencers

Tourism WA has an ambassador and influencer strategy, which it uses to increase awareness of WA in overseas destinations.⁸⁵¹ This often involves engaging well-known personalities to visit WA, participate in photo shoots, and promote the State through their social media platforms. Such activities provide Tourism WA with access to an audience that it might otherwise not be able to reach.

The ambassador and influencer strategy is an overarching strategy and therefore not India-specific; however, in the past influencers such as Indian cricket commentator and journalist Harsha Bhogle, model and actress Shibani Dandekar, and cricketer Mithali Raj have come to

843 Hon Paul Papalia, Minister for Tourism, and Hon Mick Murray, Minister for Sport and Recreation, *Tickets on sale for Men's T20 World Cup spectacular*, media release, 18 October 2020.

844 International Cricket Council, *Venue for postponed 2020 ICC Men's T20 World Cup confirmed*, 7 August 2020, accessed 13 October 2020, <<https://www.icc-cricket.com/media-releases/1749944>>.

845 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p5.

846 *ibid.*

847 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p3.

848 Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p2.

849 Submission 1, Peter Why, pp1, 4, 6.

850 Submission 2, UWA and UWA Public Policy Institute, p5.

851 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p9.

WA for media shoots. While here, they have actively promoted the State through their social media platforms.⁸⁵²

Despite these successes, Tourism WA has limited capacity to use ambassadors because attracting well-known personalities requires the State Government authority to enter into commercial negotiations and its limited budget often means that ‘the State cannot meet the outcome of that’.⁸⁵³ Richard Sellers, JTSI Acting Director General, told the Committee of one negotiation ‘where we thought we were going to have a really good outcome, right up until the eleventh hour, but a very high level celebrity fell away because it suddenly became too expensive.’⁸⁵⁴

Instead, Tourism WA takes advantage of the Tourism Australia ‘Friends of Australia’ ambassador program, which involves influential people promoting Australia as a travel destination.⁸⁵⁵ Tourism WA successfully lobbied Tourism Australia to include WA as part of its program for Chris Hemsworth and Matt Damon. Mr Carr explained:

through our relationship with Tourism Australia we just kept on writing to them until they delivered us Chris Hemsworth and Matt Damon. We just built a relationship with them to say, “Look, we really want them to come, and if they come we can help with some of the on-ground experience.”⁸⁵⁶

Although this approach makes sense given the limited budget of Tourism WA, it does restrict the ability of Tourism WA to pursue the Indian market. WA’s profile in India is only increased through this program if Tourism Australia agrees to send ambassadors with a large Indian following to the State. For example, when Bollywood celebrity Parineeti Chopra visited Australia in September 2017 and April 2018 as part of the ‘Friends of Australia’ ambassador program, WA was not included in her itinerary.⁸⁵⁷ According to the Varghese Report, her first visit alone reached an audience of over half a billion people, the equivalent of spending more than \$4 million in advertising.⁸⁵⁸

Finding 68

Because Tourism Western Australia has only a limited budget for its ambassador and influencer strategy, it usually leverages the ‘Friends of Australia’ ambassador program run by Tourism Australia. This can increase awareness of Western Australia as a tourism destination, but restricts the State’s ability to pursue the Indian market as it relies on Tourism Australia including Western Australia in the itineraries of ambassadors with large Indian followings.

852 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p4.

853 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p8.

854 *ibid.*, pp8–9.

855 Tourism Australia, *Friends of Australia*, accessed 1 September 2020, <<https://www.tourism.australia.com/en/news-and-media/resources-for-media/friends-of-australia.html>>.

856 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p8.

857 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p150; Tourism Australia, *Advocacy Q4 report, April–June 2018*, Commonwealth of Australia, Sydney, 2018, p4.

858 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p150.

Bollywood and television shows

Like cricket, Bollywood was identified as a way of bringing WA to the attention of Indian travellers.⁸⁵⁹ Support for this approach is based on the impact that Bollywood movies filmed overseas have subsequently had on the shooting locations.

Since the 1980s, for example, Switzerland has hosted numerous Bollywood films and this has resulted in a significant number of Indian tourists visiting the country.

Accommodation and tourism operators have developed packages targeting the Indian market, an approach that, by 2011, had resulted in Indian travellers accounting for one-fifth of all overnight stays in the municipality of Engelberg.⁸⁶⁰ Engelberg is at the foot of the Mount Titlis, a popular filming location in Switzerland.⁸⁶¹

Australian-produced television shows that are aired in India also provide opportunities to increase Indian tourism. *MasterChef Australia*, for example, is among India's highest-rating English language shows.⁸⁶² In 2019, a week of episodes was filmed in WA. Tourism WA used its popularity to promote WA holiday packages to visitors from the east coast of Australia but did not develop a similar campaign for India.⁸⁶³

When asked by the Committee whether it had considered inviting Bollywood to film in WA, Tourism WA said it was working with Tourism Australia in India 'to assess any media and PR [public relations] opportunities'. It added that it had to ensure that any proposed collaborations would enable WA to achieve return on investment and that the broadcast targeted audiences with the propensity to travel.⁸⁶⁴ This suggests that, to date, WA has not hosted an Indian film or television production.

In contrast, more than 10 Indian films have been produced in NSW since 2010.⁸⁶⁵ NSW's comparative popularity as a filming destination might be explained by the recognition it

More can be done [including] ... putting WA on the Silver screen to attract film studios to shoot in Western Australia given the range of diverse shooting locations from the outback in the Pilbara to the lush green forests in the south West and Perth's cosmopolitan vibrant CBD scene.

*Australia India Business Council:
WA Chapter*

859 Submission 2, UWA and UWA Public Policy Institute, pp4–5; Submission 14, Australia India Business Council: WA Chapter, p11; Submission 21, Avenewz News, p2; Submission 26, Sanjeev Gupta, p4; Submission 38, Dr Papori Barua, p2; Submission 42, EasyMigrate Consultancy Services, p2.

860 Sybille Frank, 'Dwelling-in-motion: Indian Bollywood tourists and their hosts in the Swiss Alps', *Cultural Studies*, vol. 30, no. 3, 2016, p517.

861 *ibid.*, p509.

862 David Knox, 'Why MasterChef Australia is a hit in India', *TV Tonight* (web-based), 28 July 2019, accessed 1 September 2020, <<https://tvtonight.com.au/2019/07/why-masterchef-australia-is-a-hit-in-india.html>>; Kate Ben-Tovim, 'Oz Fest India: Why *Masterchef Australia*—garnished with comedians, film, contemporary performance, and music—was the best recipe for Australian public diplomacy in India', *Politics and Policy*, vol. 45, no. 5, 2017.

863 Tourism Western Australia, *Annual report 2018–19*, Government of Western Australia, Perth, 2019, p19.

864 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p4.

865 Government of New South Wales, *India Strategy: NSW International Engagement Strategy*, Sydney, 2017, p4.

enjoys because of its association with the internationally-renown Sydney Opera House. WA currently lacks any similarly iconic features. Nevertheless, the Committee believes that, like all areas identified in this section, attracting Indian films to shoot in WA is worthy of sustained attention and funding.

Finding 69

Prior to the COVID-19 pandemic, the State Government was using a range of techniques to raise awareness of Western Australia amongst Indian travellers. It had:

- Begun formally and informally partnering with tourism stakeholders to amplify marketing messages.
- Added a position specialising in tourism to the Government of Western Australia's office in India, increasing the Tourism Western Australia presence in India.
- Leveraged cricket's popularity by:
 - Successfully bidding to host Women's and Men's T20 World Cup games in Perth.
 - Engaging former Australian cricketer Adam Gilchrist to participate in tourism promotion events and meetings that coincided with Premier Hon Mark McGowan's visit to India in November 2019.
 - Supporting influencers such as Indian cricket commentator and journalist Harsha Bhogle and cricketer Mithali Raj to visit WA for media shoots and actively promote the State through social media platforms.
- In conjunction with Tourism Australia, assessed potential media and public relations collaborations that could expose audiences with a propensity to travel to Western Australia.

Tourism Western Australia has a limited budget to market to India, which restricts its ability to pursue the Indian market. There is considerable unrealised opportunity to pursue potentially lucrative initiatives such as hosting a Bollywood film in Western Australia.

Marketing and the COVID-19 pandemic

Relatively late in the inquiry, the Committee received evidence to suggest a difference of opinion between two key tourism stakeholders in WA—Tourism WA and Perth Airport—about the importance of marketing during the COVID-19 pandemic.

Tourism WA has curtailed much of its marketing activity outside of WA. It does have a global campaign, *Adventure Awaits*, that seeks to 'cement WA destinations at the top of people's wish lists for when they can travel again'.⁸⁶⁶ But this is only being run on social and digital platforms, with 'some PR'.⁸⁶⁷ When asked why Tourism WA had chosen this approach, Mr Carr said '[b]ecause of the border situation and promoting "come to Western Australia" when we are not open'.⁸⁶⁸ Tourism WA, in conjunction with Tourism Australia, has redirected much of its efforts to developing 'Project Green Light' to determine when it should recommence destination marketing overseas. This collects information about 20 key markets, including whether their borders are open, the number of COVID cases and deaths,

866 Tourism Western Australia, *Adventure Awaits*, 13 March 2020, accessed 18 September 2020, <<https://www.tourism.wa.gov.au/marketing/Brand-and-campaigns/Pages/Adventure-Awaits.aspx#/>>.

867 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p3.

868 *ibid*.

consumer sentiment towards travel, and the ‘forward capacity of airlines’.⁸⁶⁹ Depending on these indicators, markets are identified as red, orange or green. As Mr Carr explained, ‘you need to know that intel so that you know when to start your marketing with those trade partnerships and so forth.’⁸⁷⁰

Perth Airport, in contrast, made a persuasive case for the need for increased destination marketing regardless of the inability of visitors to travel to WA. CEO Kevin Brown said that reduced marketing will cause WA to fall off travellers’ bucket list. Mr Brown stressed that other jurisdictions (both within Australia and overseas) were already repositioning themselves to attract airline services and visitors, and WA would be left behind if it failed to do the same.⁸⁷¹

[How] do we start working and making them think, “This is the next trip I’m going to do. As soon as that border is open, I’m coming to Margaret River, I’m coming to Exmouth, I’m coming to Albany and I am going to spend time in Perth as well”? The trouble is if we are silent—I know other jurisdictions are doing this just now—we are just going further down the aspiration pile and we might not even be on the bucket list. Once we have dropped off that list—the longer you leave it, the more expensive it is to bring yourself back onto that bucket list.⁸⁷²

These are fundamentally different approaches. Tourism WA, understandably, is attempting to minimise government spending during a time of considerable fiscal pressure. Perth Airport, meanwhile, is looking to the future and seeking to minimise the long-term economic impact of the COVID-19 pandemic by advocating for increased marketing investment now. The latter approach was also called for by inquiry participants in other sectors. For example, Melvyn Gilbert said it was time for WA to ‘flood’ Indian social media with advertising about the State’s international education opportunities.⁸⁷³

As discussed in chapter 13, there is value in the State Government developing an economic strategy that takes a long-term, investment-based approach to recovery. This involves going on a ‘charm offensive’ (see finding 12), ensuring that we are perceived internationally as the best place to do business with (and, in this case, travel to). On this basis, the Committee believes that ongoing marketing of WA as a tourist destination is justified.

Finding 70

Tourism Western Australia has curtailed much of its marketing activity outside of Western Australia. Instead, Tourism Western Australia, in conjunction with Tourism Australia, have developed ‘Project Green Light’ to determine when it should recommence destination marketing overseas.

In contrast, Perth Airport made a persuasive case for the need for increased destination marketing regardless of the inability of visitors to travel to Western Australia. Evidence suggests that reduced marketing may cause Western Australia to fall off travellers’ bucket list.

869 *ibid.*, pp10–11.

870 *ibid.*, p11.

871 *ibid.*, pp7, 10.

872 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p10.

873 Melvyn Gilbert, *Transcript of Evidence*, 9 September 2020, p5.

Recommendation 17

That the State Government be proactive during the COVID-19 travel restrictions and promote Western Australia as a tourism destination in the Indian market.

An aviation recovery fund?

During his appearance before the Committee, Mr Brown also argued for the establishment of a \$40 million aviation recovery fund in addition to existing marketing funding.⁸⁷⁴ He indicated that Perth Airport would be willing to commit \$10 million and suggested the remaining money could be contributed by Tourism WA and 'the broader state government as a range of portfolios benefit from aviation.'⁸⁷⁵

This money would be used to support destination marketing and sales campaigns, and to incentivise airlines to recommence services to and from Perth.⁸⁷⁶ Mr Brown explained:

We need to provide the incentives for airlines to start and support them in those initial phases when it is very expensive to re-establish their services. From our part that is offsetting their landing fees, their operating costs at the airport.⁸⁷⁷

The Committee was interested to learn more about this idea but was unable to explore it in sufficient detail given the constraints around the current inquiry. It may be something that the State Government could pursue in the 41st Parliament.

Developing tourist attractions and events

A criticism levelled at WA during the inquiry was that it lacked the necessary attractions to draw Indian tourists.⁸⁷⁸ Grover Projects, for example, said there was 'no WA beacon/icon to attract Indian tourists.'⁸⁷⁹ Another participant said that Perth had 'huge tourism potential', but lacked 'comprehensive policies to attract Indian visitors.'⁸⁸⁰

Participants emphasised that WA possessed many of the things that tourists seek in a holiday destination: high-quality food and wine; beautiful climate and beaches; golf; and a rich history.⁸⁸¹ Yet there was a sense that WA offered few events or attractions that highlighted these assets. This is concerning, given that cultural tourism is the fastest growing international tourism sector.⁸⁸² The DLGSC also said that cultural tourists typically stay longer and spend more than the average tourist.⁸⁸³

874 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p10.

875 *ibid.*, p2.

876 *ibid.*

877 *ibid.*, p3.

878 Submission 21, Avenewz News, p2.

879 Submission 40, Grover Projects, p2.

880 Submission 7, Federation of Indian Associations of WA, p13.

881 Submission 41, AICA International, p1; Submission 36, Annalakshmi Holdings, p2; Closed evidence; Firoz Pestonji, Aussie Perth Tours, *Transcript of Evidence*, 9 September 2020, p5.

882 Government of Western Australia, [*Western Australia Investment and Trade Plan 2019–20*](#), Perth, 2019, p13.

883 Submission 33, Department of Local Government, Sport and Cultural Industries, p8.

Support was shown for a range of existing or future events, from the development and promotion of sporting events like the T20 World Cups to events celebrating Indian culture.⁸⁸⁴ Paramount Events, for instance, pointed out that most of the artists engaged in the events that it manages are accompanied by family members and non-performers, who go on to travel in WA for leisure. In addition, some of its events have been broadcast on Indian television, which has the potential to influence future Indian travellers.⁸⁸⁵

There has been strong evidence that the conduct of major events has attracted mega visitation, particularly from overseas sources.

Events Industry Association

Others emphasised that WA could make more of its pre-existing attractions. The company AICA International said WA could develop outback adventure tourism or winery farm-stay packages.⁸⁸⁶ Mr Gilbert suggested WA offer discounted passes to the Perth Mint and WA's gold mining sites to leverage the traditional popularity of gold in India (see chapter 8 on gold).⁸⁸⁷ He explained:

Gold is considerably cheaper to buy from the Perth Mint than anywhere in India; however, this fact is little known amongst Indians, with a majority of people still counting on Dubai as the most attractive destination for the same purpose.⁸⁸⁸

DLGSC pointed out that sports and the arts have the potential to support sustainable regional communities by attracting inbound investment into 'co-product/content development' and attracting entrepreneurs and a skilled workforce from India. However, these opportunities require a 'synchronicity of local government initiatives, regional economic development initiatives and liaison with the Commonwealth on migration.'⁸⁸⁹

Both the DLGSC and JTSI are developing strategies that support different aspects of cultural tourism, although neither had been released when this report went to print. The DLGSC is seeking to support WA's tourism sector through its Cultural Infrastructure Strategy, which should encourage the development of a wide range of cultural experiences 'from world-class museums to distinctive vibrant local neighbourhoods.'⁸⁹⁰ The strategy will also reportedly celebrate traditional and contemporary Aboriginal culture.⁸⁹¹

JTSI, meanwhile, is finalising the *Jina: Aboriginal Tourism Action Plan 2021–2025* (Jina Plan). The aim of the Jina Plan is to grow a diversified and sustainable Aboriginal tourism sector.⁸⁹² According to the *Western Australia Investment and Trade Plan 2019–20*, the intention was

⁸⁸⁴ Submission 23, Raveesh John, p1; Submission 12, Events Industry Association, p1.

⁸⁸⁵ Submission 17, Paramount Events, p2.

⁸⁸⁶ Submission 41, AICA International, p1.

⁸⁸⁷ Submission 43, Melvyn Gilbert, p4.

⁸⁸⁸ Melvyn Gilbert, *Transcript of Evidence*, 9 September 2020, pp5–6.

⁸⁸⁹ Submission 33, Department of Local Government, Sport and Cultural Industries, p9.

⁸⁹⁰ *ibid.*, p8.

⁸⁹¹ Department of Local Government, Sport and Cultural Industries, *Cultural Infrastructure Strategy*, accessed 7 September 2020, <<https://www.dca.wa.gov.au/DevelopingArtsandCulture/cultural-infrastructure-strategy/>>.

⁸⁹² Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p7.

to follow the plan's launch with funding for 'discrete initiatives' in consultation with Aboriginal communities.⁸⁹³

Meetings, incentives, conferences and events

Tourism WA also works with Business Events Perth to canvass opportunities in India relating to the Meetings, Incentives, Conferences and Events (MICE) sector.⁸⁹⁴ Business Events Perth, formerly known as Perth Convention Bureau (PCB), is responsible for attracting international and interstate business events to WA. In 2018–19, its efforts reportedly resulted in over \$153 million of Direct Delegate Expenditure, the key performance indicator based on a calculation of the average on-ground spend of conference delegates while in Western Australia.⁸⁹⁵

The Committee received little information about the specific activities that Tourism WA and Business Events Perth were carrying out to promote WA's MICE sector in India. Tourism WA regards MICE as a growing opportunity in the Indian market and, according to Mr Carr, the Business Development Manager in India is 'working hard' on maintaining trade relationships to develop the sector further.⁸⁹⁶ The Committee notes, however, that no Indian cities were included in the PCB's 2019 Asia Roadshow or the inaugural South East Asia Roadshow in 2017.⁸⁹⁷ Each roadshow involved 11 member partners (including accommodation providers and tourism operators) travelling to three or four cities and showcasing WA as a destination for corporate events.⁸⁹⁸

A key challenge for the MICE sector is the lengthy processing times for visa applications. In 2018, a group of 300 business people from India were purportedly unable to come to WA because of how long it took to obtain a visa.⁸⁹⁹ As the Committee finds in the visa settings and processes section above, the WA Government is not responsible for the processes relating to visitor visas and therefore cannot directly address the delays that Indian travellers can experience when applying for a visa to visit Western Australia. But it was pleased to hear that, following an approach from WA's Tourism Minister about this case, the High Commission improved its visa processing times.⁹⁰⁰

893 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p13.

894 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p5.

895 Perth Convention Bureau, *Annual report 2019*, Perth, 2019, p11.

896 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p2.

897 Perth Convention Bureau, *Annual report 2019*, Perth, 2019, p8; Perth Convention Bureau, *Annual report 2018*, Perth, 2018, p8.

898 *ibid.*

899 Yaz Mubarakai, Member, Economics and Industry Standing Committee, *Transcript of Evidence*, 11 September 2020, p24.

900 Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p24.

Chapter 8

Resources and minerals

Scale encourages ambition but it is the complementarity between the Indian and Australian economies which is the key to translating ambition into opportunities. Put simply, a growing Indian economy will need more of the things Australia is well placed to provide.

An India Economic Strategy to 2035: Navigating from Potential to Delivery by Peter Varghese AO

Any emergence from a post COVID environment, where we see Australia having another 30 years of growth, is going to depend on being able to foster an incredible relationship with India. The opportunities are huge ... and our interests are starting to converge in a way that they have never converged before.

Jennifer Westacott, Chief Executive, Business Council of Australia

The next three chapters of this report provide an overview of the opportunities to expand WA's economic relationship with India in commodity-based sectors, including the services aspects of those sectors. This chapter focuses on the resources and minerals sector.

The opportunities

In a market as vast as India, the State Government must pursue a targeted strategy focusing on the most promising export opportunities—where WA's competitive advantages and strengths match India's needs.

The State Government and the Government of Western Australia's office in India (GoWA India) have identified the sectors in these chapters as offering the best prospects for success.⁹⁰¹ For example, in mining, opportunities arise in mining equipment, technology and services (METS) and research and development, in addition to the traditional commodity-based trade.

[Australia and India] have unlimited possibilities ... These possibilities bring with them challenges too ... India is committed to further intensifying comprehensive relations with Australia ... the benchmark for the speed in all of our relations should be ambitious.

*Hon Narendra Modi,
Prime Minister of the Republic of India*

It is important to note that opportunities outlined in this report, whilst mentioned, were not prominent in *An India Economic Strategy to 2035: Navigating from Potential to Delivery* by Peter Varghese AO (Varghese Report), perhaps reflecting the differences between national and state level priorities and economic structures. While there is considerable overlap

901 Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p24.

between the Varghese Report and WA's priority sectors, WA's and Australia's strengths and competitive advantages do not always correlate. WA's economic strengths lie overwhelmingly in our resources industry—significant export potential exists in traditional commodity exports and also in areas such as battery production, microgrids and associated technologies, and lithium ore and lithium-ion batteries, driven by the demand for renewable energy and electric vehicles. The Varghese Report tended to focus and prioritise the sectors of strength for the eastern states (such as education and tourism) and placed a lower emphasis on opportunities that would allow WA to play to its strengths.

To grow the economic relationship, WA must diversify exports beyond 'rocks and crops'—that is, commodity exports. As previously noted, service exports comprise a large part of the emerging opportunities in the Indian market and can be expanded to include services in the resources and agribusiness sectors. Dianne Tipping, Chair of the Export Council of Australia, observed that the opportunities for Australia are 'primarily going to be in the services sector'.⁹⁰² The discussion of METS in this chapter and agricultural services in chapter 10 outlines the potential of these service exports which have had little focus to date.

While a strengthened WA–India trading relationship will remain a model of WA supply servicing Indian demand, and there are indeed opportunities for considerable merchandise commodity exports, it is in the technical and services sectors where there is the most opportunity for genuinely diversified WA–India relationship growth.

Perth USAsia Centre

Diversification is key. No one export or commodity will underpin the WA–India economic relationship, as natural gas has with Japan and Korea or iron-ore has with China. Paul Everingham, Chief Executive Officer of the Chamber of Minerals and Energy of Western Australia (CME), noted that 'both India and the Australian governments are looking for a big bang—take hundreds of millions of tonnes of gas or iron ore or METS, coal or whatever, but I think the bespoke tertiary relationships can bring really dynamic value to an economy'.⁹⁰³

Also, a common theme raised during the inquiry was the importance and potential economic benefits of research partnerships and collaborations with India. These opportunities, as they apply to each sector, are noted in the sector chapters, and in chapter 12.

Finding 71

Sectors that present opportunities in the Western Australia–India economic relationship are not prominent in *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report), perhaps reflecting the differences between national and state level priorities and economic structures. Western Australia and Australia's strengths and competitive advantages do not always correlate.

902 Dianne Tipping, Export Council of Australia, in Australia India Business Council, *Australia-India Prime Ministers Virtual Summit—Opportunities for Business and Economy*, 17 July 2020, accessed 4 August 2020, <<https://www.youtube.com/watch?v=MKdJ19yIM3U&feature=youtu.be>>.

903 Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, p5.

Finding 72

No single commodity will underpin the economic relationship between Western Australia and India. Its growth will depend on developing markets in a diverse range of goods and services.

The resources sector

The resources sector will remain an important part of the WA–India economic relationship.

In 2019, a year when the value of merchandise exports halved, mineral and petroleum commodities continued to make up at least 75 per cent of WA's merchandise (and commodity) exports to India.

I found that Indian companies, including the public sector companies, were focusing on Latin America for some of the resources that are available in Australia.

Ambassador Anil Wadhwa

WA's main commodity exports to India are petroleum (including LNG), alumina and bauxite, gold, copper ore, iron ore, titanium dioxide pigment, waste/scrap metals and zircon.⁹⁰⁴ WA's major export commodities in 2019 are noted in the table 8.1 (this is a copy of table 2.3). Despite alumina (including bauxite) being WA's second largest commodity export to India in 2019, the Committee received no evidence on these exports and they are therefore not discussed in this report. Also, WA diamonds, almost all of which are sent to India for polishing, do not enter bilateral trading statistics as they transit through third markets.

Table 8.1: WA's major export commodities to India in 2019⁹⁰⁵

Commodity	\$million	Share (%)	Annual change (%)	Rank as WA market
Petroleum ¹	466	28	-44	9
Alumina ²	313	18	-52	6
Gold	266	16	-63	5
Copper ore	200	12	+27	4
Pigments, paints and varnishes	119	7	-3	1
All other exports ³	327	19	-67	
Total exports ⁴	1,690	100	-51	11

1. LNG, crude oil, condensate and liquefied petroleum gas (LPG).

2. Includes bauxite.

3. Other minerals, chemicals, agricultural and food, machinery and equipment, and other manufactured goods.

4. Total merchandise exports of minerals, petroleum, chemicals, agricultural and food, machinery and equipment, and other manufactured goods.

904 Submission 24, Department of Jobs, Tourism, Science and Innovation, p7.

905 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1. India's imports of aluminium ore from WA had grown significantly in recent years, although they fell in 2019. See Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 15 June 2020, p2.

Mr Everingham observed that some CME members probably had high expectations of the development and volume of trade between WA and India, particularly in commodities, that have not been met. But this 'is not to say that it will not happen over the next sort of 25 years'.⁹⁰⁶ In Mr Everingham's view, it is not that the government is not doing enough, but that government expectations of India being a 'bountiful' market in the short term are not realistic.⁹⁰⁷

The CME is of the view that the Commonwealth Government and State Governments have fostered and continued to have 'strong relations' with India's central and state governments.⁹⁰⁸ Government relationships are particularly important in India where mining is concentrated amongst a few companies predominantly owned by state governments, although over the last decade the private sector has played an increasingly active role in the mining sector.⁹⁰⁹ The *Memorandum of Understanding on Cooperation in the Field of Mining and Processing of Critical and Strategic Minerals* between Australia and India, announced during the Australia–India virtual summit on 4 June 2020, demonstrates the focus given to mining at the highest levels of government.

While *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy) states that India is the market where demand for WA's mineral commodities is most likely to grow, the CME is of the view that opportunities, particularly in iron ore and LNG, will not emerge for at least 10 years or possibly longer:

[I] do not see the opportunities in India for at least another 10 years because ... [India is] not in any way outward and sort of open with welcoming arms like the Japanese, the Koreans, even the Chinese, certainly the Germans and definitely the Americans ... we have nearly no engagement from their government about opportunities with Australia. ...

Come 2030 and 2035, I see India needing not only our iron ore, but also our oil and gas, and we will be in the driver's seat in the negotiation, in my view, because they will not want to deal with China. We will be probably the most common form of negotiating partner for them.⁹¹⁰

Evidence to this inquiry suggests that India's demand for resources including gold, copper and critical minerals will continue to grow, driven by strong economic growth, rapid urbanisation, rising incomes, and increasing industrial activity. India is currently able to meet a considerable portion of its domestic demand. Its mining sector is vast: with 1,531 mines in operation, India produces 95 minerals, including four fuel-related commodities.⁹¹¹ However, the longer-term prospects for India's resources sector are less clear. The mining

906 Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, p1.

907 *ibid.*, p2.

908 *ibid.*

909 Australian Trade and Investment Commission, *Market profile*, accessed 3 June 2020, <<https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/India/Market-profile>>.

910 Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, pp3–4.

911 IBEF (Indian Brand Equity Foundation), *Indian Metals and Mining Industry Analysis: Snapshot*, March 2020, accessed 4 June 2020, <<https://www.ibef.org/industry/metals-and-mining-presentation>>.

environment in India is difficult and domestic production does not meet all of its existing domestic demand for a number of resources. India's domestic supply of some resources, such as iron ore, in the future remains uncertain. A result of these dynamics, and resource exports often filling gaps in the India domestic market, is that Australia's commodity exports to India can be volatile. As India's demand for resources grows, it will likely need to import many resources that Australia and WA can supply.

Minerals

India's economic growth creates opportunities for Australia to supply minerals, including gold, copper, iron ore, metallurgical coal, and lithium, nickel and cobalt. India's opportunities do not perfectly match WA's supply of mineral resources, especially in relation to its substantial need for metallurgical coal, but the potential is nonetheless significant.

The Varghese Report observed that the Indian market will continue to prioritise price over quality and the product life-cycle costs of minerals, and this creates unpredictability for exporters to India.⁹¹² Short-term contracts for mineral supply add to this unpredictability. WA's market share of exports to India will depend primarily on the price competitiveness of WA's exports.⁹¹³ The Varghese Report's predictions for India's future demand for gold, copper, and metallurgical coal out to 2030 are noted in table 8.2.

Table 8.2: Key resource demand out to 2030⁹¹⁴

Resources	Units	Indian demand		Indian domestic supply		Indian imports	
		2016	2030	2016	2030	2016	2030
Gold	Tonnes	735	1000–1100	1	2–3	@100%	@100%
Copper	Thousand tonnes	511	1000–1200	26	70–100	95%	91–94%
Iron ore	Million tonnes	154	290–300	156	290–300	5%	0–3%
Metallurgical coal	Million tonnes	52	90–100	15	6–8	87%	90–95%

Gold

India is one of the world's largest consumers of gold, and second largest gold jewellery consuming country.⁹¹⁵ The major drivers for gold demand include rising household incomes and a strong, culturally-entrenched inclination to buy gold. Almost 80 per cent of demand comes from end-use in jewellery and as household investments. The remaining 20 per cent is from industry, central banks and the financial sector.⁹¹⁶

912 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p97.

913 *ibid.*

914 *ibid.*, p105.

915 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p99.

916 Closed evidence.

The value of WA gold exports to India has fallen about 95 per cent since 2009–10, from \$7.1 billion to \$266 million in 2019 (see figure 2.5). Although export value fell by 63 per cent from 2018 to 2019, gold exports accounted for 16 per cent of WA commodity exports in 2019, the third largest commodity export.⁹¹⁷ JTSI advised that the value of gold exports has fallen since 2009 due to:

- [The variation] in the price of gold (which in United States dollar terms, peaked in 2011).
- Changes in demand for gold, both for consumption (for example, in jewellery) and as a store of value.
- Changes in the availability of supply from other countries.
- Changes in import duties for gold, which the Indian Government increased from 2 per cent to 10 per cent in a series of increases in 2012 and 2013.⁹¹⁸
- As gold imports from Switzerland recovered strongly in 2010 and 2011, as well as from other major suppliers in the United Arab Emirates, South Africa and the United States, supply from Australia decreased significantly.
- In recent years, India has reduced its imports of ‘refined’ gold, such as that supplied by Western Australia, Switzerland and the United Arab Emirates. Instead, India has imported more gold that is ‘unrefined’ from South America and Africa, which is subject to lower import tax rates. Additionally, it is cheaper for India to purchase gold directly from countries that mine gold and supply it at low cost.⁹¹⁹

Gold jewellery consumption in India decreased by nine per cent in 2019.⁹²⁰ This fall in demand was due to ‘high Rupee gold prices, higher import duties, and concerns about the country’s economic slowdown’.⁹²¹ Further, in July 2019, the Indian Government announced that the gold import duty would increase to 12.5 per cent. It is possible that this has led to more ‘unreported’ gold trade. The official value of WA’s gold exports to India may be less than the actual value.⁹²² Official records noted that in 2019, India imported US\$15.1 billion of gold from Switzerland, around half of the US\$31.2 billion of gold it imported.⁹²³

Jewellery demand in India fell by 60 per cent year-on-year in the first-half of 2020 due to higher domestic gold prices and the COVID-19 lockdown.⁹²⁴ Due to COVID-19, the gold price

917 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

918 Submission 24, Department of Jobs, Tourism, Science and Innovation, p6.

919 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, pp4–5.

920 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p87.

921 *ibid.*

922 Submission 24, Department of Jobs, Tourism, Science and Innovation, p6.

923 International Trade Centre quoted in Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p4.

924 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p97.

is forecast to reach an eight-year high, averaging about US\$1,630 an ounce in 2020. However, it is also forecast that the expected global economic rebound will cause the price of gold to fall to around US\$1,510 an ounce in 2022.⁹²⁵

The Commonwealth Government Office of the Chief Economist is of the view that '[e]conomic growth, ongoing urbanisation, and rising incomes are all expected to contribute to higher jewellery demand in India' after 2020.⁹²⁶ The Varghese Report found that out to 2035, India will remain about 100 per cent reliant on gold imports. There is an opportunity for WA to export gold to India to 2035.

Copper

India has copper reserves and its demand for copper is growing, driven by urbanisation, the increased rollout of electrical transmission networks, and the manufacturing sector.⁹²⁷ India's Smart Cities Mission (see box 9.4), electric vehicles and an increase in solar power capacity will also increase its demand for copper.⁹²⁸ India's demand for copper ore is forecast to grow at around five per cent per annum to 2035.⁹²⁹ However, India's copper imports have declined over the past decade, as increasing demand has been met by domestic production.⁹³⁰

WA does not mine vast quantities of copper compared to South Australia and Queensland. Despite this, copper is the only mineral recorded in JTSI's trade data where the value of WA's exports to India has consistently increased in recent years. In 2019, WA exported copper ore to the value of \$200 million, being 12 per cent of commodity exports to India.⁹³¹ The value of WA copper exports to India increased 29 per cent in the year to 2018 and 27 per cent in the year to 2019.⁹³²

India's future demand for copper will depend on whether its domestic production can meet demand.⁹³³ The Varghese Report considered that India's import reliance on copper will likely be above 90 per cent by 2035.⁹³⁴ It is forecast that the price of copper will increase from an average of US\$5,990 a tonne to US\$6,900 a tonne in 2025 (in real terms).⁹³⁵

925 *ibid.*, p99.

926 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p87.

927 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p102.

928 *ibid.*; Closed evidence.

929 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p102.

930 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 15 June 2020, p2.

931 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

932 *ibid.*

933 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 15 June 2020, p2.

934 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p102.

935 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p102.

Australia is well positioned to continue to increase its share of the Indian market, if it can maintain landed cost parity with competitors.⁹³⁶ Where WA is in a position to supply copper, India is a market of opportunity.

Iron ore

India has abundant iron ore reserves, with 30 billion tonnes of iron ore reserves, and is the world's fourth largest supplier of iron ore after Australia, Brazil and China.⁹³⁷

Until 2012, India was a net exporter of iron ore.⁹³⁸ Indian production and exports were limited by a range of government policies, and concerns about illegal mining and environmental damage led to a ban on several mines in the Indian states of Goa and Karnataka between 2011 and 2015. Challenges in mining companies accessing land and capital, complex bureaucracy, and uncertainty around government policy and regulations impact on India's production of iron ore.

In recent years, India has imported relatively small quantities of iron ore from WA due to India's supply constraints. While there are pockets of opportunity to export iron ore to India, India's import needs are nowhere near the scale of China's. For example, in 2018, WA exported 16 million tonnes of iron ore to India, compared to the 1,065 million tonnes exported to China.⁹³⁹ In 2019, while the value of iron ore exports to China increased 54 per cent and were valued at \$78.5 billion, iron ore exports to India fell from 13 per cent in 2018 to 2.2 per cent of commodity exports and were valued at \$37 million in 2019.⁹⁴⁰

In the nine months to March 2020, when Chinese demand grew, the price of iron ore increased by over 25 per cent to an average price of US\$92.9 a tonne. In the same period in 2018–19, the average price was US\$73.6 a tonne.⁹⁴¹ By September 2020, the iron ore price was US\$120 a tonne.⁹⁴² The price of iron ore reflects robust Chinese demand and the inability of Brazil, the next biggest exporter of iron ore, to restore its iron ore exports following the January 2019 tailings dam disaster.⁹⁴³

Indian demand for iron ore is driven by the Indian Government's strong push for infrastructure development and initiatives such as Make in India (see box 11.1), which are

936 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p102.

937 *ibid.*; Department of Jobs, Tourism, Science and Innovation, *Western Australia iron ore profile*, Government of Western Australia, Perth, May 2020, p1.

938 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p102.

939 Submission 24, Department of Jobs, Tourism, Science and Innovation, p7.

940 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2019, p1; Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p6.

941 Government of Western Australia, *Quarterly Financial Results Report*, Department of Treasury, Perth, March 2020, p3; James Carmody, 'Iron ore price surge set to boost WA budget amid Brazil coronavirus crisis and Chinese demand', *ABC News* (web-based), 28 May 2020, accessed 23 October 2020, <<https://www.abc.net.au/news/2020-05-28/iron-ore-price-boost-to-wa-budget-amid-brazil-coronavirus-crisis/12292184>>.

942 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p33.

943 *ibid.*; Alan Langford, *Economic Update*, Bankwest, Perth, June 2020, p1.

expected to boost manufacturing and related sectors. If industrialisation accelerates, India is likely to require more imported iron ore. A number of unknown variables will impact on domestic iron ore supply including changes to Indian government policy and regulation, and possible measures to protect its mining industry.

In the short to medium term, the Varghese Report expressed the view that there will be some opportunity for iron ore exporters as India's production is 'unlikely to meet demand'.⁹⁴⁴ The prospect for growth in imports is reinforced by limitations in India's rail and port infrastructure. It is easier to supply steel mills on the east coast of India with imports, rather than transport iron ore from domestic mines.⁹⁴⁵ However, these limitations could be overcome with investment in infrastructure.

In the long term, there is some uncertainty about the level of India's iron ore import demand.⁹⁴⁶ While technical developments in India's steel industry could sustain demand for imported iron ore with lower impurities, India's domestic production could increase from investments, making India's low-grade iron ore suitable for steelmaking.⁹⁴⁷ Nevertheless, the Varghese Report predicted that India's supply of iron ore is expected to grow at about the same rate as its demand out to 2030, with imports limited to three per cent of demand in 2030 (see table 8.2). Mr Everingham from the CME was more optimistic. As stated above, he considers that by 2030 and 2035 India will need WA's iron ore 'and we will be in the driver's seat in the negotiation ... because they will not want to deal with China'.⁹⁴⁸

The opportunity in iron ore, as in other minerals, extends beyond the opportunity to export the commodity to India, to attracting Indian investment in WA. Challenges in domestic production of reserves, or a lack of reserves in India, drives the Indian government and companies to invest in overseas mining industries to secure supply. One inquiry participant advised the Committee that India's domestic production challenges create a 'great opportunity' to secure Indian investment in WA industry.

We expect to see a lot of disruption in iron ore, and that will create an opportunity. India used to be an exporter of iron ore. In the last year or two, it has actually been importing iron ore from Western Australia. I think iron ore will become an important strategic mineral. With the growth and infrastructure plans that India really needs, there will be a rapid increase in steel production. They want to reduce their dependency on China for almost everything. They need a secure, open jurisdiction to invest in. So I really see that as a great opportunity.⁹⁴⁹

944 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p102.

945 *ibid.*

946 *ibid.*

947 *ibid.*

948 Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, pp3–4.

949 Closed evidence.

Coal

The real potential in minerals is India's growing demand for metallurgical coal (coking coal), which is quite rare.⁹⁵⁰ Unfortunately, WA, unlike Queensland, is not in a position to capitalise on this demand.

Box 8.1: Metallurgical coal versus thermal coal

Metallurgical coal has a higher energy content and lower moisture than thermal coal, and is used to make iron, steel and other metals. Thermal coal is used to generate electricity.

Metallurgical coal is Australia's third largest resource and energy commodity export to all markets, behind iron ore and LNG, and India is its largest export market. India is the world's second largest steel producer and metallurgical coal buyer, importing 58 million tonnes in 2019.⁹⁵¹ Australia provides over 70 per cent of India's imports. Metallurgical coal is forecast to grow at around 5 per cent per year to 2035 and over 90 per cent of this is expected to be met by imports.⁹⁵²

India is the world's second largest thermal coal consumer and importer. India imported 189 million tonnes of thermal coal in 2019.⁹⁵³ Australia's thermal coal exports to India are 'very small'.⁹⁵⁴ India's thermal coal demand is expected to grow at 3.5 to 4 per cent per annum between 2016 and 2030. The power and cement sectors will be primarily responsible for this increase.⁹⁵⁵

The price of metallurgical and thermal coal dropped in 2020 as a result of the COVID-19 pandemic. India's metallurgical coal imports are forecast to fall in 2020, but begin to recover after 2020, increasing to 55 million tonnes in 2022.⁹⁵⁶

The low quality of Indian coal, with its high ash content, has driven investments outside of India to secure higher quality coal, such as the Carmichael coal mine in Queensland. Demand for coal will be somewhat limited by renewables and gas as the overall percentage of coal in the energy mix decreases.

950 Hon Matt Canavan, Minister for Resources (Cth), [India our next coal export hotspot](#), media release, 23 August 2019.

951 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p42.

952 Closed evidence.

953 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p56.

954 *ibid.*

955 Closed evidence.

956 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p44.

Finding 73

India's economic growth creates opportunities for Western Australia to supply minerals including copper, gold and iron ore. In relation to:

- Gold: India is one of the world's largest consumers of gold. It is forecast that out to 2035, India will remain heavily reliant on gold imports. There is an opportunity to export gold to India to 2035.
- Copper: India has limited copper reserves, and a growing demand. Where Western Australia is in a position to supply copper, India is a market of opportunity.
- Iron ore: India has about 30 billion tonnes of iron ore reserves, but the level of future domestic production is uncertain. There is a view that if domestic supply can be secured, India's supply may approximately meet its demand. On the other hand, there is some confidence that India's import needs may be significant in the longer term.

India's need to secure a supply of iron ore and other minerals provides an opportunity to attract Indian investment to the Western Australian mining industry.

Critical minerals including lithium: Western Australia's battery power

India's interest in WA's significant reserves of strategic critical minerals holds great commercial promise for WA, and the possibility of WA value-adding with the downstream processing of lithium.

Box 8.2: Critical minerals

The term critical minerals refers to up the thirty raw minerals including lithium, cobalt and nickel, which are essential to produce 21st century technologies such as smartphones, renewable energy infrastructure, health equipment and electric vehicles.

The supply risks of critical minerals are significant; companies producing critical minerals face significant funding and price volatility risks. The supply of critical minerals is often not secure nor affordable.⁹⁵⁷

India needs to secure the supply of battery quality critical minerals to grow its electric vehicle (EV) market (see box 8.3), manufacturing industry and technological production.⁹⁵⁸ India is seeking to grow its domestic battery manufacturing industry for domestic use, then export. India currently relies on imported battery and battery components, and is cautious about this dependence. India is keen to become a global leader in battery technologies.

The rapid uptake of EVs and battery-based energy storage systems is driving demand for lithium-ion batteries worldwide, and therefore the need for battery-grade lithium compounds including high-purity lithium carbonate and lithium hydroxide monohydrate for cell manufacturing.⁹⁵⁹ Nickel, vanadium and other critical minerals and rare earths are also needed to make batteries.⁹⁶⁰

957 Hugo Seymour, 'Building Economic Bridges: Australia, India and Critical Minerals', *Australian Outlook*, 15 April 2020.

958 Submission 5, Perth USAsia Centre, p38.

959 Submission 14, Australia India Business Council: WA Chapter, p11.

960 'Mining the Value', *Business News*, special feature, 15 June 2020, p3.

Battery technology is key to India meeting its EV and renewable energy targets (renewable energy is canvassed in chapter 9). This unique confluence of demand and supply presents an immense opportunity for WA.⁹⁶¹

Box 8.3: Electric vehicles

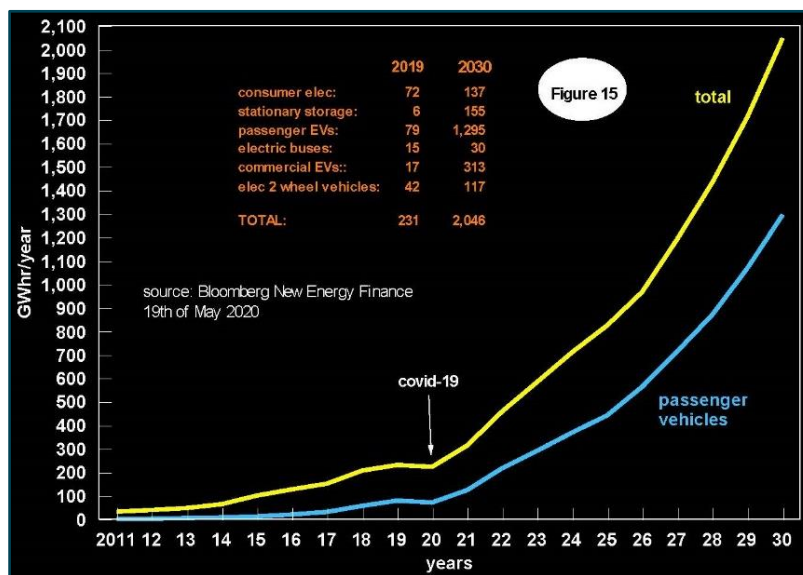
The automotive industry in India contributes over seven per cent to India's gross domestic product (GDP). EV sales worldwide are expected to increase from two to 28 million by 2030. By 2030, India may comprise more than one third of global EV demand if it meets its goals.⁹⁶²

EVs are a key focus of India's strategy to reduce its reliance on fossil fuels by 30 per cent in the medium to long term.⁹⁶³ India's Make in India policy applies to EVs, the majority of which are currently imported.⁹⁶⁴ The rising demand for EVs presents opportunities for Indian manufacturers, such as Tata Motors, that are exploring the manufacture of electric powered vehicles. The Indian Government is actively assessing global supplies of battery minerals in order to manufacture EV batteries domestically. By 2020, the Indian Government intends to only import cathodes. WA has all the minerals required to manufacture cathodes.⁹⁶⁵

While a mobile phone contains only grams of lithium, a battery in an electric vehicle needs about 12 kilograms of lithium.⁹⁶⁶

The predicted global growth in demand for lithium-ion batteries is demonstrated in figure 8.1. Global consumption of lithium is forecast to grow from 291,000 tonnes (lithium carbonate equivalents) in 2019 to approximately 750,000 tonnes by 2025.

Figure 8.1: Global lithium-ion battery demand 2022-2030⁹⁶⁷



Despite the COVID-19 pandemic, as at September 2020, Australia's Chief Economist was forecasting an increase in the global demand for lithium (in lithium carbonate equivalents) after 2020 (see figure 8.2).

961 Submission 43, Melvyn Gilbert, p5.

962 Submission 24, Department of Jobs, Tourism, Science and Innovation, p21.

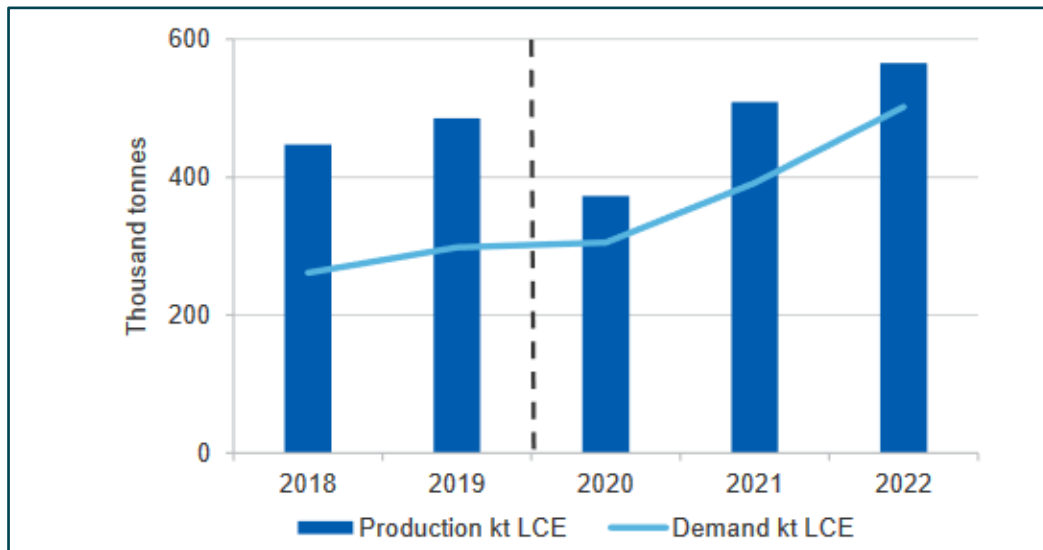
963 Submission 14, Australia India Business Council: WA Chapter, p11.

964 Submission 24, Department of Jobs, Tourism, Science and Innovation, p21.

965 *ibid.*

966 Margaret Simons, 'Losing their mines', *The Saturday Paper*, 13 June 2020, p8.

967 Alan Langford, *Economic Update*, Bankwest, Perth, June 2020, p13.

Figure 8.2: World lithium demand and production (September 2020)⁹⁶⁸

While the Indian market offers significant potential for WA lithium. WA exported lithium valued at only \$91,000 to India in 2019. In 2018 the value was \$1.4 million.⁹⁶⁹ In March 2020, Mr Everingham of the CME advised the Committee that India's whole-of-country approach when sourcing critical and battery minerals was 'very, very thin compared to the whole-of-country approach by their Asian and European competitors'.⁹⁷⁰ This may change.

Ambassador Wadhwa, author of the Indian Government's response to the Varghese Report, visited WA twice and attended a conference on rare earths and critical minerals in Perth in 2019. Ambassador Wadhwa said that rare earths and critical minerals are 'extremely relevant to the Australia–India relationship'.⁹⁷¹ The *Memorandum of Understanding on Cooperation in the Field of Mining and Processing of Critical and Strategic Minerals* between Australia and India, announced on 4 June 2020, confirms India's commitment to cooperating in critical minerals. The Joint Statement on the Comprehensive Strategic Partnership states:

Australia can easily emerge as a reliable partner for 21 out of the 49 minerals that have been identified by India's critical mineral strategy, and also for the e-mobility program [electric vehicle program] which has taken off here in India.

Ambassador Anil Wadhwa

Australia conveyed that India could consider it as a stable, reliable and trusted supplier of high-quality mineral resources to India. Both sides jointly decided to diversify and expand the existing resources partnership. The MoU on Cooperation in the field of Mining and Processing of Critical and Strategic Minerals identifies specific areas where both sides will work together to meet the technological

⁹⁶⁸ Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p141.

⁹⁶⁹ Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 3 September 2020, p3.

⁹⁷⁰ Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, p2.

⁹⁷¹ Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p21.

demands of the future economy. Both countries jointly decided to cooperate on new technologies for exploration and extraction of other minerals.⁹⁷²

As JTSI observed, the events of 2020, including India's exposure to supply chain disruptions in China, appear to have heightened India's desire to secure critical mineral supply chains from Australia.⁹⁷³ The upcoming Indian Government *Australia Economic Strategy* may confirm India's interest in investing in WA to secure a supply of lithium.

WA has the lithium India (and others) wants. It has been suggested that WA is well positioned to create a 'lithium valley'.⁹⁷⁴ While India has no known lithium reserves, Australia has 30 per cent of the world's lithium deposits, with most deposits and supply sourced from WA.⁹⁷⁵ In 2019, Australia produced 55 per cent of the world's lithium.⁹⁷⁶ This compares with Chile's 31 per cent and China's 9 per cent in 2017,⁹⁷⁷ although much investment in lithium mines in Australia is from overseas companies. Despite challenges, the production and consumption of lithium are expected continue to grow.⁹⁷⁸ Chile and Argentina are developing lithium mines, and China is investing in mining in these markets.⁹⁷⁹

Lithium is an important part of the WA-China trade relationship. While, in 2019, as noted above, WA exported unprocessed lithium valued at \$91,000 to India; in 2019, WA exported lithium (mainly spodumene) to the value of \$1.3 billion to China.⁹⁸⁰ Chinese interest in WA lithium is such that Chinese companies have invested in lithium mining and battery production in WA. China has increased its EV target to 25 per cent of new vehicles by 2025.⁹⁸¹

The economics of lithium mining and battery production have their challenges. An increase in the supply of lithium in recent years has led to lower prices. In late 2018, the price of mineral spodumene, Australia's main lithium-containing export and a preferred form of lithium, dropped from about US\$900 a tonne to less than \$600 a tonne, and in 2019 the price dropped by another third.⁹⁸² This has affected lithium mining in WA and the Chinese Tianqui Lithium chemical manufacturing facility in Kwinana. China's interest in WA lithium is

972 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

973 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p1.

974 Noel Dyson, 'Creating Lithium Valley in WA', *Mining Monthly* (web-based), 23 March 2018, accessed 19 June 2019, <www.miningmonthly.com/operational-excellence/news/1335704/creating-lithium-valley-in-wa>.

975 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p119.

976 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p140.

977 Margaret Simons, 'Losing their mines', *The Saturday Paper*, 13 June 2020, p8.

978 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p120.

979 Margaret Simons, 'Losing their mines', *The Saturday Paper*, 13 June 2020, p8.

980 Department of Jobs, Tourism, Science and Innovation, *Western Australia China trade profile*, Government of Western Australia, Perth, April 2020, p1.

981 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p121.

982 Margaret Simons, 'Losing their mines', *The Saturday Paper*, 13 June 2020, p8.

such that it has been suggested that Tianqui Lithium may be sold to a state-owned enterprise or supported by the Chinese government. This comes at a time when the Commonwealth Government is increasingly inclined to block Chinese investment in Australian companies.⁹⁸³

The Committee commented on the rapid growth of the State's lithium industry in its *Implications of a distributed energy future: Interim Report*, tabled on 10 April 2019. This report relates to the Committee's inquiry into the emergence and impact of microgrids and associated technologies in WA. In 2017, WA lithium exports to all markets were valued at \$780 million and this growing industry employed more than 2,600 workers.⁹⁸⁴

The State Government is very aware of opportunities in lithium and critical minerals. GoWA India promotes investment opportunities in WA's critical minerals sector to high-level policy makers, government and industry in India. In undertaking this role, it coordinates with the Future Battery Industry Ministerial Taskforce (see below), relevant Co-operative Research Centres and the Australian Critical Minerals Facilitation Office. GoWA India facilitates and supports visits by mining companies, government and policy makers both ways.⁹⁸⁵ In August 2019, a delegation of representatives of an Indian consortium responsible for securing lithium and other battery minerals visited WA.⁹⁸⁶

A success story facilitated by GoWA India is the 2019 Memorandum of Understanding (MOU) signed by industrial minerals developer Neometals (which has a lithium resource near Kalgoorlie) and India's third largest power trading and diversified renewable energy company, Manikaran Power. The binding MOU will see the companies explore the supply of spodumene concentrate to refine lithium in India. If the lithium refinery project proceeds, it will be located in either Gujarat or Andhra Pradesh, and would result in Manikaran Power taking all of Neometals' lithium mine production for processing into lithium hydroxide.⁹⁸⁷

Lithium processing and battery production

Beyond supplying lithium, WA is in a unique position to capture more value in the midstream and downstream processing of lithium and other battery minerals.⁹⁸⁸

WA and Australia possess all the 35 or so commodities required to produce lithium-ion batteries including copper, cobalt, nickel and graphite. WA is the second largest global producer of rare earths; third for cobalt; and fourth for nickel—all essential inputs into batteries.⁹⁸⁹ WA's percentage of world production in these commodities, as at 2017, is noted in figure 8.3. As well as not having any lithium reserves, India has no cobalt reserves, and also imports nickel.

983 *ibid.*

984 Economics and Industry Standing Committee, [*Implications of a distributed energy future: interim report*](#), Parliament of Western Australia, Perth, 2019, p49.

985 Submission 24, Department of Jobs, Tourism, Science and Innovation, p14.

986 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, p4.

987 Submission 24, Department of Jobs, Tourism, Science and Innovation, p14.

988 'Mining the Value', *Business News*, special feature, 15 June 2020, p4.

989 Government of Western Australia, [*Future Battery Industry Strategy: Western Australia*](#), Department of Jobs, Tourism, Science and Innovation, Perth, 2019, p6.

Figure 8.3: WA world production ranking, 2017⁹⁹⁰

These resources create the opportunity for WA to attract overseas investment for exploration and mining, in addition to lithium processing and the lithium-ion battery production in WA, as well as opportunities to form partnerships to value-add.

Investing in processing and battery production in WA would bring great benefits to WA, creating employment and commercial opportunities for a range of WA businesses. The Chief Executive Officer of the Future Battery Industries Cooperative Research Centre (mentioned below), Stedman Ellis, reportedly noted on the significant value-add chain benefits of battery minerals that with iron ore and LNG, more than half of the value is made at the mine or well, but with battery minerals: '\$1 of commodity metal makes \$1.50 of battery chemical, which makes \$7 of battery precursor materials'.⁹⁹¹

However, Indian policy is to grow its own domestic battery manufacturing industry. JTISI advised the Committee that Indian investment in battery production in WA is 'unlikely':

Indian investment decisions in the future battery sector are largely driven by price and investors are seeking low-cost investment opportunities with Western Australia's competitors in the global future battery minerals industry. In addition, low overheads and operating costs in India suggest it is unlikely investors would favour a Western Australian-processed product, as opposed to a raw product that could be further refined in India.⁹⁹²

Peter Fear, Vice President of the WA Chapter of the Australia India Business Council (AIBC), was more optimistic:

we are in a prime state with lithium and rare earths ... They would love to look at doing it here. It is basically: how could we make it affordable for them to do it? We have opportunities. Lithium is here. We have the rare-earth metals so we need to

⁹⁹⁰ *ibid.*

⁹⁹¹ Stedman Ellis quoted in 'Mining the Value', *Business News*, special feature, 15 June 2020, p5.

⁹⁹² Submission 24, Department of Jobs, Tourism, Science and Innovation, pp21–22.

look at how we can set up something that will work for them here and not just do the mining and the processing, but how can we create jobs for WA people.⁹⁹³

Ambassador Wadhwa advised the Committee that WA companies should ‘seriously look’ at partnering with India to process lithium:

I think Western Australian companies should seriously look at India for this e-mobility program. One particular area I would like to flag is processing of lithium, because there have been three processing facilities that have been sanctioned by the EPIO government think tank. The money has been set aside for that. There will be bidding, which will be open for the processing facilities very shortly. That is all towards production of lithium-ion batteries eventually. So, there again, upselling technology would be very useful. Again, India offers Australia good collaboration and opportunities across the mining and technology services.⁹⁹⁴

The 2018 Association of Mining and Exploration Companies (AMEC) report, *A Lithium Industry in Australia: A Value Chain Analysis for Downstreaming Australia’s Lithium Resources*, called the current situation a ‘once-in-a-generation confluence of local advantages to value-add’.⁹⁹⁵ The report estimated that the then \$165 billion global lithium value chain (from exploration to sale) will grow to an estimated \$2 trillion by 2025.⁹⁹⁶ The development of projects to refine the lithium and move up the lithium-ion battery value chain could provide WA with tens of thousands of new jobs, located close to developed regions in the South West.⁹⁹⁷

The State Government moved quickly to support the growth in the lithium and battery industry. In January 2019, the Minister for Mines and Petroleum, and Energy, Hon Bill Johnston, released the State Government’s *Future Battery Industry Strategy* aimed at capturing the range of value chain benefits presented by the growing global demand for battery technologies. The Government has produced market-specific investment attraction strategies for priority markets including India.⁹⁹⁸ Australia’s *Critical Minerals Strategy* also aims to position Australia as ‘a world leader in the exportation, extraction, production and processing on critical minerals’.⁹⁹⁹

The commitment to battery industries is such that more than \$110 million has been committed in cash and in kind support to WA’s Future Battery Industries Cooperative Research Centre (CRC), including \$25 million from the Commonwealth Government and \$6 million from the State Government.¹⁰⁰⁰ The CRC’s work will encompass opportunities across

993 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 20 March 2020, p7.

994 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, pp4–5.

995 Association of Mining and Exploration Companies, *A lithium industry in Australia: A value chain analysis for downstreaming Australia’s lithium resources*, by Ray Wills, Howard Buckley and Neil Prentice, Future Smart Strategies, Perth, 2018, p1.

996 *ibid.*

997 Economics and Industry Standing Committee, *Implications of a distributed energy future: interim report*, Parliament of Western Australia, Perth, 2019, finding 3, p28.

998 Hon Bill Johnston, Minister for Energy, Legislative Assembly, *Hansard*, 27 August 2019, p5936.

999 Department of Industry, Science, Energy and Resources, *Australia’s Critical Minerals Strategy*, March 2020, accessed 8 June 2020, <<https://www.industry.gov.au/data-and-publications/australias-critical-minerals-strategy>>.

1000 ‘Mining the Value’, *Business News*, special feature, 15 June 2020, p3.

the value chain including the electrolytes, anodes, and the life cycle of battery elements.¹⁰⁰¹ India is establishing partnerships to progress research into battery technologies suitable for its domestic market as well as develop battery-based power solutions for rural communities. There is an opportunity for WA to partner with India in research and development projects.

WA is an attractive destination for downstream processing and the manufacturing of lithium and other battery minerals.¹⁰⁰² In 2019, the Chinese company Tianqui Lithium launched the world's biggest and first fully automated lithium chemical manufacturing facility outside of China in Kwinana,¹⁰⁰³ although it has since paused progress at this plant. At its launch, Deputy Premier Roger Cook reportedly said that lithium is 'the new black and there's no doubt lithium and battery storage energy really is the future for the [WA] economy'.¹⁰⁰⁴

In August 2020, as part of the *WA Recovery Plan*, Premier Mark McGowan announced a further \$13.2 million in project funding to attract a global cathode active materials manufacturer to establish a production facility in WA, strengthening WA's position as a world leader in future battery minerals, materials, technology and expertise in global battery supply chains.¹⁰⁰⁵

Finding 74

Western Australia has significant reserves of the world's critical minerals, including lithium. Global demand for lithium is growing. India needs to secure its supply of battery quality lithium and other critical minerals to grow its electric vehicle market, emerging renewable energy sector, manufacturing industry and technological production.

Finding 75

India is seeking to grow its domestic battery manufacturing industry and become a global leader in battery technologies. There are opportunities for Western Australia along the battery production value chain, including research and development partnerships with India through the Future Battery Industries Cooperative Research Centre.

Recommendation 18

That the State Government prioritise exploring how Western Australia can:

- encourage India's investment in the exploration and mining of critical minerals, including lithium, in Western Australia;
- partner with India to process lithium; and
- attract other supply chain and value chain benefits presented by the growing demand for battery technologies.

1001 *ibid.*, p5.

1002 Hon Bill Johnston, Minister for Mines and Petroleum; Energy, *Lithium royalty amendments to encourage downstream processing*, media release, 11 October 2019.

1003 Hamish Hastie, 'World's biggest lithium plant switched on south of Perth', *The Sydney Morning Herald* (web-based), 11 September 2019, accessed 29 May 2020, <<https://www.smh.com.au/business/companies/world-s-biggest-lithium-plant-switched-on-south-of-perth-20190910-p52pvm.html>>.

1004 *ibid.*

1005 Hon Mark McGowan, Premier and Minister for State Development, Jobs and Trade, and Hon Rita Saffioti, Minister for Transport, *WA Recovery Plan boosts local manufacturing to create WA jobs*, 5 August 2020.

Mining equipment, technology and services (METS)

Beyond commodities, the State Government could foster investment and diversify exports in a range of other sectors associated with minerals and energy. Emerging opportunities include the export of mining equipment, technology and services (METS) to India, as India seeks to improve its own mining industry, develop renewable energy, and promote bilateral investment and research partnerships.

The opportunities

The Committee consistently received evidence on the potential for WA to export METS to India.

In 2019, the Minister for Mines and Petroleum, Hon Bill Johnston, advised the Legislative Assembly of the world class expertise and contribution of WA's METS in the following terms:

India has a shortage of skilled mining professionals and Australia is ideally placed to fill this gap.

Ambassador Anil Wadhwa

Western Australia's mining, engineering, technology and services sector, better known as the METS sector, is at the forefront of technological and safety innovation in the global resources sector. WA's METS sector is a leader in the field of innovation. It enhances our state's reputation as a destination of choice for providing solutions to challenging and dangerous problems experienced by industry. Western Australia's METS sector is also a significant contributor for diversifying our economy. It creates jobs through technological innovation and advanced manufacturing.¹⁰⁰⁶

WA mining and METS companies are well positioned to assist India to modernise and increase the efficiency of its mining sector. The Varghese Report describes India as 'one of the most important future markets' for Australian METS companies.¹⁰⁰⁷ One witness added that METS is a 'huge opportunity' for WA.¹⁰⁰⁸ Aviva Energy Solutions informed the Committee of the 'huge possibility' of providing WA's technical services and expertise in exploring and establishing gold mines in India, highlighting the storage of gold in Uttar Pradesh.¹⁰⁰⁹ On the other hand, another witness noted that previous optimism about METS exports to India 'had probably proven unfounded'.¹⁰¹⁰

India's fast paced growth is triggering change. The Indian Government is seeking to modernise its mining sector and improve efficiency.¹⁰¹¹ India's policy objective is to realise its full mining potential to contribute to its economic growth. The Government aims to

¹⁰⁰⁶ Hon Bill Johnston, Minister for Mines and Petroleum, Legislative Assembly, *Hansard*, 11 April 2019, p2556.

¹⁰⁰⁷ Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p96.

¹⁰⁰⁸ Closed evidence.

¹⁰⁰⁹ Submission 29, Aviva Energy Solutions, p1.

¹⁰¹⁰ Closed evidence.

¹⁰¹¹ Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p98.

accelerate exploration activity, increase private sector participation and minimise environmental impact.

In India, the mining sector is very labour-intensive and poorly governed, and the labourers are not well trained and have a low capability.¹⁰¹² Low automation and mechanisation levels limit scale and reduce the safety of mining operations. The use of state-of-the art technology in Indian mining is low.¹⁰¹³ India's mining industry is increasingly focusing on optimising efficiency and profitability by incorporating the latest international METS.

India's domestic production remains constrained, with low reserves-to-production ratios across many minerals. It has been estimated that India has only explored about 10 per cent of its mineral resources.¹⁰¹⁴ Several WA companies are world leaders in METS specialising in, for example, geoscientific information management systems, surface and underground mining equipment simulators, and intuitive software solutions. These include Ausdrill, acQuire Technology Solutions, Immersive Technologies, and Micromine.¹⁰¹⁵ Australian geologists have developed sophisticated and technologically advanced systems to enable them to explore and develop Australia's 'hidden' mineral deposits.¹⁰¹⁶ WA has also developed considerable metallurgical expertise.

India's needs create opportunities to provide a range of METS exports to India, including training in all forms.¹⁰¹⁷ The Varghese Report notes that Australian METS companies have a competitive advantage in the following areas:

- sustainable environmental management and safety experience (mine closures, mine site rehabilitation, groundwater conservation, mine safety)
- advanced technology and systems (including in underground mining and to raise productivity and product quality)
- advanced mineral exploration (large parts of India have no, or very little, data on resources potential)
- initiatives to manage structural change in the mining sector (for example through technical upskilling and increasing awareness of environmental externalities).¹⁰¹⁸

The Australian Trade and Investment Commission (Austrade) add that opportunities for Australian exporters to supply METS to India include:

1012 Closed evidence.

1013 Australian Trade and Investment Commission, *Insight – Fresh Prospects in Indian Mining: Mine Development and Operations*, 2020, accessed 4 June 2020, <<https://www.austrade.gov.au/news/insights/fresh-prospects-in-indian-mining-mine-development-operations>>.

1014 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p107.

1015 Department of Jobs, Tourism, Science and Innovation, *Mining equipment, technology and services*, accessed 16 June 2020, <<https://www.jtsi.wa.gov.au/invest-in-wa/sector/resource-services/mining-equipment-technology-services>>.

1016 Closed evidence.

1017 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p105.

1018 *ibid.*, p98.

- geo-mining consultancy, especially where new and high productive technologies would be deployed
- mining IT and mine management systems
- underground mining equipment
- niche mining equipment, such as special pumps, valves, electricals
- mineral beneficiation systems and components
- mineral analysis and weighing, particularly for in motion situations
- safety, including safety systems and equipment
- environmental protection technology and equipment
- simulation and training, including VR [virtual reality]¹⁰¹⁹

WA could also provide regulatory advice to India on establishing a robust and stable mining and safety regulatory framework.¹⁰²⁰ This could be part of a relationship-building exercise that leads to business opportunity. Mr Everingham of the CME added that:

[this] is sort of what Barminto and Byrnetcut [WA underground mining services companies] are doing in America ... They are showing them, “Hey, you can do it safer and better” and the American regulator is sitting up and listening. But they are incremental benefits. In places like America, it is largely the same. In India it would be leap-change benefits.¹⁰²¹

As India’s economy continues to grow, the demand for resource exploration and extraction will increase. Out to 2035, mining in India will apply more advanced mining and processing techniques, including new digital technologies, data analytics and automation, to make extraction and distribution more efficient.¹⁰²² Given that WA develops these technologies, one witness highlighted that this is a ‘huge opportunity’ for WA METS exports. These technologies can fundamentally transform the productivity of the Indian mining and energy sectors, and demand is only going to rise.¹⁰²³

The challenges

Despite the potential of the METS market in India, it has its challenges. Mr Everingham, when asked about the opportunity of METS exports, advised that WA METS companies tend not to pursue India due to concerns about risk and safety.

It is a bit mixed [the opportunity of METS exports to India] ... not a lot of [CME members] like the idea of, I think, having to use pools of really dirt-poor, cheap labour, which is a bit evident in certain jurisdictions in India. So if you sent a Byrnetcut or a Perenti, they are both underground specialist contractors to India—

1019 Australian Trade and Investment Commission, *Mining to India*, accessed 3 June 2020, <<https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/India/Industries/mining>>.

1020 Closed evidence.

1021 Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, p5.

1022 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p99.

1023 Closed evidence.

their comfort level around risk is—in Australia it is good; in Canada it is good, in America. But when you are looking at less than rigorously safe workplaces, our METS companies tend not to want to chase those opportunities. That is sort of a polite way of saying India would have to have a much safer workplace regime before our METS companies would want to do a lot of work there, in my view.¹⁰²⁴

A major challenge to providing METS services in India is, again, India being a price sensitive market. The Committee heard that state-owned enterprises, which undertake most mining in India, are driven to seek lowest cost and may not perceive the value in selecting higher quality options. Purchases are predominantly made through tenders. Companies tend to accept the lowest tendered price, every year, rather than factor in the quality and life cycle of a product, irrespective of whether savings would be generated over the longer term by selecting the higher quality option.¹⁰²⁵ This price-sensitivity makes it difficult for foreign METS companies—who could offer cutting-edge technology and services—to compete with domestic companies.¹⁰²⁶

The profile of many WA METS companies is also a barrier. Many METS operators are SMEs and may not have the resources to undertake loss leader strategies while establishing themselves in India.¹⁰²⁷ However, the projected growth in India's METS sector offers firms, including SMEs, the opportunity to increase participation in Indian supply chains through research and development collaboration and joint ventures. The Varghese Report suggested that collaboration on education and training could include Australian METS providers partnering with training organisations and offering industry-embedded courses and research degrees.¹⁰²⁸ The potential of research collaborations in the METS sectors is also noted later in this chapter. Companies must also factor in the commercial reality that METS exports to India may create a natural competitor for its product.

A number of Australian METS companies have established a local presence, or use a local partner, in India.¹⁰²⁹ Competition in the Indian market will continue from North America and Europe, while India's domestic METS sector will also grow out to 2035.

The diverse METS opportunities are considerable and growing. The State Government should encourage METS exports and support initiatives that assist activities in-market. The AIBC suggests that for mining and METS, the Indian states to focus on are West Bengal, Odisha, Jharkhand, Chhattisgarh and WA's sister state Andhra Pradesh.¹⁰³⁰

The Perth USAsia Centre recommended that, to build mining sector capacity, that State Government should 'advance existing and explore new WA–India mining sector technology

1024 Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, p5.

1025 Closed evidence.

1026 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p110.

1027 *ibid.*, p111.

1028 *ibid.*, p106.

1029 *ibid.*, p105.

1030 Submission 14, Australia India Business Council: WA Chapter, p11.

and capacity building programs, with a view to supporting mining and METS companies engage the Indian market.¹⁰³¹

Finding 76

Western Australia's mining equipment, technology and services (METS) sector is at the forefront of technological, regulatory and safety innovation in the global resources sector. There is significant opportunity to provide METS services to India in all these fields.

Western Australia needs to establish business-to-business contacts to leverage and build awareness of Western Australian METS expertise.

Establishing a Western Australian METS hub in India

Overseas METS companies are progressively establishing manufacturing hubs in India, particularly in the eastern mining states, to reduce costs. A domestic hub allows companies to make basic structures locally at lower cost and without import duties. Critical components and technology may be supplied from the home plant. In the longer term, this trend may become more common as foreign companies look to expand their presence in India, and India's manufacturing capabilities and attractiveness as a manufacturing hub grows.

The Varghese Report noted that Australian METS companies in India have the potential to grow and create Australian 'company clusters', and to some extent, this was already taking place in Kolkata (West Bengal), which is a gateway to the mineral-rich states of Jharkhand, Chhattisgarh and Odisha. The Varghese Report added that although manufacturing products in India could help products compete in the Indian market, a large-scale METS manufacturing hub was 'unlikely, as Australia manufactures only certain niche products and little by way of automated equipment'.¹⁰³²

One inquiry participant considered establishing METS 'hubs' in India a 'huge opportunity'.¹⁰³³ Hub state options could include Tamil Nadu, Andhra Pradesh, or any of the 10 states set out in the Varghese Report.¹⁰³⁴ Hubs could focus on niche METS products, reflecting the needs of the Indian market.

Recommendation 19

That the State Government advance existing and explore new Western Australia–India mining sector technology and capacity building programs, possibly led by the Department of Mines, Industry Regulation and Safety, with a view to supporting Western Australian mining and mining equipment, technology and services companies to export and operate in the Indian market.

Bilateral investment in the resources sector

The Committee received evidence of the potential for Indian investment in the WA mining industry, and conversely of the ongoing challenges of WA investment in the Indian mining

¹⁰³¹ Submission 5, Perth USAsia Centre, p39.

¹⁰³² Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p106.

¹⁰³³ Closed evidence.

¹⁰³⁴ Closed evidence.

industry. Where the Committee received evidence on mining investment between WA and India that is mineral specific, this evidence is noted in the relevant sections of this report (for example, in the lithium, iron ore and LNG sections). Commentary relating to bilateral investment in all sectors is set out in chapter 11.

Indian investment in Western Australia

It is encouraging that a number of Indian companies are investing in the resources and mining sectors in international markets, including Australia, to secure supply and minerals and energy commodities. Resource investment includes foreign direct investment (FDI) (see box 11.2), building or purchasing businesses and/or associated infrastructure in India, and participating in mining directly or through partnerships or joint ventures.

Indian investment is driven by a lack of access to specific domestic mineral resources or difficulties in mining resources that are otherwise plentiful in India. Despite ongoing discussions about the need to improve the difficult mining environment in India, regulatory change has been only incremental.¹⁰³⁵ Inbound capital investment has historically contributed to the development of WA's vast resources industry. Where Indian resource demand and capacity to invest meets WA's ability to supply, WA could benefit considerably from expanded links with India.

There have been a few high-profile Indian investments in WA, including the Indian Government owned public enterprise NDMC's (previously known as National Mineral Development Corporation) majority ownership of exploration company Legacy Iron Ore.¹⁰³⁶ Unfortunately, there have been a number of highly publicised issues with Indian investments in Australian coal projects, both in WA, such as Lanco's acquisition of Griffin Coal, and elsewhere in Australia, most notably Adani's Carmichael mine in Queensland. Despite this, there are many examples of successful foreign investment in the WA resources sector.

The absence of a high profile, successful Indian resource investment in WA may deter Indian investment. The Committee heard that businesses are concerned about the costs of regulation. Therefore, the State Government's Streamline WA initiative, which aims to make it easier to do business in WA by improving regulation and regulatory practice, is 'critically important'.¹⁰³⁷ There is a view that the Australian regulatory framework is 'hard to work with', especially for an international company.¹⁰³⁸ Ensuring productive investment from India requires sustained messaging on WA investment settings and its business culture, and an ongoing dialogue on the expectations of mining companies operating in WA.¹⁰³⁹

JTSI is aware of the potential opportunity of Indian investment in WA, and promotes investment in WA resource assets. However, there is scope for the State Government to be more proactive in fostering Indian investment in WA's resource sector. Further to the below,

1035 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p107.

1036 Submission 24, Department of Jobs, Tourism, Science and Innovation, p10.

1037 Christopher Rodwell, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p11.

1038 Closed evidence.

1039 Submission 24, Department of Jobs, Tourism, Science and Innovation, p20.

the findings and recommendations in bilateral investment section in chapter 11 are also relevant to Indian investment in WA's resources sector.

Finding 77

The Western Australian resources and energy sector has benefitted greatly from foreign direct investment. There is considerable untapped potential to attract Indian investment into the Western Australian resources sector.

Recommendation 20

That the State Government develop a strategy to attract Indian investment to Western Australia's resource and energy sector, and consider mechanisms to support Indian companies seeking to invest in Western Australia.

Western Australian investment in India

International companies are permitted to participate in the Indian mining sector, except on coal and/or atomic minerals projects.¹⁰⁴⁰ There are significant unexplored mining opportunities in India. The lack of investment in exploration and inadequate information on resources are among the key issues hampering India's mining industry.¹⁰⁴¹

India has not seen the large capital inflows from foreign companies commensurate with its importance as a producer of minerals and energy or its potential to increase output.¹⁰⁴² Over the last few years, several foreign mining companies have explored opportunities to invest in Indian mining assets, particularly in iron ore, coal and diamonds, but with limited success. Projects have discontinued due to delays in acquiring land and obtaining environmental and forest clearances.¹⁰⁴³

Many companies consider mining in India to be too unpredictable, risky and expensive.¹⁰⁴⁴ On the Fraser Institute's Mining Policy Perception Index, a composite index that measures the overall policy attractiveness of jurisdictions, India was ranked 88th out of 104 countries in 2016. In terms of mining investment attractiveness, it was ranked 97th out of 104 countries.¹⁰⁴⁵ (The 2016 survey was the last Fraser Institute survey to include India).

The list of challenges to foreign investment in the resources sector in India is long, and includes:

- The bureaucratic complexity of operating a business in India.¹⁰⁴⁶

1040 Australian Trade and Investment Commission, *Mining to India*, accessed 12 May 2020, <<https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/India/Industries/mining>>.

1041 Closed evidence.

1042 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p110.

1043 Closed evidence.

1044 *ibid*.

1045 Taylor Jackson and Kenneth P. Green, *Survey of Mining Companies 2016*, Fraser Institute, Canada, 2017, pp16, 17, 9, 12.

1046 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p110.

- The sovereign risk of mining in India. Government changes to mining policy are a real risk in India, although this risk may vary from state to state.
- Policy settings making it difficult to develop new mines and obtain approvals.
- Complex regulation and multi-level processes. Even the largest international companies have found it difficult to secure clearances and permits across various central, state and local jurisdictions to undertake exploration or extraction.¹⁰⁴⁷
- Difficulties in acquiring land.
- A lack of confidence in enforcing laws in India. As Paul Everingham from the CME noted, ‘many of our members have grave doubts about whether or not you can be successful in the Indian legal system’.¹⁰⁴⁸

There has been more liberalisation in mining in India driven by the increased performance pressure on governments, and pressures to create jobs and develop the economy. However, as previously noted, progress has been incremental. The Varghese Report considered that the constraints in the policy and regulatory environment in the mining and resources sector in India are ‘unlikely to improve meaningfully’ out to 2035.¹⁰⁴⁹

Finding 78

There have not been large capital inflows into the Indian mining sector on account of a range of challenges within the industry.

Research and development partnerships

A common theme during the inquiry was the value of research and development partnerships and collaborations to foster relationships and create commercial opportunities.

Research is India’s strength. While research partnerships are important in the resources sector, partnerships are productive in other sectors such as renewable energy and agribusiness (as discussed in those sections). Australian and Indian mining technology research institutions can be the precursor to joint commercialisation and METS exports. The METS sector in particular offers a number of collaborative opportunities.¹⁰⁵⁰

[Ambassador] Wadhwa has consistently said in his meetings with the Perth USAsia Centre in Perth and our meetings with him in Delhi, that he sees enormous opportunities to start advancing the India–Western Australia and India–Australia relationship in research and development technologies.

Professor Stephen Smith, Perth USAsia Centre

India and Australia have established several high level partnerships. At the Australia–India virtual summit in June 2020, both countries committed to a new phase of the Australia–India Strategic Research Fund (see box 6.6), which provides grants for collaborative research

¹⁰⁴⁷ *ibid.*, p107.

¹⁰⁴⁸ Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, p3.

¹⁰⁴⁹ Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p107.

¹⁰⁵⁰ *ibid.*, p106.

projects with Indian partners priority areas identified for each round of grants.¹⁰⁵¹ A priority area for round 12 of grants in 2019, which offered funding between \$500,000 and \$1 million over three years, was ‘mining safety and efficiency’.¹⁰⁵²

Another prominent partnership is the Australia-India Mining Partnership at the Indian School of Mines at the Indian Institute of Technology Dhanbad (IIT Dhanbad), in the State of Jharkhand (IIT-ISM), which provides a platform for training, research and development engagement in mining services. IIT-ISM has become a ‘hub’ for Australian mining expertise, showcasing Australian capabilities, including METS and their adaptability to local conditions.¹⁰⁵³ To give one example of its activities, in January 2020, the IIT-ISM Alumni Association in collaboration with IIT-ISM Dhanbad organised a one day National Symposium on Advanced Technology Infusion for Efficiency Enhancement in Energy Sectors in Kolkata, with support from the Australia India Council.¹⁰⁵⁴ The new Commonwealth Consul General in Kolkata (West Bengal) is expected to enhance linkages between Indian partners at the IIT-ISM and Australian METS companies based in nearby West Bengal.¹⁰⁵⁵

The vision of the Indian Government and industry initiative Steel Research and Technology Mission of India (SRTMI) is to lead research and development in the iron and steel industry, and partner with international research and academic institutions.¹⁰⁵⁶ Indian oil and gas companies are also investing heavily in developing better technologies to address efficiency challenges, unlock assets and develop new applications of gas in fertilisers, transport and railways. This presents an opportunity for Australian research and academic institutions to collaborate with Indian companies and technology providers.¹⁰⁵⁷ The WA university sector has partnered with Indian counterparts on a number of minerals related scientific research and education projects.

Finding 79

Research and knowledge partnerships between Western Australia and India progress research, establish strategic relationships and create commercial opportunities in a number of sectors.

The mining equipment, technology and services (METS) sector offers collaborative opportunities. Relationships between Australian and Indian mining technology research institutions can be the precursor to joint commercialisation and METS exports.

1051 For round 13 funding see Commonwealth of Australia, *Funding for joint Australian and Indian research focused on the COVID-19 pandemic*, 21 August 2020, accessed 23 October 2020, <<https://www.business.gov.au/Grants-and-Programs/Australia-India-Strategic-Research-Fund-AISRF>>.

1052 Australian National University, *Australia-India Strategic Research Fund (AISRF)*, 1 June 2019, accessed 1 September 2020, <<https://cecs.anu.edu.au/staff/australia-india-strategic-research-fund-aisrf>>.

1053 Department of Foreign Affairs and Trade, Attachment to Email, 21 May 2020, p1.

1054 *ibid*.

1055 Commonwealth of Australia, *Government response to An India Economic Strategy to 2035*, Canberra, 2018, p4.

1056 Steel Research and Technology Mission of India, *Introduction to SRTMI*, accessed 16 June 2020, <<https://www.srtmi.com/index.php/site/about>>.

1057 Australian Trade and Investment Commission, *Oil and gas to India*, accessed 16 June 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries-and-economies/india/industries/oil-and-gas-to-india>>.

Chapter 9

Energy and renewable energy

Energy security and efficiency are particularly important issues for India. Approximately 700 million people have gained access to electricity in India in the past two decades and electricity demand will potentially double by 2040.

Christopher Rodwell, Chief Executive Officer, Chamber of Commerce and Industry of Western Australia

Building a relationship beyond commodities

India is among the world's largest consumers of energy and its energy demand is forecast to double between 2015 and 2027.¹⁰⁵⁸ India is unlikely to meet its energy needs without international imports and technical support.

WA currently exports liquefied natural gas (LNG) to India. However, as with other sectors, there is considerable opportunity to expand the relationship beyond the export of commodities. As the Perth USAsia Centre observed:

An advanced energy partnership between WA and India will likely only succeed if the relationship goes beyond commodity export transaction, and over time WA embeds itself as a provider of technical skills, services and advanced capabilities to and in India.¹⁰⁵⁹

The Comprehensive Strategic Partnership confirmed Australia and India's commitment to the annual Energy Dialogue and collaboration in energy. The Joint Statement noted that:

India and Australia jointly decided to progress their Energy Dialogue, which will further cooperation in areas such as pumped hydro storage, cost-effective battery technologies, hydrogen and coal gasification, adoption of clean energy technology, fly ash management technologies, and solar forecasting and scheduling. Both countries committed to continue to collaborate on climate change, energy security and other issues of importance to the region and wider world.¹⁰⁶⁰

Liquefied natural gas (LNG)

India's growing demand for LNG has been described as a 'great opportunity' for WA.¹⁰⁶¹ In 2019, WA exported petroleum products to India (including LNG, liquefied petroleum gas, crude oil and condensate) to the value of \$466 million, being WA's most valuable bilaterally

¹⁰⁵⁸ Invest India, *Renewable Energy: Powering a cleaner future*, New Delhi, p5.

¹⁰⁵⁹ Submission 5, Perth USAsia Centre, p34.

¹⁰⁶⁰ Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

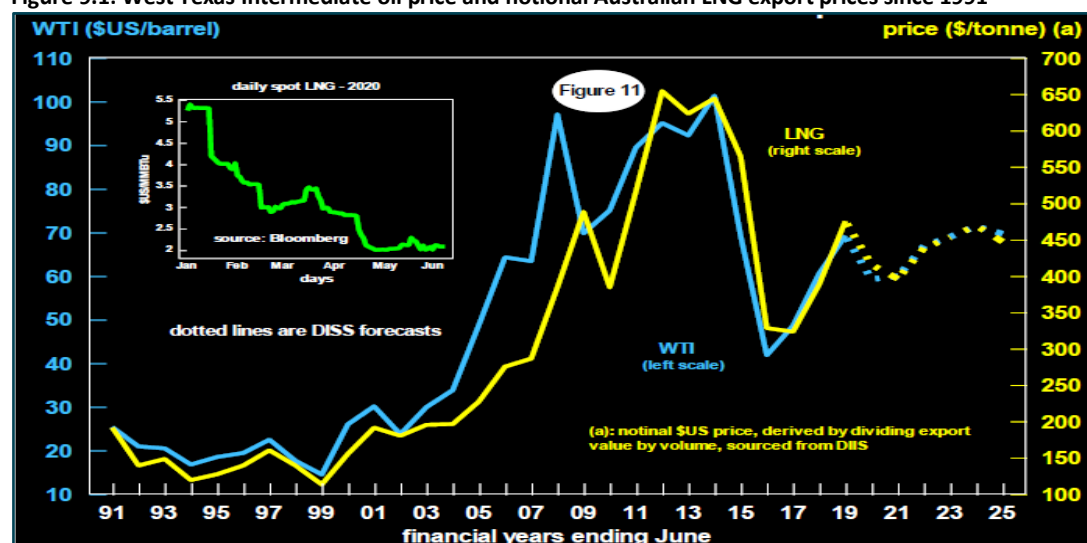
¹⁰⁶¹ Closed evidence.

traded commodity. Despite this, in 2019 the value of petroleum exports to India fell by 44 per cent compared to 2018 exports.¹⁰⁶² Traded volumes are also far lower, relative to our other partners: in 2019, WA exported petroleum to the value of \$15.2 billion to Japan¹⁰⁶³ and \$6.2 billion to China.¹⁰⁶⁴

India is a price sensitive market for LNG, and global gas prices are currently very low. Australian projects face a range of pressures when competing to supply LNG to India. Transportation costs to India are higher relative to exports from Qatar, which supplies most of India's LNG and is embarking on an LNG expansion project. Global LNG supplies have also significantly increased—and prices have subsequently fallen—over the last two years, following the completion of projects in Australia, the United States and Russia.¹⁰⁶⁵ Hydraulic fracturing (fracking) in particular has fundamentally changed the dynamics of the United States' gas market, transforming it from an expected importer to a net exporter.¹⁰⁶⁶

In June 2020, the Henry Hub price for natural gas was US\$1.8 per MMBtu (one million British thermal units), and in early November 2020 it was US\$3.0 per MMBtu.¹⁰⁶⁷ Long term LNG export contract prices are generally tied to oil prices. Notional Australia LNG prices and the price of LNG since 1991 is noted in figure 9.1. These changing dynamics have caused several of Australia's next tranche of LNG projects to be deferred.¹⁰⁶⁸

Figure 9.1: West Texas Intermediate oil price and notional Australian LNG export prices since 1991¹⁰⁶⁹



1062 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

1063 Department of Jobs, Tourism, Science and Innovation, *Western Australia Japan trade profile*, Government of Western Australia, Perth, April 2020, p1, p1.

1064 Department of Jobs, Tourism, Science and Innovation, *Western Australia China trade profile*, Government of Western Australia, Perth, April 2020, p1.

1065 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly March 2020*, Commonwealth of Australia, Canberra, 2020, p61.

1066 Alan Langford, *Economic Update*, Bankwest, Perth, June 2020, p10.

1067 Markets Insider, *Natural Gas (Henry Hub)*, accessed 4 November 2020, <<https://markets.businessinsider.com/commodities/natural-gas-price>>.

1068 Perry Williams, 'Expanding Qatar to take LNG lead', *The Australian*, 26 May 2020, p16.

1069 Alan Langford, *Economic Update*, Bankwest, Perth, June 2020, p11.

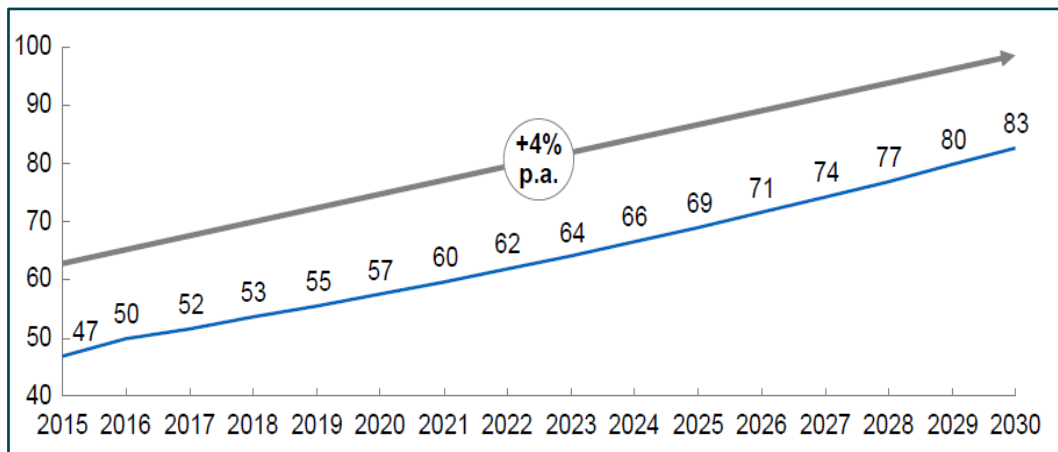
Western Australia's relationship with our traditional LNG customers has historically been based on long term supply contracts, with agreed volumes and stable pricing. These contracts are often accompanied by significant capital investments and/or direct participation at various points along the value chain—particularly with Japanese and Korean customers—reflecting a strong appetite for price and supply certainty and security.

India adopts a very different gas procurement strategy: it is far more price sensitive and maintains flexibility in its energy imports, sourcing a relatively high percentage of LNG through spot and short-term contracts (52 per cent in 2019). Its longer term contracts are also being renegotiated in an abundantly-supplied market.¹⁰⁷⁰ While India's Petronet has a long-term contract with ExxonMobile to take up to 1.5 million tonnes of LNG a year from WA's Gorgon project, it only took around half of this volume in 2019.¹⁰⁷¹

Evidence presented to the Committee predicted steady growth in India's demand for natural gas (shown in figure 9.2), driven by:

- India's power, fertiliser, city gas and industry sectors.¹⁰⁷²
- The increasing use of gas to power vehicles, instead of petrol or diesel.¹⁰⁷³
- India's desire to secure cleaner energy solutions to fuel its growth trajectory and infrastructure expansion in roadways, Smart Cities and rapid urbanisation (relative to coal, diesel or other thermal or fossil fuel energy sources).¹⁰⁷⁴ The Indian Government, prompted in part by the high pollution levels in cities such as Delhi, has set an ambitious target of increasing the share of natural gas (in primary consumption) from 12 per cent in 2010 to 20 per cent by 2025.¹⁰⁷⁵

Figure 9.2: Natural gas demand out to 2030¹⁰⁷⁶



1070 Submission 24, Department of Jobs, Tourism, Science and Innovation, p21; Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 15 June 2020, p2.

1071 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 15 June 2020, p2.

1072 Closed evidence.

1073 Submission 43, Melvyn Gilbert, p5.

1074 Submission 14, Australia India Business Council: WA Chapter, p8.

1075 Australian Trade and Investment Commission, *Oil and gas to India*, accessed 12 May 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries-and-economies/india/industries/oil-and-gas-to-india>>.

1076 Closed evidence.

India is projected to increasingly rely on imported natural gas out to 2030 (see table 9.1).

Table 9.1: Natural gas demand for imports out to 2030¹⁰⁷⁷

	Units	Demand		Supply		Imports	
		2016	2030	2016	2030	2016	2030
Natural gas	Bcma	50	80–90	25	27–30	50 per cent	60–70 per cent

The Chamber of Minerals and Energy of Western Australia (CME) is of the view that the real ‘opportunities’ in the gas trade between WA and India will not emerge for at least 10 years, possibly longer, when global supply dynamics will have changed, potentially placing WA in a stronger negotiating position.¹⁰⁷⁸

Ambassador Anil Wadhwa, author of the Indian Government’s forthcoming *Australia Economic Strategy*, is optimistic about Australia’s opportunities to export LNG to India, particularly after LNG terminals on India’s eastern coast and pipelines are built. He encouraged Australian companies to contact Indian companies and explore opportunities:

With the development of Ennore port and also some other ports, which are coming up on the eastern seaboard of India, a big opportunity has arisen to ship LNG from Australia at competitive prices. Now, what has happened here in India in that it is currently developing its pipelines for the interior, and as soon as this network is functional, that eastern seaboard will be very important for the import of LNG. Obviously, some homework has to be done before that and, again, Australian and Indian companies should be in touch about the future of LNG ... What I am saying is that there are a number of opportunities that have not been explored.¹⁰⁷⁹

Christopher Rodwell, the Chief Executive Officer (CEO) of the Chamber of Commerce and Industry of Western Australia (CCIWA) observed that India has demonstrated its desire to invest in significant resources and energy projects overseas.¹⁰⁸⁰ Like lithium, there is scope for India to invest in the LNG value chain (from exploration to sale).

Petroleum equipment, technology and services (PETS)

The significant role LNG is expected to play in India’s energy future will require the Indian oil and gas sector to develop capabilities along the entire hydrocarbon value chain, driving demand for petroleum equipment, technology and services (PETS).

The Australian Trade and Investment Commission (Austrade) notes that, with 3.1 million square kilometres of potential reserves of LNG lying unexplored in India, India’s potential in

¹⁰⁷⁷ *ibid.*

¹⁰⁷⁸ Paul Everingham, Chamber of Minerals and Energy of Western Australia, *Transcript of Evidence*, 20 March 2020, pp3–4.

¹⁰⁷⁹ Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p5.

¹⁰⁸⁰ Christopher Rodwell, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p2.

the oil and gas sector is immense and there is vast opportunity for new discoveries.¹⁰⁸¹ Many of the drivers of METS, noted in chapter 8, apply to the PETS industry, such as the Indian oil and gas industry modernising, exploring deposits and adopting overseas technologies.

Austrade considers that the following areas offer significant opportunities for Australian oil and gas operators, services and equipment providers:

1. Long-term technology and R&D [research and development] partnerships with companies in the Indian oil and gas value chain.
2. Capacity building partnerships with Indian technical training institutions in the oil and gas sector and in-house training institutes of major oil and gas companies.¹⁰⁸²

Austrade also considers that there are specific opportunities for Australian oil and gas industry suppliers in:

- physical infrastructure, including pipelines and related services;
- review of existing operation and maintenance practices for oil and gas facilities, gap analysis and comparison/benchmarking of standard operating procedures;
- exploration of ultra-deep assets;
- 2D and 3D seismic studies for exploration blocks;
- innovation and research and development; and
- education and training.¹⁰⁸³

The Perth USAsia Centre considers that there is a need for further studies on how WA can enhance its energy investment and technical relationship with India. It suggested that WA could leverage domestic forums and institutions focusing on building WA's LNG and LNG technical and equipment services industries.¹⁰⁸⁴

Finding 80

India's increasing energy demand and undeveloped energy reserves create opportunities for Western Australia to supply liquefied natural gas (LNG) and petroleum equipment, technology and services to India. Despite the current challenges of the LNG market, India's import demand will grow, as may the potential of Indian investment in Western Australia's LNG assets.

Renewable energy and associated technologies

The Committee observed in its report *Taking Charge: Western Australia's transition to a distributed energy future* (Microgrids Report), tabled on 20 February 2020, that WA leads the world in the development and deployment of microgrids and associated technologies, across a range of operating environments.

¹⁰⁸¹ Australian Trade and Investment Commission, *Oil and gas to India*, accessed 4 June 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries-and-economies/india/industries/oil-and-gas-to-india>>.

¹⁰⁸² *ibid.*

¹⁰⁸³ *ibid.*

¹⁰⁸⁴ Submission 5, Perth USAsia Centre, p35.

Microgrids are small electrical systems, often powered by combinations of technologies, such as renewable generation sources, batteries and small scale thermal generation. They can be located within larger grids or at remote locations—they are particularly useful for electrifying locations that are remote from major transmission systems.

The Committee noted the considerable applicability of these technologies in markets such as India, where there is a growing demand for rural electrification, and recommended that the State Government develop a strategy to commercialise and maximise the value delivered to WA arising from the intellectual property and microgrid delivery capability developed in the Government Trading Enterprises (GTEs). We particularly emphasised the need for partnerships between the public and private sector, to achieve scale and deploy into markets such as India. The State Government subsequently accepted the Committee's recommendations.¹⁰⁸⁵

The State Government has yet to release a more comprehensive outline of how it might pursue a commercialisation strategy—particularly in India—however, the Committee observes that there appears to be an inconsistency between the *Western Australia Investment and Trade Plan 2019-20* (Investment and Trade Plan), which notes India as a 'key market' for renewables, and the absence of renewables as a 'priority activity' of the Government of Western Australia's India office (GoWA India) (as noted in table 4.1). The Investment and Trade Plan also does not note India as a key market for Smart Cities, instead listing Indonesia, Japan and Europe as key markets for Smart Cities.

Finding 81

The State Government has accepted, in principle, the Economics and Industry Standing Committee's recommendation 20 in *Taking Charge: Western Australia's transition to a distributed energy future*, that it develop a microgrid commercialisation strategy, particularly targeting markets in India and South East Asia.

A commercialisation strategy has not yet been released and there appears to be an inconsistency between the *Western Australia Investment and Trade Plan 2019-20*, which notes India as a 'key market' for renewables, and the absence of renewables as a 'priority activity' of the Government of Western Australia's India office.

Microgrid and renewable energy opportunities in India

The Committee heard from renowned renewable energy and microgrids expert, Terry Mohn, and Reena Suri, Executive Director of the India Smart Grid Forum, appearing via videolink from India, about the potential opportunities in renewable energy and microgrid technologies in India. The India Smart Grid Forum is a member based think tank which works on various aspects of grid modernisation, smart grids and Smart Cities (see box 9.4 on the Smart Cities Mission).¹⁰⁸⁶

Mr Mohn emphasised that the recent Comprehensive Strategic Partnership signed by Australia and India in June 2020 provided opportunities for WA.¹⁰⁸⁷ As noted in the earlier

1085 Tabled Paper 3555, Legislative Assembly, 12 August 2020, p10.

1086 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p5.

1087 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p2.

quote, this agreement confirmed Australia and India's commitment to the Energy Dialogue, which will further cooperation in the adoption of clean energy technology, and continued collaboration on energy security.¹⁰⁸⁸

India's demand for renewable energy and microgrid technologies

India's electricity sector is undergoing a fundamental transformation. As part of this transformation, India has the largest renewable energy expansion plan in the world (see figure 9.3).¹⁰⁸⁹

There is a huge interest in renewables [in India].

Terry Mohn, renewable energy expert

Figure 9.3: Renewable energy expansion in India¹⁰⁹⁰



With over 300 million people still lacking access to power in India, the Indian Government is eager to expand power generation capacity and connectivity to provide electricity access.¹⁰⁹¹ Power supply, where it does exist, is also unreliable in many areas. Large parts of India experience power cuts for several hours every day.¹⁰⁹² Many developers build power plants for subdivisions, and a number of cities are building their own power plants.¹⁰⁹³ Further, India's power demand is expected to double between 2015 and 2027.¹⁰⁹⁴

Drivers of India's renewable and sustainable energy demand include India's rising pollution levels, as the Indian Government strives for cleaner energy,¹⁰⁹⁵ the Indian Government's target to reduce the emissions intensity of its gross domestic product (GDP) by 33 per cent from 2005 levels by 2030; and the mandatory provision of 10 per cent renewable energy in 100 Smart Cities.

1088 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

1089 India Smart Grid Forum, *Directory: Indian Power Sector*, New Delhi, 2015, p6; Invest India, *Renewable Energy: Creating a sustainable world*, 22 October 2020, accessed 23 October 2020, <<https://www.investindia.gov.in/sector/renewable-energy>>.

1090 Invest India, *Sectors in India*, 22 October 2020, accessed 23 October 2020, <<https://www.investindia.gov.in/sectors>>.

1091 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p2.

1092 India Smart Grid Forum, *Directory: Indian Power Sector*, New Delhi, 2015, p7.

1093 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p9.

1094 Invest India, *Renewable Energy: Powering a cleaner future*, New Delhi, p5.

1095 Submission 43, Melvyn Gilbert, p5.

India has one of the largest power systems in the world, operating a single frequency grid with approximately 377 gigawatts of connected generation capacity, catering to more than 300 million customers.¹⁰⁹⁶ Renewable power sources constitute approximately one third of total installed capacity, including hydropower. Central and state governments own most of the generation, transmission and distribution companies in India. The private sector's role is about 27 per cent in generation, less than one per cent in transmission and about five per cent in distribution.¹⁰⁹⁷ The Indian Government makes overarching policy decisions in energy. The states have an active role in developing and implementing energy policies in their jurisdictions.

In 2014, the Indian Government's Minister of Power launched a Smart Grid Vision and Roadmap for India that envisaged transforming the entire power system to smarter grids by 2027.¹⁰⁹⁸ India has launched a number of programs to alleviate energy poverty and foster renewable and dependable energy in India. For example, under the Saubhagya Scheme, launched in September 2017, India completed the electrification of close to 6.1 million villages and was able to bring more than 100 million people out of energy poverty by electrifying 26.3 million homes in 17 months.¹⁰⁹⁹ According to Ms Suri, the biggest challenge for India now is to enhance the grid capacity and upgrade the distribution network to ensure 24/7 supply of power to grid-connected households, and manage such a huge addition to the grid in terms of power consumption. Ms Suri considers that there is a 'huge opportunity' for WA 'to help India manage the distribution network.¹¹⁰⁰ Integrating electric vehicles to the existing grid, will be another challenge for India.¹¹⁰¹

Another significant project is India's Smart Cities Mission. This provides 'smart' opportunities beyond renewable energy and associated technologies (see box 9.4).

Box 9.4: Smart Cities Mission¹¹⁰²

In June 2015, Indian Prime Minister Hon Narendra Modi launched the Smart Cities Mission, an initiative that encourages Indian cities to compete for central government funds for Smart City development. The Smart Cities Mission promotes projects that foster sustainable and inclusive development, a clean environment, and smart solutions.

Key initiatives include smart energy, smart water and sanitation, smart housing, smart ICT (information communication and technology), and smart waste management. The Smart Cities Mission will cover 100 cities. In January 2016, the Ministry of Urban Development selected the first 20 cities to implement Smart City development plans.

It is estimated that the proposed investment in the 100 Smart Cities will be €25.6 billion Euro.¹¹⁰³



1096 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p5.

1097 India Smart Grid Forum, *Directory: Indian Power Sector*, New Delhi, 2015, p6.

1098 *ibid.*, p7.

1099 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p6.

1100 *ibid.*

1101 *ibid.*

1102 Unless otherwise indicated, information is sourced from Australian Trade and Investment Commission, *Smart urban infrastructure to India*, accessed 16 October 2020,

<<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/smart-urban-infrastructure-to-india>>. See also Ministry of Housing and Urban Affairs, *Smart Cities Mission*, 23 October 2020, accessed 23 October 2020, <<http://smartcities.gov.in/content/>>.

1103 SESEI (Seconded European Standardization Expert in India), *Report on Smart City Mission—India*, New Delhi, 2018, p12.

Foundations fund and manage significant energy projects in India, including rural India. For example, the Rockefeller Foundation funded Smart Power India and its partners operate ‘mini-grids’ in 106 villages across the states of Bihar, Jharkhand and Uttar Pradesh, and aims to power 1,000 villages in India, which will impact on more than one million people.¹¹⁰⁴ A WA company, Village Energy, is also conducting pilot project in WA’s sister state Andhra Pradesh, which aims to provide 1,200 households in rural communities’ access to reliable and more affordable electricity through advanced technology (microgrids).¹¹⁰⁵ The project has received funding grants from the Commonwealth Government (\$500,000), as well as internal partners (\$900,000), which includes funding from Breakthrough Energy Ventures, which was set up by Bill Gates.¹¹⁰⁶ India sees microgrids as a very economical and reliable solution to communities not connected to the national grid.¹¹⁰⁷

India has set an ambitious target of 450 gigawatts of renewable power by 2030.¹¹⁰⁸ Indian Government initiatives to foster renewable energy in India include permitting 100 percent foreign direct investment (FDI) (see box 11.2) for renewable energy generation and distribution projects.¹¹⁰⁹ As the Varghese Report noted, Indian States and companies are seeking international energy services and technologies to address generation, storage, distribution and management requirements—including across engineering, consultancy and training.¹¹¹⁰ As noted above, this includes in traditionally centralised grid and emerging off-grid systems.¹¹¹¹

Ambassador Wadhwa confirmed India’s interest in renewable energy collaboration with Australia, when he noted that the forthcoming *Australia Economic Strategy* ‘identifies a number of key opportunity areas between Australia and India in the areas ... power and renewable energy’.¹¹¹²

Mr Mohn emphasised the opportunities to collaborate in modernising India’s grid.¹¹¹³ In particular, he considers that there is a ‘huge opportunity’ in India for Horizon Power to deliver power to regional communities in India, and it could then ‘encourage investment interest in different companies between the two countries’.¹¹¹⁴ India has successfully

1104 The Rockefeller Foundation, *Smart Power India*, accessed 22 October 2020, <<https://www.rockefellerfoundation.org/initiative/smart-power-india/>>.

1105 Business Partnerships Platform, *Improving access to reliable electricity in villages in rural Andhra Pradesh*, Commonwealth of Australia and Palladium, Australia, 2018.

1106 Closed evidence.

1107 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p6.

1108 Invest India, *Renewable Energy: Creating a sustainable world*, 22 October 2020, accessed 23 October 2020, <<https://www.investindia.gov.in/sector/renewable-energy>>; Invest India, *Renewable Energy: Powering a cleaner future*, New Delhi, p6.

1109 Subject to the provisions of *The Electricity Act 2003*; Invest India, *Renewable Energy: Creating a sustainable world*, 22 October 2020, accessed 23 October 2020, <<https://www.investindia.gov.in/sector/renewable-energy>>.

1110 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp172–173, 177.

1111 *ibid.*, p179.

1112 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, pp2, 5.

1113 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p2.

1114 *ibid.*

implemented 11 smart grid pilot projects covering 5,000 to 35,000 customers and are now looking at larger projects that will be taken up by India states.¹¹¹⁵

As part of its energy transformation, India has seen a rapid uptake of solar photovoltaic systems (solar PV systems) in the past decade, increasing by an average of 64 per cent per year from 2013 to 2017.¹¹¹⁶ The uptake of solar PV systems is expected to continue to rise, driven by government targets and incentives. The Indian Government has announced a target of 175 gigawatts of grid-connected renewable electricity capacity by 2022. Grid-connected renewable electricity capacity is currently around 84 gigawatts.¹¹¹⁷ There is a 43 gigawatt potential for grid connected rooftop solar and 300 gigawatt floating solar PV potential in India.¹¹¹⁸ WA has also experienced strong growth in installed capacity of PV systems, increasing from virtually zero ten years ago to over 1,000 megawatts in 2019.¹¹¹⁹

Ambassador Wadhwa, Mr Mohn and Ms Suri's evidence highlighted India's need for:

- A stable supply of energy, which is 'now in great demand'.¹¹²⁰ Ambassador Wadhwa noted that 'India is looking for grid technologies specifically from Australia', observing that the 'mix of energy' is undergoing significant change 'in almost every state in India today'.¹¹²¹ WA is well positioned to assist, on account its experiences with a rapidly evolving generation mix.
- Remote metering, which has been identified as a 'very important area'. Overseas companies provide meters to India because the Indian government cannot meet demand.¹¹²² The Indian Government is planning to roll out 250 million smart meters in the next four years. It is looking primarily at pre-paid meters, but (as at June 2020) 'the plan will be announced very soon'.¹¹²³
- Smart technologies, blockchain and other technologies, which Ms Suri considers a 'tremendous' opportunity.¹¹²⁴ Distribution companies are experimenting with new technologies like artificial intelligence, machine learning and advanced analytics, which will play a key role in managing data generated, especially from smart meters. Blockchain technology is being introduced to India's power sector. The India Smart Grid Forum, for example, is implementing a blockchain technology pilot program in Uttar Pradesh in partnership with Power Ledger, a WA based company.¹¹²⁵
- Energy storage: plans exist for large scale storage systems, to be manufactured in India in partnerships with international entities.¹¹²⁶ Ambassador Wadhwa noted that India is developing 'pumped storage projects' to manage to large-scale integration of renewal sources of energy and grid balancing, adding it is a 'good idea for collaboration with

1115 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p7.

1116 Submission 20, Chamber of Commerce and Industry of Western Australia, p3.

1117 *ibid.*

1118 Invest India, *Renewable Energy: Powering a cleaner future*, New Delhi, p5.

1119 Submission 20, Chamber of Commerce and Industry of Western Australia, p3.

1120 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p9.

1121 *ibid.*

1122 *ibid.*

1123 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p6.

1124 *ibid.*, pp6–7.

1125 *ibid.*, p7.

1126 *ibid.*

Australia'.¹¹²⁷ India also has ambitious plans to develop electricity storage within microgrids. Inquiry participant, AICA International, advised that they are working on research and development projects with universities to develop energy storage capacities for residential and commercial businesses, and its grid protection control and automation technology has been applied in over 30,000 substations around the world.¹¹²⁸

An opportunity to leverage Western Australia's public and private sector expertise

India presents a range of opportunities to leverage WA's private and public industry expertise in renewable energy, microgrids and associated technologies.

WA is a world leader in developing and delivering microgrids—particularly standalone power systems—into rural and other operationally challenging settings. Also, like India, WA is grappling with the challenges created by integrated renewables in the main electricity grid, including how to manage increased variability and maintain power quality. There is considerable opportunity for our two jurisdictions to share learnings.

India's transition from a coal-driven, energy economy to driving up renewable and cleaner energy sources requires huge demand for expertise and technical skills. WA has the capacity to provide goods and services, and technical expertise, to that market.

Hugo Seymour, Perth USAsia Centre

The Committee observed in its Microgrids Report that considerable opportunity exists to deploy these systems in Asia and Africa, as rural communities increasingly demand electrification and national governments announce ambitious renewable energy targets.¹¹²⁹ The report added that WA's window of opportunity to become a world leader in commercialising and exporting this technology is limited.¹¹³⁰

Leveraging Government Trading Enterprise expertise

Similar to comments made by Mr Mohn in evidence to this inquiry (see above), the Committee emphasised in the Microgrids Report that the intellectual property and delivery capability possessed by the GTEs are valuable assets that could be readily developed and marketed, in partnership with a range of private sector local companies and research institutions, providing the people of WA with a direct return on the substantial investments they have made into the GTEs and academic institutions over many years.¹¹³¹

The Committee recommended targeting India (and other countries) to commercialise WA capabilities:

Recommendation 20: The relevant Minister develop a strategy to commercialise and maximise the value delivered to Western Australia, arising from the intellectual

¹¹²⁷ Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p9.

¹¹²⁸ Submission 41, AICA International, p2.

¹¹²⁹ Economics and Industry Standing Committee, *Taking Charge: Western Australia's transition to a distributed energy future*, Parliament of Western Australia, Perth, 2020, pp172–174.

¹¹³⁰ *ibid.*, p174.

¹¹³¹ *ibid.*

property and microgrid delivery capability developed in the Government Trading Enterprises.

The commercialisation strategy should identify target interstate and overseas markets—particularly in India and South East Asia—and specifically consider ways to partner with the private sector to deliver scale and generate additional growth opportunities.¹¹³²

The State Government responded that the ‘Government Trading Enterprises are examining the best mechanism to collaborate with local industry to enable commercialisation of this opportunity, within Western Australia, as well as interstate and overseas’.

A related recommendation of the Microgrids Report, was recommendation 6, which asked the Minister for Energy to ‘consider formalising a mechanism for knowledge transfer and collaboration between Western Power, Synergy and Horizon Power for the development of microgrids and associated technologies’.¹¹³³ To this, the State Government responded that the ‘Government is investigating the most effective and efficient means through which the Government Trading Enterprises will be involved in collaboration to further the development of new technologies, including microgrids’.¹¹³⁴

During the course of the India inquiry, the Perth USAsia Centre also recommended leveraging WA’s GTE expertise in India. It recommended that the State Government ‘[e]xplore offshore engagement by WA’s energy utilities in India, including Horizon Power and other WA GTEs, with a view to providing consultancy, technical and commercial services in new energy systems and technologies’.¹¹³⁵

Ms Suri also noted that some countries, in addition to sister state relationships, have sister utility relationships with India. As Ms Suri observed, this ‘could be another way to take [collaboration] forward in that we can have organisation-to-organisation collaboration to further handhold each other towards the journey they plan to take towards the modernisation that they are planning’.¹¹³⁶ The Committee is not aware of Horizon Power having a sister utility relationship with India. There are also university and utility partnerships.¹¹³⁷

Research and development collaboration

The potential of bilateral research was acknowledged in the Comprehensive Strategic Partnership signed in June 2020 (as noted on the first page of this chapter).

Mr Mohn considers that there is a ‘lot of opportunity’ and ‘huge opportunity for collaboration in the educational domains in India and the educational groups that we have in

1132 *ibid.*

1133 *ibid.*, p81.

1134 Tabled Paper 3555, Legislative Assembly, 12 August 2020, pp5, 11.

1135 Submission 5, Perth USAsia Centre, p36.

1136 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p11.

1137 *ibid.*, p17.

Australia'. He works very closely with an esteemed Indian Institute of Technology (IIT) and the Indian Institute of Management (IIM).¹¹³⁸

Mr Mohn advised that the university sector in India has 'tremendous interest' in collaborating on renewable energy initiatives.¹¹³⁹ Most of India's progressive universities and academic institutions collaborate and undertake joint research projects, including the India Smart Grid Forum.¹¹⁴⁰ One of WA's universities could collaborate with the Energy and Resources Institute in India, who focus on promoting the efficient use of resources, increasing access and the uptake of sustainable inputs and practices, and reducing the impact on the environment and climate.¹¹⁴¹

During the Committee's microgrid inquiry, Horizon Power recommended the establishment of an Advanced Microgrid Centre of Excellence, to lead the state's microgrid strategy across industry, research, and the commercialisation of intellectual property and capabilities in new markets. In the Microgrid Report, the Committee made the following finding:

Finding 71: Western Australia could leverage its considerable knowledge and experience in microgrids and harness the technology, expertise, capability, and thought leadership of recognised energy and microgrid leaders through the establishment of an Advanced Microgrid Centre of Excellence.¹¹⁴²

The Committee recommended:

Recommendation 21: The relevant Minister investigate the establishment of a Centre of Excellence for Advanced Microgrids in Western Australia, to coordinate research and development, intellectual property commercialisation, and new skills development.¹¹⁴³

The State Government supported this recommendation 'in principle'. It added that:

[The] establishment of a Centre of Excellence should be investigated following further development of capabilities within existing institutions, clarification of the roles and responsibilities of the State-owned electricity businesses and following the establishment of strong partnerships with local businesses.¹¹⁴⁴

The Committee is aware that the University of Western Australia (UWA) is considering hosting an Australian Microgrid Centre of Excellence, has a Renewable Energy and Microgrids research program and offers a Master of Renewable and Future Energy. A WA-based Centre of Excellence would be an ideal institution to collaborate on research and development with Indian academic institutions.

1138 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p2.

1139 *ibid.*, p17.

1140 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p17.

1141 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p3.

1142 Economics and Industry Standing Committee, *Taking Charge: Western Australia's transition to a distributed energy future*, Parliament of Western Australia, Perth, 2020, p178.

1143 *ibid.*

1144 Tabled Paper 3555, Legislative Assembly, 12 August 2020, p11.

Navigating India

As with other sectors, India is an enormous market. However, the Committee heard from Mr Mohn that he found dealing with Indian business people in the energy sector ‘incredibly easy’ (see pull quote).

Mr Mohn suggested that the best contacts in India are the India Smart Grid Forum and Energy and Resources Institute. The India Smart Grid Forum is very well connected in the energy sector and can help businesses move around the country.¹¹⁴⁵

GoWA India and Austrade are also available to assist Australian businesses. Similar to other evidence received (see chapter 12 ‘What does business need?’), Mr Mohn noted that the easiest pathway for companies is to find a working partner in India. Finding a ‘conduit’ is essential and helps with communication, particularly with government officials.¹¹⁴⁶ The local partner can be a distributor, agent or Indian company with similar expertise or a complimentary skill set.¹¹⁴⁷

Austrade observes that a major challenge facing private sector participation in Indian Smart City projects is access to large scale infrastructure financing. Australia may face strong competition from countries who offer attractive financing terms for Smart City projects.¹¹⁴⁸

After roughly five years working in and out of India, I found working with Indian businessmen and other representatives incredibly easy. It was not challenging at all.

Terry Mohn, renewable energy expert

Finding 82

India’s electricity sector is undergoing a fundamental transformation and has the largest renewable energy expansion plan in the world.

With over 300 million people still lacking access to power in India, the Indian Government is eager to expand power generation capacity and connectivity to ensure 24/7 electricity access across the nation.

Finding 83

Indian states and companies are seeking services and technologies to develop, install and operate energy generation, storage and distribution projects. Services are required for traditional centralised grids, large scale thermal and renewable generation projects, and microgrids.

India’s services needs extend to smart technologies to optimise energy production and consumption, such as smart meters, blockchain technologies and advanced analytics, as well as energy storage.

¹¹⁴⁵ Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p2.

¹¹⁴⁶ *ibid.*, p15.

¹¹⁴⁷ Australian Trade and Investment Commission, *Smart urban infrastructure to India*, accessed 19 October 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/smart-urban-infrastructure-to-india>>.

¹¹⁴⁸ *ibid.*

Finding 84

India's energy needs present a number of significant opportunities for Western Australia to collaborate and leverage our domestic industry's world-class expertise in renewable energy, microgrids and associated technologies.

There is particular opportunity to leverage Government Trading Enterprises' intellectual property, development and deployment capability, and operational know-how—often all developed in partnership with the private sector.

There are opportunities in research and development collaboration in renewable energy. Australia and India's commitment to bilateral cooperation in energy was set out in the Comprehensive Strategic Partnership signed in June 2020.

Recommendation 21

Noting the recommendations made in the Economics and Industry Standing Committee's *Taking Charge: Western Australia's Transition to a Distributed Energy Future*, the State Government should:

- examine how Western Australia can pursue opportunities in renewable energy and associated technologies in India, leveraging Western Australia's public and private expertise;
- consider how the Government Trading Enterprises can commercialise and maximise their intellectual property and microgrid delivery capability, and investigate the viability of 'sister utility' relationships with Indian utilities, potentially brokered between state-level governments;
- ensure that renewable energy and Smart Cities are State Government priorities in India; and
- incorporate petroleum equipment, technology and services, electrical energy services, and renewable energy and microgrid technologies into its India Market Plan.

Given the comments made by Ambassador Wadhwa about the promise of the WA-India relationship in renewable energy, recommendation 2 of this report is likely to apply to renewable energies and associated technologies. That is, the State Government should 'examine the findings of the Indian Government's *Australia Economic Strategy* upon its release and explore how Western Australia can be a first-mover State with the Commonwealth and Indian governments in relevant areas of implementation', in particular, renewable energy.

Chapter 10

Agribusiness

India has an appetite for Australian commodities, premium products, and services and technology to boost its productivity.

An India Economic Strategy to 2035: Navigating from Potential to Delivery by Peter Varghese AO

There are a range of opportunities for Western Australia to expand its agribusiness relationship with India, across a range of goods and services.

This chapter identifies the opportunities identified in the course of this inquiry, first in agricultural goods, including agrifoods, and then in the promising agricultural technology and services sector. Finally, bilateral investment will be discussed. The chapter concludes with ways the WA Government can assist growth in these areas.

Box 10.1: What is agribusiness?

In this report the term 'agribusiness' refers to the supply of agricultural goods, sometimes called agrifood, and/or provision of agricultural technology and services. 'Agricultural goods' include raw commodities (staples) such as wool and grains, processed and value added goods, gourmet food and beverages, dairy, and meat products.

Agribusiness is an important sector for building WA's economic relationship with India. Nationally, *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report) identified agribusiness as one of the three lead sectors in the bilateral relationship.¹¹⁴⁹

Australia and India are committed to building their agricultural relationship. The Comprehensive Strategic Partnership between the Commonwealth Government and Indian Government recognises agriculture as 'an important pillar of the Australian and Indian economies with shared challenges and climactic conditions.'¹¹⁵⁰ The Joint Statement released by Indian Prime Minister Hon Narendra Modi and Australian Prime Minister Hon Scott Morrison, which outlines the key aspects of the Comprehensive Strategic Partnership, states:

Recognising the long history of collaboration in agricultural research, education, development and capacity building, it was jointly decided to continue building on our mutually beneficial agriculture relationship including through exploring the development of a partnership on grains management and logistics to reduce post-

1149 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp116–143.

1150 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

harvest losses, rationalise costs and ensure farmer income is not affected by supply chain disruptions (particularly in light of the COVID-19 pandemic).¹¹⁵¹

Western Australia's agribusiness sector

Agribusiness offers a range of opportunities for the WA–India relationship, both as a result of its prominence at the national level, and its importance to the State's economy.

The agricultural industry is WA's second major export industry. Each year, the State exports around 80 per cent of its agricultural production.¹¹⁵² Yet, India is not currently one of WA's main agricultural trading partners. In many respects, WA is at the 'early stages' of its agribusiness relationship with India due to the limited quantity and diversity of its exports, the evolving Indian market and emerging opportunities.¹¹⁵³

In 2018–19, India was WA's 25th largest agrifood market.¹¹⁵⁴ In March 2020, the Department of Primary Industries and Regional Development (DPIRD), the WA government department responsible for growing and protecting WA's agriculture and food sector, observed that of the \$8.5 billion of WA agricultural and food exports to all overseas markets, WA exported goods to the value of around \$2.3 billion to China, and around \$55 million to India.¹¹⁵⁵ This is mainly because India is itself a major agricultural producer and generally imports agricultural goods to make up shortfalls in domestic production.

India's agribusiness sector

India is a major agricultural producer. Agriculture, together with forestry and fishing, accounts for US\$400 billion of its economy.¹¹⁵⁶ India is:

- the world's largest producer of milk, pulses and jute;
- the second largest producer of rice, wheat, sugarcane, groundnut, vegetables, fruit and cotton; and
- one of the leading producers of spices, fish, poultry, livestock and plantation crops.¹¹⁵⁷

Agriculture is the biggest employer in India, providing 245 million jobs or 47 per cent of the country's total employment.¹¹⁵⁸ Seventy per cent of India's rural households still depend

1151 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

1152 Department of Primary Industries and Regional Development, *Annual Report 2019*, Government of Western Australia, Perth, 2019, p47.

1153 Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, pp4, 6.

1154 *ibid.*, p1.

1155 Liam O'Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p5.

1156 Submission 2, University of Western Australia (UWA) and UWA Public Policy Institute, p5.

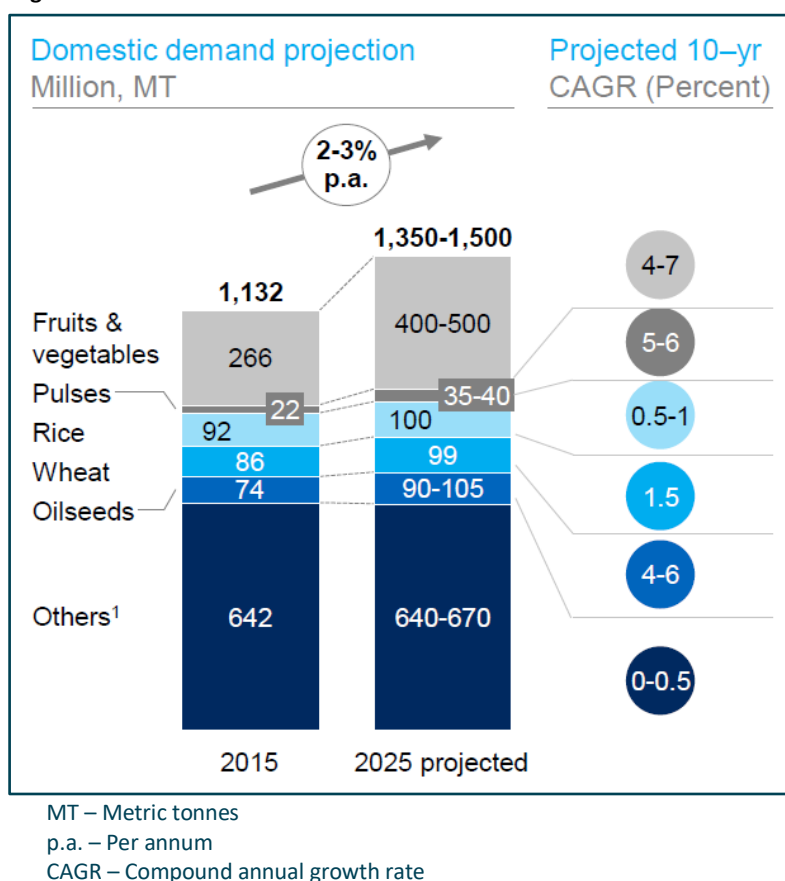
1157 Food and Agriculture Organization of the United Nations, *FAO in India*, 2020, accessed 7 September 2020, <<http://www.fao.org/india/fao-in-india/india-at-a-glance/en/>>.

1158 Submission 2, UWA and UWA Public Policy Institute, p5.

primarily on agriculture for their livelihood.¹¹⁵⁹ Around 80 per cent of farms are less than two hectares, and poverty and the level of debt of small farmers are region-wide problems.¹¹⁶⁰ Because of these factors, India's agricultural sector can be inefficient and have a volatile output compared to other countries.¹¹⁶¹ This chapter discusses below how WA businesses can help India to increase the efficiency and output of its agricultural sector through the provision of agricultural technology and services.

India's demand for food is immense and growing.¹¹⁶² The Varghese Report noted that India's overall food demand was predicted to grow at two to three per cent per year until 2025 (see figure 10.1). That is an increase of around 400 million tonnes, or 37 per cent, between 2015 and 2025. Growth will be primarily in pulses, fruit and vegetables.¹¹⁶³ Indian demand is predicted to outpace Indian supply out to 2035, even if Indian productivity increases.¹¹⁶⁴ WA may be able to fill some of this gap with its exports.¹¹⁶⁵

Figure 10.1: Predicted increase in Indian food demand between 2015 and 2025



1159 Food and Agriculture Organization of the United Nations, *FAO in India*, 2020, accessed 7 September 2020, <<http://www.fao.org/india/fao-in-india/india-at-a-glance/en/>>.

1160 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp120, 133.

1161 *ibid.*, p119.

1162 Submission 43, Melvyn Gilbert, p7.

1163 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p119.

1164 *ibid.*

1165 *ibid.*

In 2017–18, India exported \$22.1 million of agricultural goods to WA. Imports included rice, thickeners, food ingredients, cucumbers and gherkins, wheat flour and biscuits.¹¹⁶⁶

Market challenges

Any attempt to expand the WA–India agricultural relationship will face challenges.

The Indian Government has three objectives in the agricultural sector: food security, food self-sufficiency and income support for farmers.¹¹⁶⁷

These objectives have caused India to take a protectionist approach to the agricultural

sector that, as noted in chapter 5, includes high tariffs, layers of state and local regulation and significant subsidies for local farmers. These challenges impact on the opportunities to export agricultural goods to India.

Government intervention has increased market volatility in India's domestic agricultural sector.

Chamber of Commerce and Industry of
Western Australia

As noted in chapter 5, in 2018, India's simple average applied most favoured nation (MFN) tariff for all products was 17.1 per cent. The highest tariffs are applied to agricultural imports. In 2018, the simple average bound tariff for agricultural imports to India was more than 113 per cent.¹¹⁶⁸ As at July 2020, duties were set at 44 per cent on wheat, 66 per cent on chickpeas, and 50 per cent on field peas, directly affecting WA agricultural commodity exports (see box 5.1 for an explanation of MFN and tariff terms).¹¹⁶⁹ In comparison, Australia's simple average applied MFN tariff for the same period was around 2.5 per cent.¹¹⁷⁰

India's protectionist policy extends beyond tariffs and import conditions. Other challenges to trade include:

- minimum support prices (MSP) for basic staples including rice, wheat, oilseeds, cotton, coarse grains and pulses (as at November 2019);
- ad hoc market intervention schemes for commodities not covered by the MSP;
- farm input subsidies for fertiliser, irrigation and utilities; and
- a system of public procurement, distribution and stockholding to provide subsidised food grains to low-income groups.¹¹⁷¹

1166 Submission 11, Department of Primary Industries and Regional Development, p1.

1167 Submission 2, UWA and UWA Public Policy Institute, p5.

1168 World Trade Organization, *International trade and market access data*, accessed 8 May 2020, www.wto.org/english/res_e/statis_e/statis_bis_e.htm?solution=WTO&path=/Dashboards/MAPS&file=Tariff.wcdf&bookmarkState=%7b%22impl%22:%22client%22,%22params%22:%7b%22langParam%22:%22en%22%7d%7d%7d.

1169 Manek Gupta, Glencore Agriculture India, in Australia India Business Council, *Agribusiness chapter launch and webinar*, 30 July 2020, accessed 22 September 2020, <<https://www.youtube.com/watch?v=xGI8T65SpGU>>.

1170 World Trade Organization, *International trade and market access data*, accessed 8 May 2020, <www.wto.org/english/res_e/statistics_e/statistics_bis_e.htm?solution=WTO&path=/Dashboards/MAPS&file=Tariff.wcdf&bookmarkState=%7b%22impl%22:%22client%22,%22params%22:%7b%22langParam%22:%22en%22%7d%7d>.

1171 Submission 11, Department of Primary Industries and Regional Development, p1.

The Varghese Report observed that India's protectionist sentiment 'is unlikely to fade' and while the Indian Government has 'opened the door to reform', its implementation is being taken up at different rates by state governments.¹¹⁷² This highlights that the Indian market may continue to be somewhat challenging, although potentially less so over time.

Another challenge limiting the growth of agrifood exports to India is the attractiveness of the Chinese market. With its price premiums and thriving middle class, many WA exporters make a commercial judgement to export to China.¹¹⁷³ DPIRD's Deputy Director General of Industry and Economic Development, Niegel Grazia, explained:

India may not be the first country that comes to mind in terms of where Western Australian businesses might focus their efforts, either in terms of product to market or opportunities in technologies and supply chain capability. ... China is an incredibly important market for Western Australia—we are seeing some disruptions in that at the moment—but there are nearer-to-home markets that represent great upside for Western Australia at the moment. So, I think it is important to answer these questions in the context of **where India sits in our opportunity set, and having regard for not only the significant tariff barriers to entry in terms of product, but also the non-tariff barriers that are also significant in relation to some of the conditions we have to meet** [emphasis added].¹¹⁷⁴

DPIRD's assessment of the Indian market suggests that it may regard India as having medium to longer-term promise, rather than offering a range of immediate opportunities for the WA agribusiness sector.

Mr Grazia told the Committee that India is an 'incredibly important future relationship. It is important to see it in the context, though, of the issues and opportunities that we are seeking to manage day to day.'¹¹⁷⁵ He continued:

There are huge opportunities for Australia's world-class, clean and safe products in [India's] thriving market, but patience and persistence is required.

*Hon David Littleproud,
Commonwealth Minister for Agriculture*

'[Agribusiness] is a very dynamic space and the importance of playing the long game and being strategic about it should not be lost.'¹¹⁷⁶ The Committee observes that, in assessing opportunity, it is important to distinguish between the agricultural goods sector, which often faces high barriers, and the agricultural technology and services sector (discussed below).

Opportunities to export goods to India may grow as the Indian market matures. The Chief Executive Officer of the Australian Export Grains Innovation Centre (AEGIC), Richard

1172 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp118, 132.

1173 'Exporters see China as market they must feed', *Kalgoorlie Miner*, 17 July 2020, p10.

1174 Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p4.

1175 *ibid.*, p6.

1176 *ibid.*, p12.

Simonaitis informed the Committee that while India is still a 'risky transaction environment', it is just a case of playing the long game.¹¹⁷⁷

As population increases and wealth increases, it will get to a point where their aspirations around self-sufficiency may come into question. ... the westernising of diets and the wealth distribution and those sorts of things are not quite in the same stage of maturity as we see across China and South-East Asia. It is about playing the long game and keeping the soft engagement good, and as that market matures over time and we do that well, the transactional opportunities will come along.¹¹⁷⁸

The Committee agrees with the observation from the Perth USAsia Centre that while 'there are significant challenges facing international companies securely and reliably accessing the Indian market, WA cannot ignore the food sector of a major agricultural market and the soon-to-be most populous nation in the world.'¹¹⁷⁹ This statement is particularly apt given India's predicted increase in food demand by two to three per cent annually from 2015 to 2025 and increased consumption per capita.¹¹⁸⁰

Finding 85

India's protectionist trade policy, high tariffs and layers of regulation are barriers to trade and challenging for exporters of agricultural goods.

Despite these challenges, Western Australia cannot ignore the food sector of a major agricultural market and the soon-to-be most populous nation in the world.

Opportunities for agricultural goods

Australia is not, nor will it ever become, the food bowl of India. While in a very good year Australia produces about 45 million tonnes of grain, in 2018 India produced 282 million tonnes of grain.¹¹⁸¹

There is no consistent trend in the value of WA agricultural exports to India, which reflects the role of Australia (and, by extension, WA) to fill supply gaps in the Indian agricultural market.¹¹⁸² However, in recent years, exports to India have more than

halved (as depicted in figure 10.2), when WA exported \$56.4 million of goods in 2018–19,¹¹⁸³ \$77.2 million of goods in 2017–18,¹¹⁸⁴ and \$117 million of goods in 2016–17.¹¹⁸⁵

Australia's agrifood exports [will not feed] one per cent of Asia's demand. We are not ever going to be the food bowl of Asia; we are very much the delicatessen.

*Liam O'Connell,
Department of Primary Industries and
Regional Development*

1177 Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, p8.

1178 *ibid.*

1179 Submission 5, Perth USAsia Centre, p42.

1180 *ibid.*, footnote 362, p66.

1181 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p7.

1182 Submission 15, Department of Foreign Affairs and Trade, p5.

1183 Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p1.

1184 Submission 11, Department of Primary Industries and Regional Development, p1.

1185 *ibid.*

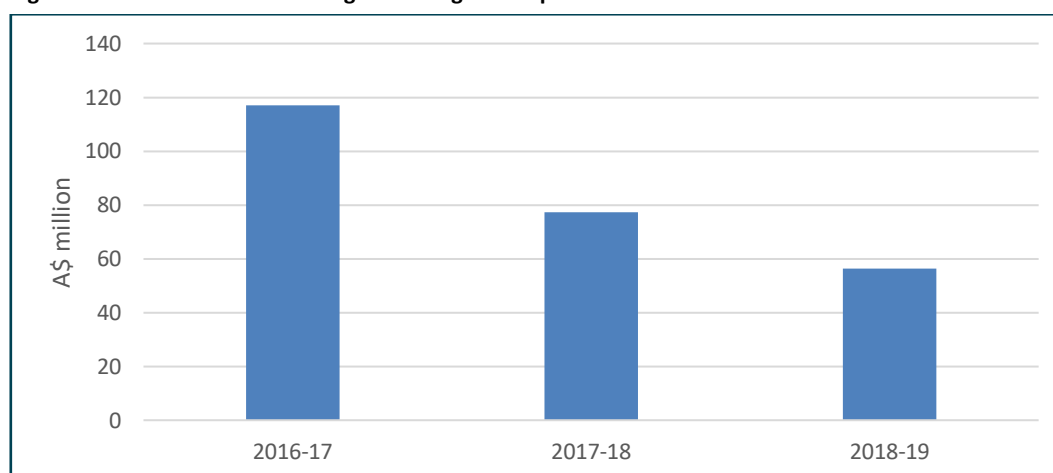
Figure 10.2: Western Australian agricultural goods exports to India

Figure 10.3 depicts the volatility of WA agricultural exports to India since 2009,¹¹⁸⁶ reflecting Australia's role of filling supply gaps of agricultural goods in India. While the raw data notes WA's exports of 'agriculture, forestry and fisheries' to India (this is how DFAT groups and categorises these exports), this does not detract the below demonstrating the general volatility of the agricultural market.

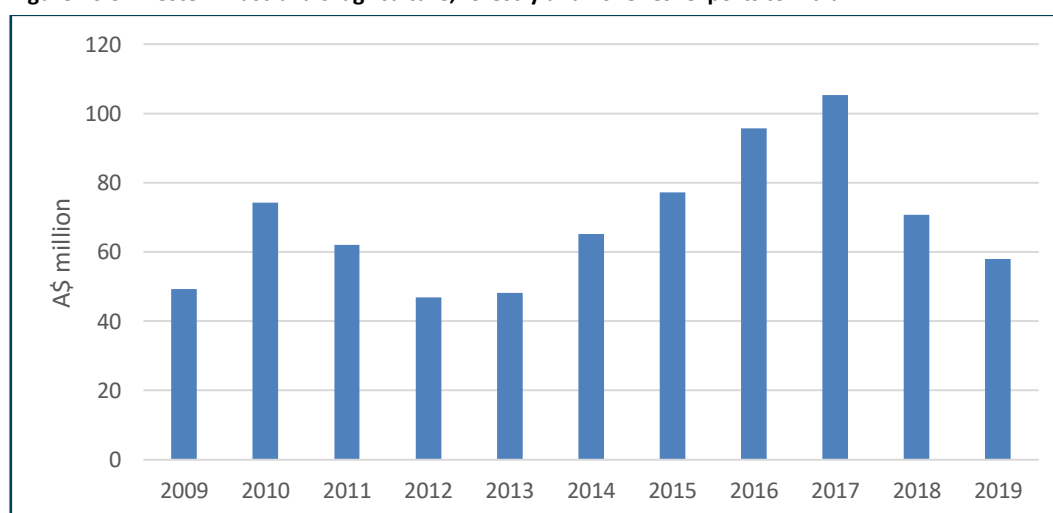
Figure 10.3: Western Australia's 'agriculture, forestry and fisheries' exports to India

Table 10.1 sets out WA agricultural exports to India in 2019, with a comparison of selected exports to all markets.

Out of all of WA's agricultural exports to India in 2019, only wool, oats (processed and otherwise), and lentils were valued at more than \$1 million.

¹¹⁸⁶ Department of Foreign Affairs and Trade, *Publications*, accessed 28 September 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

Table 10.1: WA agriculture exports to India in 2019

Good	WA exports to India (by value) (AUD) ¹¹⁸⁷
Wool	35.1 million (compared to 608 million exported to all markets) ¹¹⁸⁸
Oats: other processing products	8.5 million (compared to 272 million exported to all markets) ¹¹⁸⁹
Lentils	2.2 million
Oats	1.6 million
Wood, rough untreated: sandalwood	844,000
Wood: sandalwood	581,200
Sandalwood oil	309,200
Wool: processed fibre	198,600
Wheat	196,400 (compared to 2.8 billion exported to all markets) ¹¹⁹⁰
Other cereals, processed products	170,000
Therapeutic goods	157,500
Chickpeas	145,800
Citrus: oranges	131,700
Lamb	56,300
Sheep skins	45,500
Bovine and equine hides	32,600
Concentrates	28,000
Other animals' hides, skins	22,100
Stock food	8,600
Fertilisers	7,600
Wood articles	6,400
Table wine	4,900
Citrus oil	4,700
Other pharmaceutical crops	3,800
Stone fruit: plums and sloes	3,500
Honey	2,400
Spirits	600
TOTAL	50.4 million

1187 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, pp5–6.

1188 Department of Foreign Affairs and Trade, *Publications*, accessed 29 June 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

1189 *ibid.*

1190 *ibid.*

Despite the variability of WA's export of agricultural goods to India and comparatively low agricultural production, there are export opportunities for WA in the Indian market. These are discussed below.

Finding 86

Despite its potential, India is currently not a major agricultural goods export market for Western Australia. In 2019, Western Australia exported agricultural goods to the value of \$50.4 million to India. Only wool, oats (including rolled oats) and lentil exports were valued at more than \$1 million.

While the value of agricultural goods exported to India is inconsistent, exports in 2019 were valued at less than half the value of goods exported in 2016–17.

Wool

The Committee received limited evidence on wool exports to India, despite wool being WA's largest agricultural export to India and the Varghese Report's observation that the wool market in India is growing.¹¹⁹¹

Wool makes up a significant 70 per cent of WA's agricultural exports to India.¹¹⁹² Wool, as a 'fibre', operates outside the food self-sufficiency policy paradigm in India, attracting lower tariffs.¹¹⁹³ However, its total export value to WA is inconsistent; since 2009, WA wool exports to India have fluctuated between \$25 million and \$50 million per annum.¹¹⁹⁴ In 2019, for example, wool exports were valued at \$35.1 million.¹¹⁹⁵

Despite its prominence in the agricultural trade between WA and India, WA's wool exports to India pale in comparison to WA's wool exports to other markets. In 2019, wool exports to India comprised around seven per cent of wool exports to all markets.¹¹⁹⁶ By way of comparison, WA exported wool to the value of \$527 million to its largest market, China. This amounted to 86 per cent of the \$608 million of wool exported to all markets in 2019.¹¹⁹⁷

However, India offers the opportunity to diversify wool exports.¹¹⁹⁸ The Pastoralists and Graziers Association of Western Australia (PGA) advised that there is scope to grow wool exports to India with 'the added advantage' of reducing the risks from 'the loss or closure of a principal market'.¹¹⁹⁹ These sentiments were echoed by WoolProducers Australia in June 2020. In its submission to the Parliament of Australia's Joint Standing Committee on Trade

1191 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p127.

1192 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, pp5–6.

1193 WoolProducers Australia submission to Joint Standing Committee on Trade and Investment Growth, Parliament of Australia, 24 June 2020, p8.

1194 Department of Foreign Affairs and Trade, *Publications*, accessed 29 June 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

1195 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, pp5–6.

1196 Department of Foreign Affairs and Trade, *Publications*, accessed 29 June 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

1197 *ibid*.

1198 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p128.

1199 Submission 13, Pastoralists and Graziers Association of Western Australia, p2.

and Investment Growth, WoolProducers Australia said that Australia needs to diversify markets for Australian wool. It added that this:

does not mean that we need to withdraw from China altogether, but instead look to grow exports to existing markets such as Europe and India and develop new market opportunities for processing in countries such as Indonesia.¹²⁰⁰

Inquiry participant Sanjeev Gupta considers India, with its growing middle class and consumer spending power, an ‘excellent opportunity’ for WA’s wool industry, and that a better understanding of Indian consumer habits, and better ties with counterparts will grow the wool market.¹²⁰¹

Grains including pulses

Grains is one of the four agrifood exports that DPIRD targets for the Indian market.¹²⁰² While India is one of the world’s dominant grain producers, it will likely become a significant importer of grains, including pulses, in the future.¹²⁰³ The Varghese Report, for example, noted that the Indian states Maharashtra, Tamil Nadu and West Bengal, as well as WA’s sister state of Andhra Pradesh are major grains markets, and that India’s self-sufficiency goals are unlikely to be achieved in these major markets.¹²⁰⁴ The needs of these states complement WA’s cereal grains industry, which is highly export orientated, exporting 94 per cent of its cereal grains.¹²⁰⁵

The PGA advised that there may also be near-term export opportunities for WA in feed grain and oil seeds.¹²⁰⁶

Oats

Oats and rolled oats are relatively significant WA agricultural exports to India. As noted in table 10.1, WA exported rolled oats (classified as processed oats) and oats to the value of \$10.1 million in 2019. India’s demand for oats is growing as the middle and upper classes in India seek healthier diet products.¹²⁰⁷

The Committee heard of the ‘massive opportunities’ in oats, which according to AEGIC’s Mr Simonaitis is ‘probably’ the best opportunity for ‘high value-add’ into the Indian market.¹²⁰⁸ AEGIC is investigating innovations in oats products (see below for further discussion of the

1200 WoolProducers Australia submission to Joint Standing Committee on Trade and Investment Growth, Parliament of Australia, 24 June 2020, p10.

1201 Submission 26, Sanjeev Gupta, p3.

1202 Submission 11, Department of Primary Industries and Regional Development, p3.

1203 GrainGrowers, *Indian Grain Market: Opportunities for Australia*, Sydney, 2017, p3.

1204 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp13, 119, 120, 136.

1205 Submission 13, Pastoralists and Graziers Association of Western Australia, p1.

1206 *ibid.*, p2.

1207 Department of Primary Industries and Regional Development, *Target Market Opportunities in Asia for Western Australian Premium Products*, Perth, 2017, p272.

1208 Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, pp8, 13.

value-added products and AEGIC). The opportunities to value add to oats extend well beyond oats being a breakfast cereal. Mr Simonaitis explained that:

[AEGIC] have worked out that if we want to increase oat consumption, we have to differentiate it away from being just a breakfast thing, so how do we develop lunch products and dinner products. Our food science team in oats has developed a rice substitute made from oats which cooks in the same amount of time, and is much healthier, more fibre, more protein and good fats. We did a soft launch of that three weeks ago at the research updates here in Perth, and we now have engagement from three of the biggest manufacturing companies in Australia to look at the process and have a conversation about commercialisation, so two in the east coast, and one here.¹²⁰⁹

Wheat

India is an occasional exporter of wheat, and, other than Australia, the only large producer of white wheat in the world.¹²¹⁰ WA's wheat exports to India fluctuate wildly from year to year. While in 2017 WA exported wheat to the value of \$39 million, in 2018 there was no recorded export to India. As noted in table 10.1, in 2019 wheat to the value of \$196,000 was exported to India. This is less than 0.01 per cent of the \$2.8 billion of wheat that WA exported to all markets.¹²¹¹

While India has historically been an ad hoc importer of wheat, GrainGrowers has observed that India is now a structural net importer of wheat.¹²¹² DPIRD advised that evidence from the WA grains industry suggests that flour mills in southern/eastern India want to source more WA milling wheat, and will be in a position to do so when the tariff differentials drop to around plus 20 per cent.¹²¹³

Barley

There has been recent success in improving access to the Indian market for malting barley exports, a market of potential. In April 2020, following efforts by the Commonwealth and State Government agencies and AEGIC, India gazetted approval of phosphine fumigation, Australia's preferred grain treatment, as an alternative phytosanitary treatment to methyl bromide fumigation for malting barley exported India.¹²¹⁴

By 2030, India is likely to import 450,000 to 650,000mt [metric tonnes] of malting barley, with the Australian industry well positioned to supply a significant share of the imports.

*Department of Primary Industries and
Regional Development*

¹²⁰⁹ *ibid.*, p9.

¹²¹⁰ Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p12.

¹²¹¹ To compare markets, in 2019 WA exported wheat to the value of \$611 million to the Philippines, \$568 million to China, and more wheat to Tanzania and French Polynesia than India. See Department of Foreign Affairs and Trade, *Publications*, accessed 29 June 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

¹²¹² GrainGrowers, *Indian Grain Market: Opportunities for Australia*, Sydney, 2017, p3.

¹²¹³ Submission 11, Department of Primary Industries and Regional Development, p4.

¹²¹⁴ Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p3.

The breakthrough in grain fumigation requirements has opened the Indian market to Australian exporters of malting barley.

While India produces 1.6 to 1.8 million metric tonnes of barley annually (80 per cent feed and 20 per cent malting), its barley production has decreased as farmers switch to higher incentivised government-supported crops.¹²¹⁵ India is likely to continue to produce barley that is better suited to feed, and the trend of decreasing barley production is likely to necessitate increased imports of malting barley.¹²¹⁶

Maltsters and brewers in India are interested in importing malting barley from Australia.¹²¹⁷ DPIRD estimates that by 2030, India is likely to import 450,000 to 650,000 metric tonnes of malting barley, driven in part by the movement of consumers away from higher alcohol beverages like spirits and towards beer.¹²¹⁸ The quality of Australian malting barley is significantly better than India's domestically produced barley, and imported barley provides greater yields and economic savings due to it being a more uniform product. Indian maltsters and brewers also save resources, administration and time in procuring one import of grain compared to the same quantity domestically.¹²¹⁹

AEGIC, working with the Department of Foreign Affairs and Trade (DFAT), Australian Trade and Investment Commission (Austrade) and the Australian agricultural counsellors in India, has engaged with malting and brewing businesses, and conducted discrete choice analysis in India. This is a survey method to understand the customers' buying or procurement preferences. The feedback from malting and brewing companies was positive, with one noting '[w]e love Australian barley. With your support, we will better understand how to use it'.¹²²⁰

Opportunities to export barley are a welcome development, particularly after China imposed a 80.5 per cent tariff on barley exports from Australia in May 2020, and in August 2020 suspended barley imports from WA's Cooperative Bulk Handling (CBH), after allegedly finding pests in shipments.¹²²¹ Such actions pose a serious challenge to barley exporters, especially considering WA exported over half a billion dollars of barley to China in 2019.¹²²²

1215 Submission 11, Department of Primary Industries and Regional Development, p4.

1216 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p3.

1217 Sahar Mourad, 'Hopes Australia could soon export 500,000 tonnes of barley to India and give relief to our struggling farmers after China slapped huge tariffs on produce in retaliation for coronavirus probe', *Daily Mail Australia* (web-based), 21 May 2020, accessed 21 July 2020, <<https://www.dailymail.co.uk/news/article-8343207/Potential-relief-Australian-farmers-India-shapes-market-tonnes-barley.html>>.

1218 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p3.

1219 Submission 11, Department of Primary Industries and Regional Development, p5.

1220 Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, p3.

1221 Hamish Hastie, 'Loud and clear and terrifying', *The Sydney Morning Herald* (web-based), 2 September 2020, accessed 3 September 2020, <<https://www.smh.com.au/national/loud-and-clear-and-terrifying-china-s-barley-ban-to-be-felt-across-boardrooms-20200902-p555rof.html>>.

1222 Department of Foreign Affairs and Trade, *Publications*, accessed 24 September 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

Pulses

Despite the particularly challenging nature of pulse exports to India, India is the biggest and most important market for pulses for both WA and Australia. It is therefore unsurprising that they are one of DPIRD's four target exports for the Indian market.¹²²³ Key pulse exports include chickpeas, field peas and lentils. Other possible opportunities in pulses include pigeon peas, mung beans/black matpe and fava beans.¹²²⁴

Pulses are an important part of the Indian diet. There is an increased demand for proteins in India, and pulses are a cheap source of protein. The Varghese Report predicted that India's demand for pulses would increase from 21.5 million tonnes in 2015 to possibly 40 to 46 million tonnes by 2035. The Varghese Report observed that:

- Australia supplies 'top up' pulses in times of crop shortage in India;
- India's import demand is likely to continue given the likelihood of shortfalls in domestic supply;
- there is a 'big opportunity' in pulses—Australia could potentially export four million tonnes of pulses to India by 2035;
- the superior quality of Australian pulses helps ensure strong and resilient demand; and
- processed and packaged pulses, although a small share of the current market, are expected to be growth markets in India.¹²²⁵

However, this market is not without its challenges. The Indian Government has, with little to no warning, adjusted settings and imposed quotas on the import of pulses to manage domestic oversupply.¹²²⁶ For example, the tariffs on chickpeas increased from zero to 66 per cent between December 2017 and February 2018. Prohibitively high tariffs contributed to a decrease in *Australian* exports of pulses to India from \$1.4 billion in 2017 to \$31 million in 2018, a nearly 98 per cent reduction.¹²²⁷ There were no WA exports of pulses in 2017–18, compared to exports valued at \$3.5 million in 2016–17 and over \$7 million in 2012–13.

As at July 2020, tariffs were 66 per cent on chickpeas and 50 per cent on field peas, with a quota restriction on field peas.¹²²⁸ In June 2020, tariffs on Australian lentils were reduced from 33 per cent to 11 per cent, with the lower price remaining until at least 31 August 2020.¹²²⁹ In 2019, WA exported lentils to the value of \$2.2 million to India, being 40 per cent of lentils exported to all markets.¹²³⁰

1223 Submission 11, Department of Primary Industries and Regional Development, p3.

1224 Manek Gupta, Glencore Agriculture India Pvt Ltd, in Australia India Business Council, *Agribusiness chapter launch and webinar*, 30 July 2020, accessed 22 September 2020, <<https://www.youtube.com/watch?v=xGI8T65SpGU>>.

1225 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p127.

1226 Submission 11, Department of Primary Industries and Regional Development, p4.

1227 Submission 15, Department of Foreign Affairs and Trade, p5.

1228 Manek Gupta, Glencore Agriculture India, in Australia India Business Council, *Agribusiness chapter launch and webinar*, 30 July 2020, accessed 22 September 2020, <<https://www.youtube.com/watch?v=xGI8T65SpGU>>.

1229 'India cuts lentil tariffs', *Farm Weekly*, 18 June 2020, p6.

1230 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p3.

Lupin is unable to be exported to India for human consumption because, as at August 2020, there was no food standard to allow it. DPIRD, the Grains Industry of WA (GIWA), and the Commonwealth Department of Agriculture, Water and the Environment are preparing material to submit to the Food Safety and Standards Australia Authority India (FSSAI) for the development of a food standard. Acceptance of lupins for human consumption will support developing value-added lupin products for export to India from WA.¹²³¹

Despite the complexity, confusion, and risky transactional environment of India's pulse market, Mr Simonaitis from AEGIC, observed, again, that '[i]t is a case of just having to play the long game, because that market will mature'.¹²³²

Value-added goods

There are opportunities to develop value-added goods in WA and export them to India. Value-added goods are goods that have been enhanced—generally through processing—before being offered to customers. In the grains industry, for example, they include the:

- packing and branding of pulses;
- fortification of grains (i.e. wheat and rice flour fortification);
- ready-to-eat snack and new products (i.e. cereal products or health based food high in protein); and
- ready-to-eat meals.¹²³³

DPIRD recognises that, compared to other Australian states and New Zealand, WA is 'proportionately underrepresented in the value-add space'.¹²³⁴ In 2019, of the \$50.4 million of goods WA exported to India, just over \$11 million were value-added or processed goods.¹²³⁵ WA has a 'very low rate' of domestic processing; about 16 per cent of agriculture product is converted to a processed state, compared to around 70 per cent in Queensland and rates above 50 per cent in most other states.¹²³⁶

Mr Simonaitis from AEGIC suggests that business is not focused on value-added exports to India 'yet'. He considers that opportunities in India should evolve along the same path as other Asian countries, and it is 'a matter of time' until opportunities arise.

[W]hat will happen in the future in India is predictable now. So, we have seen it happen in China. We have seen it happen in Indonesia. So, one simple example of that is there is a whole new market segment in Indonesia now for wheat called home use, which is educated young people coming back from having studied in the US or Australia, perhaps, Canada, maybe, who, unlike their parents who did not have an oven, are living in an apartment now and they have an oven and they have

1231 *ibid.*, p12.

1232 Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, p3.

1233 Closed evidence.

1234 Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p6.

1235 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p2.

1236 Mal Gill, 'Funding to expand grain markets', *Farm Weekly*, 15 October 2020, p3.

seen all these fantastic premixes and cake mixes and things, so they now bake for their friends, for their family, for religious festivals and sell them online, perhaps. That is now five per cent of a market share in Indonesia. So, five per cent of the wheat market in India is three or four million tonnes. And Australia is well placed with our manufacturing capacity to lead in to those markets with value-add product.

We have got lots of companies here doing that stuff, **maybe not with an eye to India just yet. Those opportunities will come along. And even just in oats, there is massive opportunities in infant products, in geriatric products, in beverages.** India drinks a lot of its calories, as a hot country, much like Indonesia does. So, there is all sorts of opportunities there. We can see that as that transition rate of the lower end of middle class moving into the mid with more discretionary income, it is all very predictable and we are well placed to participate in it. **It is just a matter of being there until it gets there** [emphasis added].¹²³⁷

In recent years, DPIRD has increased its dialogue with industry about ways to support and expand WA value-added exports, but advised that it still has 'a massive job to do' in this space.¹²³⁸ Part of this work has involved DPIRD's Food Industry Innovation (FII) team partnering with the Grower Group Alliance (GGA) to assess and review supply value chain opportunities and undertake feasibility studies for creating grain value-added products.¹²³⁹ The GGA is a not-for-profit association that aims to increase the capabilities of grower groups in WA.¹²⁴⁰

[We] have a massive job to do ... around getting more value, more value-add. Niche and novel is perhaps the pathway to scale.

*Niegel Grazia,
Department of Primary Industries and
Regional Development*

DPIRD, working with GGA, has identified value-added opportunities for WA businesses exporting to India. For example:

- Separating pulses into feed grade quality and high-quality would increase the value of the pulses sold as feed and for human consumption.¹²⁴¹
- Flax can be processed for salad dressings, spreads, nutritional supplements, ingredients in baking, muesli bars, confectionery and as a specialist niche feed ingredient.¹²⁴²

¹²³⁷ Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, p13.

¹²³⁸ Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p6.

¹²³⁹ Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p12.

¹²⁴⁰ Grower Group Alliance, *About the Grower Group Alliance*, 2020, accessed 18 September 2020, <<http://gga.org.au/about/>>.

¹²⁴¹ Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p12.

¹²⁴² *ibid.*

Gourmet food and beverage

The Committee heard different assessments of the potential of WA exporting gourmet products to India. One participant noted that for some products this market was ‘almost too hard’ and there had been no progress in this market for WA.¹²⁴³ In contrast, Austrade says there is ‘enormous potential’. DPIRD describes WA’s premium food and beverage trade relationship with India as being in its ‘early stages’.¹²⁴⁴

India has enormous potential as a major destination for premium Australian food and beverage

*What’s on the Menu? Australian Premium Food and Beverage to India
(Austrade)*

India’s food and beverage market is changing. India’s urbanisation, increasing wealth, and growing middle class has created a demand for gourmet products.¹²⁴⁵ It is conservatively estimated that between 30 and 50 million consumers in India have the propensity and ability to buy gourmet products.¹²⁴⁶ ‘High-end’ Indian consumers are concentrated in the largest cities including Mumbai, New Delhi, Bengaluru, Hyderabad, Chennai, Kolkata, Pune and Chandigarh.¹²⁴⁷ The Indian market is influenced by:

- Indians becoming more exposed to international food and beverage;
- the rise of gourmet stores, particularly in upscale areas;
- the ‘MasterChef effect’—the television show, *Masterchef Australia*, is a ‘broadcasting phenomenon’ in India, and has increased demand for gourmet produce featured on the show; and
- new e-commerce platforms with national delivery.¹²⁴⁸

E-commerce is assisting premium exporters to enter the Indian market, offering a lower risk entry and access to second tier cities.¹²⁴⁹ These benefits are amplified by the thriving e-commerce sector in India. Although estimates of internet users in India vary, according to one estimate, there were 464 million internet users and over 90 million online shoppers in India as at November 2019.¹²⁵⁰ In February 2020, Hon Simon Birmingham, Commonwealth Minister for Trade, described the launch of the Australian store on Amazon India as a ‘game changer’ for Australian brands in India (see also the e-commerce section in chapter 11).¹²⁵¹

1243 Closed evidence.

1244 Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p2.

1245 Austrade, *What’s on the Menu? Australian Premium Food and Beverage to India*, Commonwealth of Australia, 2020, pp1, 3.

1246 *ibid.*, p3.

1247 *ibid.*, p4.

1248 *ibid.*, p3.

1249 Submission 14, Australia India Business Council: WA Chapter, p11.

1250 Austrade, *A guide to e-commerce in India*, Commonwealth of Australia, 2020, p3; Austrade, *What’s on the Menu? Australian Premium Food and Beverage to India*, Commonwealth of Australia, 2020, p3.

1251 Hon Simon Birmingham, [Australian brands get more exposure in India](#), media release, 26 February 2020.

The gourmet market is often about securing niche markets that return high margins, rather than exporting massive volumes.¹²⁵² It is promising that Indian shoppers perceive Australian products to be healthy, internationally ‘cool’, clean, green and reliable.¹²⁵³ However, the gourmet market is competitive, and there are regulatory challenges, including high tariffs, which vary between products. Also, unlike WA, European competitors have the advantage of direct flights to India.

Western Australian dairy, fruit and vegetables, and meat products are well-positioned to meet demand for premium produce from India’s growing middle class population

Chamber of Commerce and Industry of Western Australia

Modern retail is expanding in tier one and tier two cities in India, and opportunities exist in the food service and hotel industry (known as HoReCa, i.e. ‘hotel, restaurant, café’). The supermarket ‘revolution’ is huge in India.¹²⁵⁴ Although Indian supermarkets and HoReCa are not only focused on the gourmet market, they offer viable pathways for gourmet products.

DPIRD, working with the Department of Jobs, Tourism, Science and Innovation (JTSI), GoWA India, and Austrade, says it will ‘continue to monitor and assist industry to capitalise on opportunities in gourmet food’.¹²⁵⁵ When discussing the resources allocated to exporting premium products to India, Mr O’Connell suggested that India is not a priority. He reiterated that resources are allocated within the ‘opportunity set’ of markets, thereby implying that there are more attractive markets than India.¹²⁵⁶

The Committee heard that a broad range of WA gourmet products could potentially be exported to India including value-added grains, health foods, aquaculture, poultry, lamb, snack foods, dairy; avocados, mango, tomato, potato, pomegranate, onion and grapes, and counter seasonal fruit and vegetables in India, which in some circumstances may be considered gourmet.¹²⁵⁷ There also appears to be an opportunity to export almonds to India,¹²⁵⁸ as a large percentage of the \$98.3 million of Australian exports of ‘fruit and nuts’ to India in 2019 were almonds.¹²⁵⁹ Further details on several gourmet products are noted below.

1252 Closed evidence.

1253 Austrade, *What’s on the Menu? Australian Premium Food and Beverage to India*, Commonwealth of Australia, 2020, p6.

1254 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p6.

1255 Nigel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p2.

1256 Liam O’Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p10.

1257 Mango, tomato, potato, pomegranate, onion and grapes: Closed evidence; The Varghese Report noted that India’s demand for ‘luxury’ commodities like wine, poultry and aquaculture is predicted to grow faster than the overall growth of India’s agricultural sectors and the demand for counter seasonal fruits and vegetables: Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p128.

1258 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p129.

1259 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p11. It also comments that growth is expected to be strong in fruit.

Dairy

The Committee received minimal evidence on the potential of WA exporting dairy goods to India, even though DPIRD advised that growth is expected to be strong in dairy products.¹²⁶⁰ Some dairy products may be consider gourmet. Inquiry participant Aviva Energy Solutions considers that there is a 'big opportunity' in supplying dairy products to India, including milk, butter/spreads, and cheeses.¹²⁶¹

Change in the dairy industry in India is creating opportunities for WA to export technology and services to India (see below).¹²⁶²

Avocados

DPIRD considers avocados a target growth opportunity and supports the Commonwealth Government's efforts to open up the Indian market to avocados.¹²⁶³ As at July 2020, the Commonwealth Government was working on market access for avocados.¹²⁶⁴

Prior to the COVID-19 pandemic, the avocado industry was growing. In 2017–18 avocados were the largest fruit industry in WA, accounting for 45 per cent of the gross value of agricultural production for fruit (including nuts but excluding wine grapes) and 30 per cent of Australia's total production.¹²⁶⁵

Sheep meat

The Varghese Report described sheep meat, particularly higher-end sheep meat, as a gourmet product with 'tremendous' export potential.¹²⁶⁶ The Indian market has a strong affiliation with sheep meat, which is used during religious and cultural events, and there is growing demand to consume more proteins in India.

Inquiry participant Fletcher International Exports, has exported high-value lamb racks and lamb legs, and a small amount of mutton, to India since 2012. It has focused on the growing interest in lamb in the fine dining sector, where its product does not compete with India's farmers, who focus on smaller sized lamb and mutton for curries.¹²⁶⁷ In its view, 'any' trade agreement with India will help underpin the future of sheep producers' exports to India. As at March 2020, India imposed a 37 per cent tariff on sheep meat.¹²⁶⁸

1260 Submission 11, Department of Primary Industries and Regional Development, p3.

1261 Submission 29, Aviva Energy Solutions, p3.

1262 Australian Trade and Investment Commission, *Dairy to India*, accessed 23 July 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/dairy-to-india>>.

1263 Liam O'Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p9.

1264 Peter Creaser, Department of Agriculture, Water and Environment, in Australia India Business Council, *Agribusiness chapter launch and webinar*, 30 July 2020, accessed 22 September 2020, <<https://www.youtube.com/watch?v=xGI8T65SpGU>>.

1265 Submission 11, Department of Primary Industries and Regional Development, pp3, 4.

1266 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p128.

1267 *ibid.*, p134.

1268 Submission 30, Fletcher International Exports, p1.

Wine

Despite high tariffs, wine imports to India increased 14 per cent annually between 2010 and 2017, making it the fastest growing alcoholic beverage in India.¹²⁶⁹ Inquiry participant Professor Siddique, UWA, is confident that a ‘wine revolution’ will happen in India.¹²⁷⁰ Austrade says that in a country with 700 million people above the legal drinking age and evolving consumer tastes, there is ‘a case’ for winemakers to expand their business in India.¹²⁷¹

While China is currently a great market for Australian wines, it is always advisable to consider entering into an emerging wine market like India. We understand the challenges, and to get a footprint in the market know it is likely to take at least 4 to 6 years.

Berton Vineyards

WA exports of wine to India are low compared to South Australian exports to India, and WA exports of wine to other markets. As noted in table 10.1, in 2019, WA exported table wine to the value of only \$4,900. This is less than 0.01 per cent of the \$59 million in ‘alcoholic beverages’ WA exported to all markets in 2019.¹²⁷² Further, WA’s table wine exports to India in 2019 were less than 0.1 per cent of the \$7 million in ‘alcoholic beverages’ Australia exported to India that year.¹²⁷³ South Australia exported most of these ‘alcoholic beverages’, which were ‘most likely’ wine. When asked why WA exports to India are low compared to Australian exports, DPIRD replied that WA exports less than two per cent of Australian wine exports to all markets.¹²⁷⁴

Professor Siddique advised the Committee that WA has ‘not really seriously gone to the Indian market’.¹²⁷⁵ Inquiry participant Dr Papori Barua, who noted the ‘huge popularity’ of Australian wine in India, suggested organising events in India to showcase WA wines and create business opportunities.¹²⁷⁶ Berton Vineyards, a top 20 Australian winery based in rural NSW, followed this model, entering the Indian market after participating in a NSW Government food and wine exporters’ mission to India, and securing an importer with the assistance of Austrade.¹²⁷⁷

The Indian wine market is a competitive market. Austrade has observed that ‘value-driven’ brands have seen commercial success but there is a ‘small but growing market for more

1269 Wine intelligence, *The Indian opportunity*, accessed 9 September 2020, <<https://www.wineintelligence.com/the-india-opportunity/>>.

1270 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p7.

1271 Australian Trade and Investment Commission, *Insight—Uncorking the growing wine market in India*, accessed 9 September 2020, <<https://www.austrade.gov.au/news/insights/insight-uncorking-the-growing-wine-market-in-india>>.

1272 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p11.

1273 Department of Foreign Affairs and Trade, *Publications*, accessed 29 June 2020, <<https://www.dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables>>.

1274 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p11.

1275 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p7.

1276 Submission 38, Dr Papori Barua, p2.

1277 Australian Trade and Investment Commission, *Berton Vineyards looks to India for new opportunities*, April 2020, accessed 22 July 2020, <<https://www.austrade.gov.au/news/success-stories/ber-ton-vineyards-looks-to-india-for-new-opportunities>>.

premium products that target an increasingly sophisticated and aspirational consumer'.¹²⁷⁸ Austrade says that the first step to engaging India is to engage an importer who has complementary wines from other countries.

The increasing Indian demand for wine, the quality of WA wine, and the success of South Australia in exporting wine to India suggest that there may be some capacity for WA to grow exports of wine to India.

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Opportunities to export agricultural goods to India exist in:

- wool;
- grains, including malting barley;
- pulses, when prohibitively high tariffs and regulatory barriers do not prohibit trade;
- counter-seasonal fruits and vegetables;
- gourmet products including avocado, sheep meat, and wine; and
- value-added and processed products including value-added oats, ready-to-eat snacks and meals, and fortified grains.

Export opportunities will materialise as the Indian market matures.

Opportunities for agricultural technology and services

There are a number of opportunities in India for businesses working in the agricultural technologies or services space. As noted earlier in this chapter, India's agricultural productivity is below its potential, and its agricultural output is volatile.¹²⁷⁹ The country also faces challenges in cold storage transportation, resulting in food safety issues and a significant wastage of food.¹²⁸⁰ The Perth USAsia Centre observed that '[c]onsistent analysis is that WA's opportunity to develop an agricultural relationship with India lies in a technical and services partnership'.¹²⁸¹

With an agricultural sector that is highly regarded for its innovative technology, Western Australia is well-positioned to help build capability in India's agricultural sector.

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The Varghese Report said that Australia should work with India to address some of India's challenges, becoming a trusted and lead partner in India's agriculture reforms and land and water management priorities.¹²⁸² As shown in table 10.2, the report identified a range of near-term and medium or long-term opportunities for agricultural services in India.¹²⁸³

¹²⁷⁸ *ibid.*

¹²⁷⁹ Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p119.

¹²⁸⁰ Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, pp6–7.

¹²⁸¹ Submission 5, Perth USAsia Centre, p42.

¹²⁸² Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p118.

¹²⁸³ *ibid.*, p125.

Table 10.2: Varghese Report assessment of near, medium, and long-term opportunities in India in agricultural services

	Near-term opportunities	Medium/long-term opportunities
On-farm	Precision farming Seed treatment and soil health solutions Plant and animal genomics	Supply full range of agri-services Collaborate with Indian scientists and start-ups working on plant and animal genomics
Post-farm	Logistics and bulk storage solutions Food processing	Logistics and bulk storage solutions Food processing
Safety and quality	Safety and quality consultancy to government and large export oriented businesses	Provision of food safety management systems
Water	Policy engagement Research and development projects Water information systems Water use efficiency Water governance Irrigation projects	Policy engagement Research and development projects Water information systems Water use efficiency Water governance Irrigation projects

The assessment of the Varghese Report was confirmed during the Committee's inquiry. Ambassador Anil Wadhwa, the former diplomat tasked by the Indian Government with writing the *Australia Economic Strategy* (Wadhwa Report), advised the Committee that Australia should look at 'tying up' partnerships in niche areas such as agricultural technology (sometimes called agritech), and water technologies, aquaculture and dairy.¹²⁸⁴

WA can contribute to the provision of agricultural technology and services in India. It, like much of Australia, has the technical and scientific knowledge to assist India to meet its domestic needs and modernise its industry.¹²⁸⁵ UWA and the UWA Public Policy Institute agree that WA can be an important partner in providing vital technical and scientific assistance to India to meet its domestic needs and modernise its industry.¹²⁸⁶ It identified a wealth of opportunities in India:

New opportunities exist for harnessing science for new gains in areas where WA's universities and businesses have expertise, through the use of: precision agriculture, biotechnology, sensor technology, bioinformatics, climate-smart agriculture, robotics, drones, big data management, and artificial intelligence. There exists considerable scope for scaling out promising technologies for extending gains such as: growing different crops in newer/non-traditional areas; exploitation of hybrid technology; use of biotechnology, especially GM crops; conservation agriculture; scientific land use and ecoregional planning; farm mechanisation for precision farming; reversing soil degradation and improving soil

1284 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p8.

1285 Submission 2, UWA and UWA Public Policy Institute, p5.

1286 *ibid*.

health, especially through the restoration of soil organic carbon; doubling water use efficiency; improved nutrient use; generation of bioenergy and biofuel production; and ICT for knowledge empowerment.¹²⁸⁷

According to the WA Chapter of the Australia India Business Council (AIBC), Indian states which have potential for WA agricultural technology and agricultural services include Andhra Pradesh (WA's sister state), Rajasthan, Punjab, Madhya Pradesh, West Bengal and Tamil Nadu.¹²⁸⁸

GoWA India recognises the potential of agricultural technology for WA businesses. One of its initiatives, as detailed in the *Western Australia Investment and Trade Plan 2019–20* (Investment and Trade Plan), is to '[p]romote WA as a technology partner for Indian interests' including in agriculture.¹²⁸⁹ Its website identifies the following agribusiness technology and services as opportunities for WA businesses:

- pre and post harvesting technologies and new irrigation methods
- supply chain infrastructure and logistics including cold storage facilities and transportation of fresh and processed foods
- research and development to develop hybrid crop varieties
- GIS based systems [geographic information systems] for soil and land use, cropping systems, crop weather watch.¹²⁹⁰

Many of these opportunities align with those identified in the Varghese Report, including precision farming and storage solutions.

Despite the evident potential of agricultural technology and service exports to India, the Investment and Trade Plan does not appear to prioritise agricultural technology exports to India. The Plan does not include India as an 'agriculture and food technologies' 'key market' (Japan and Europe are the only 'key markets'), even though the Plan later notes that one of GoWA India's priority activities in 'technology and advanced manufacturing' is agriculture.¹²⁹¹

Grains management

According to DFAT, grains management 'promises' sustained engagement with India and, as noted in the Varghese Report, long-term trade opportunities for Australian businesses.¹²⁹² Collaboration on grains management involves fostering collaboration between Australian and Indian grain growers, as well as storage, traders and logistics experts.¹²⁹³

¹²⁸⁷ *ibid.*, p6.

¹²⁸⁸ Submission 14, Australia India Business Council: WA Chapter, p13.

¹²⁸⁹ Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p26.

¹²⁹⁰ Department of Jobs, Tourism, Science and Innovation, *Priority Industry Sectors—Agribusiness*, accessed 29 July 2020, <<http://www.watoindia.in/html/waindia-sectors-agribusiness.htm>>.

¹²⁹¹ Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, pp19, 24.

¹²⁹² Department of Foreign Affairs and Trade, Attachment to Email, 21 May 2020, p1.

¹²⁹³ *ibid.*

There is already increasing collaboration between Australia and India on grains management. As noted at the beginning of this chapter, the Comprehensive Strategic Partnership includes the high-level political commitment by Australia and India to partner on grains management.

In May 2020, DFAT also advised that the Australia–India Food Partnership focused on exploring long-term collaboration in grains management.¹²⁹⁴ This bilateral government partnership was established, pursuant to a Varghese Report

recommendation, to provide a framework to strengthen engagement between food industries, open opportunities for Australian agritech and services, and underscore Australia’s reputation as a reliable partner in agriculture.¹²⁹⁵ In August 2020, DPIRD added that Australia and India have agreed to a pilot on ‘technical engagement regarding grain quality management and logistics’.¹²⁹⁶ Austrade continues to foster opportunities to connect Indian and Australian businesses.¹²⁹⁷

WA has already begun contributing to Australia’s growing connections with the Indian grain industry. In September 2019, Austrade and WA’s GIWA hosted an Indian grain storage and finance delegation investigating options for upgrading grain storage technology in India.¹²⁹⁸ The delegation was responsible for managing 1.3 million tonnes of pulses and spices in India. This visit positioned WA as a world leader in grain storage technology and promoted WA’s capability to provide silo and sealing products.¹²⁹⁹

One potential challenge facing the WA–India relationship is that India occasionally exports wheat. India is the only large producer of white wheat in the world, other than Australia.¹³⁰⁰ A commercial factor that may arise when providing grain management technology and services to India is whether that assistance will create a commercial competitor for WA exporters. As Mr Simonaitis from AEGIC noted, ‘we can facilitate improvement in their production systems and create a competitor for ourselves’.¹³⁰¹

[We] see opportunities around agricultural technologies and services ... there are activities that we are aware of around grains storage technology and equipment, ag tech. I will not list them here now, but there are examples of Western Australian companies who are active in the ag tech space who are engaging with Austrade, New Delhi.

*Niegel Grazia,
Department of Primary Industries and
Regional Development*

¹²⁹⁴ *ibid.*

¹²⁹⁵ Commonwealth of Australia, [*Government response to An India Economic Strategy to 2035*](#), Canberra, 2018, p5.

¹²⁹⁶ Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p6.

¹²⁹⁷ Department of Foreign Affairs and Trade, Attachment to Email, 21 May 2020, p1.

¹²⁹⁸ Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p7.

¹²⁹⁹ *ibid.*

¹³⁰⁰ Richard Simonaitis, Australian Export Grains Innovation Centre, *Transcript of Evidence*, 18 March 2020, p12.

¹³⁰¹ *ibid.*

Water management

Agricultural water management is one of India's most significant economic challenges.¹³⁰² Water supply is not assured in much of India, with 80 per cent of its water resources used in agriculture.¹³⁰³

Australia and India share similar climactic conditions and challenges. The Varghese Report noted that with Australia's expertise in 'irrigated, rain-fed and arid-zone farming and groundwater management there is scope to build further engagement with local [Indian] partners to link water and agriculture thereby increasing food and water security'.¹³⁰⁴ Importantly for WA, the report also noted WA's expertise in dryland farming,¹³⁰⁵ and the range of water management opportunities detailed in table 10.2 above. As noted elsewhere in this report, the Cooperative Research Centre for Water Sensitive Cities, based at Monash University with WA participation, is working in WA's sister state, Andhra Pradesh.

Dairy

The Committee received little direct evidence on the potential of WA exporting technology and services to the Indian dairy industry. Austrade, however, has identified dairy as a sector of opportunity, specifically:

- management skills, technologies and services for feedlot dairy farms: training of farm managers and farm hands, cattle nutrition, breeding, rearing, fertility and disease management, veterinary skills and services, milk quality and safety
- cattle nutrition: fodder seeds, hay and allied products, feed formulation
- dairy cattle genetics.¹³⁰⁶

Ambassador Wadhwa similarly advised the Committee that dairy is a sector in which Australia should look at 'tying up' partnerships with India.¹³⁰⁷

As demand for value-added milk products in India grows, there will be significant demand for milk production in India. The animal to land ratio has reached saturation in India, forcing the dairy industry to focus on improving milk yield per animal, milk quality standardisation and processing.¹³⁰⁸

1302 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p221.

1303 *ibid.*, pp130, 312.

1304 *ibid.*, p130.

1305 *ibid.*, p312.

1306 Australian Trade and Investment Commission, *Dairy to India*, accessed 23 July 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/dairy-to-india>>.

1307 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p8.

1308 Australian Trade and Investment Commission, *Dairy to India*, accessed 23 July 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/dairy-to-india>>.

There is limited awareness of Australia's dairy capability in India. The industry is instead engaging with the dairy sectors of North America, Holland, Germany and Israel. A number of countries have established partnerships with India to provide dairy training programs.¹³⁰⁹

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Western Australia's competitive strengths in agricultural technology and services align with India's needs. Western Australia can be an important partner in providing vital technical and scientific assistance to India, helping it to increase the productivity and efficiency of its industry.

Western Australia could provide a range of agricultural technology and services to India including, but not limited to, technology and services relating to:

- grains management and logistics;
- water management;
- dairy management;
- precision farming;
- hybrid technology;
- pre and post harvesting technologies; and
- supply chain infrastructure and logistics including cold storage facilities and transportation.

There are important strategic considerations. The Australian Export Grains Innovation Centre noted that 'we can facilitate improvement in [India's] production systems and create a competitor for ourselves'.

Bilateral investment in the agribusiness sector

Opportunities to strengthen WA's trading relationship with India necessarily involve strategies to attract inbound investment to WA,¹³¹⁰ as well as considering opportunities to invest in the Indian market. Investment by WA in India, or India in WA, can provide a range of benefits for the investor, including continuity of supply and supply chain security.

WA is a lucrative destination for Indian businesses to invest in our agricultural sector. While there should be adequate protection for local farmers, investments could help boost our production and create a supply chain for India high-end consumers.

Melvyn Gilbert

Indian investment in Western Australia

Indian investment in Australia's agribusiness sector is small.¹³¹¹

WA government agencies are working to attract greater investment into WA's agricultural sector. For example, one initiative noted in the Investment and Trade Plan tasks GoWA India with supporting 'investment and trade of WA agricultural commodities' with the objective of providing 'an investment ready framework for food products to support business confidence

¹³⁰⁹ *ibid.*

¹³¹⁰ Submission 11, Department of Primary Industries and Regional Development, p2.

¹³¹¹ Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p130.

in supply’.¹³¹² DPIRD, meanwhile, has stated that its investment attraction strategy is to provide:

- information to support investment decisions, including:
 - doing business in WA;
 - industry and sector intelligence;
 - potential regulatory requirements; and
 - approval processes.
- investor readiness support, including capacity development for businesses that are considering capital raising;
- investor ready project development, including financial incentives for key sectors and sites to support businesses to grow and diversify, and develop investment opportunities;
- investment facilitation, utilising skills and knowledge to:
 - connect investors and proponents;
 - provide access to a network of professional service providers;
 - identify investment and research partnership opportunities;
 - support investor delegations and site visits;
 - identify access to natural resources and infrastructure; and
 - provide aftercare to support entry to Western Australia, including dedicated support to potential, incoming and existing investors.
- regulatory approval support, working with DPIRD and other agencies to assist in understanding required regulatory approvals.¹³¹³

Liam O’Connell, Executive Director of Trade and Investment at DPIRD, later noted that DPIRD needs ‘to look at [agricultural investment] more holistically and more strategically, with JTSL, our partners, WA government offices, trade WA and our Austrade partners’.¹³¹⁴

Western Australian investment in India

India is seeking to attract investment into its agribusiness sector. The Varghese Report noted that although the investment environment was ‘risky’, investing in food processing and import pathways in India could provide long-term opportunities as food demand in India shifts to processed goods. These goods include packed, fortified and ready-to-eat food.¹³¹⁵ Inquiry

[There is] an opportunity for WA agribusinesses to enter supply chains and address India’s domestic market requirements.

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¹³¹² Government of Western Australia, [Western Australia Investment and Trade Plan 2019–20](#), Perth, 2019, p26.

¹³¹³ Submission 11, Department of Primary Industries and Regional Development, p3.

¹³¹⁴ Liam O’Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p10.

¹³¹⁵ Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p130.

participant Melvyn Gilbert observed that government intervention is required to realise the ‘great potential’ of investing in India, as ‘India’s protectionist sentiments may make it difficult for WA investors and suppliers to have hassle free experience’.¹³¹⁶

In May 2020, Ambassador Wadhwa highlighted that India offers very good prospects for international businesses to operate in the Indian market in labour intensive industries such as food processing.¹³¹⁷ The Indian food processing industry is expected to be worth half a billion dollars by 2025.

What is the State Government doing to help business realise opportunities?

Responsibility for WA’s agribusiness sector is shared by JTSI and DPIRD. JTSI manages the Business Development Manager in GoWA India who specialises in agriculture, for example, while DPIRD leads the majority of the initiatives outlined below.

Few initiatives discussed in this section are India specific. They seek to enhance the agribusiness sector in general through capacity building, funding to support business investment, or market development. However, when directed towards businesses with an interest in the Indian market, they have the potential to grow this economic relationship.

Building relationships between Western Australian and Indian stakeholders

DPIRD, the agricultural representatives embedded in JTSI, and GoWA India leverage the Commonwealth Government departments and agricultural counsellors in India to advocate for the industry, and organise delegations to promote agribusiness exports and investment. For example, in 2018 and 2019, the Commonwealth Government and DPIRD hosted inbound delegations which led to positive market access outcomes for WA barley exporters.¹³¹⁸

The Committee heard that relationship building with India should extend beyond fostering government relationships. The Varghese Report recommended that the Commonwealth Government develop targeted relationships directly with Indian industry, markets, and producers in key states.¹³¹⁹ Professor Siddique of UWA advised that WA needs to take a more proactive approach in India to secure private industry partnerships:

[If] you really want to get onto the food industry, we have to get to the private group[s]. You know that [the] Netherlands is doing extremely well there. The French are doing well. The United States are doing well in the food industry. The government could commission someone to look at the whole food industry and what areas Western Australia can be involved.¹³²⁰

1316 Melvyn Gilbert, *Transcript of Evidence*, 9 September 2020, p6.

1317 Ambassador Anil Wadhwa in Perth USAsia Centre, *Hugo Seymour interviews Ambassador Anil Wadhwa*, 13 May 2020, accessed 20 July 2020, <<https://perthusasia.edu.au/our-work/hugo-seymour-interviews-ambassador-anil-wadhwa>>.

1318 Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p7.

1319 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p142.

1320 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p7.

Research and development partnerships

Partnerships, collaborations, and joint research and development between universities and/or the private sector are important to grow agribusiness opportunities.¹³²¹

WA-based research institutions have meaningful, agricultural focused partnerships with Indian counterparts. For example, Murdoch University has a Memorandum of Understanding (MOU) with the Lala Lajpat Rai University of Veterinary and Animal Sciences in Haryana ‘to cooperate in the fields of animal sciences research and training and improvement of production techniques’,¹³²² while UWA has a MOU with the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), an Indian-based organisation that conducts scientific research for the development of ‘prosperous, food-secure and resilient dryland tropics’.¹³²³ UWA and ICRISAT have partnered on several successful projects such as the development of high yield drought-resilient chickpeas and the resequencing of pigeonpea genes.¹³²⁴ UWA has also worked with researchers from the Punjab Agricultural University to advance disease resistance in Brassica oilseed crops.¹³²⁵

DPIRD, which understands the importance of research and development partnerships with India, said that the research sector ‘does warrant some attention in terms of continuing to build on those bilateral relations’.¹³²⁶ The Committee did not receive significant direct evidence of State Government support for agricultural research partnerships.

There are funding sources available, such as the Australia–India Food Partnership, which provides grants to strengthen engagement between Australian and Indian agricultural and food industries by providing significant grants including, as at early 2020, \$500,000 grants for researchers to consider plant genomics.¹³²⁷ The Committee does not know whether any WA researchers have received these grants in recent years.

In chapter 6, where collaborative research was discussed as part of the international education sector, the Committee outlined some of the challenges in relation to the funding of bilateral research. Specifically, the level of funding required for joint research appears to be beyond the capabilities of state governments. While the WA Government could theoretically incentivise WA and Indian academics to collaborate by promising to provide additional funding to projects that receive prestigious Commonwealth Government grants,

1321 Hon David Littleproud, Minister for Agriculture, Drought and Emergency Management (Cth), and Adrian Murphy, Grain Industry Association of Victoria, in Australia India Business Council, *Agribusiness chapter launch and webinar*, 30 July 2020, accessed 22 September 2020, <<https://www.youtube.com/watch?v=xGI8T65SpGU>>.

1322 Submission 37, Murdoch University, p3.

1323 International Crops Research Institute for the Semi-Arid Tropics, *Our approach*, accessed 24 September 2020, <<https://www.icrisat.org/overview/>>.

1324 UWA, *Breakthrough in drought resistant barley*, 24 August 2017, accessed 26 October 2020, <<https://www.news.uwa.edu.au/201708249871/barley-drought-tolerance/breakthrough-drought-resistant-barley>>; UWA, *Breakthrough in high-yield drought-resilient chickpeas*, 30 April 2019, accessed 3 January 2020, <<https://www.news.uwa.edu.au/2019043011366/research/breakthrough-high-yield-drought-resilient-chickpeas>>.

1325 Nigel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p10.

1326 *ibid.*

1327 Submission 24, Department of Jobs, Tourism, Science and Innovation, p12.

this approach would not be possible due to the conditions of some Commonwealth grants. For example, Australia's largest fund dedicated to bilateral research, the Australia–India Strategic Research Fund, prohibits grant recipients from using state government grants towards their project.¹³²⁸ Forums such as JTSI's International Education Advisory Group noted in chapter 6, although not India focused, could provide an opportunity for universities to raise potential research and development partnerships with the State Government.

Finding 89

Partnerships, collaborations, and joint research and development between Western Australian and Indian universities and/or the private sector are important to grow agribusiness opportunities. The Department of Primary Industries and Regional Development acknowledged that the research sector 'does warrant some attention in terms of continuing to build on those bilateral relations'.

The Committee recommends in chapter 12 that the State Government 'consider mechanisms to support research and development partnerships with India, with a focus on partnerships that build strategic relationships and may create commercial opportunities in priority sectors'.

Capability building for small and medium-sized enterprises and encouraging agribusiness expansion

The large majority of WA agricultural businesses are small and medium-sized enterprises (SMEs), operating at a scale below that of most globally competitive businesses. SMEs can find the uncertainty and risk of the Indian market challenging.¹³²⁹

DPIRD is undertaking work to support SMEs in the Indian market, but this work is in its 'early stage'.¹³³⁰ It has identified agribusinesses and industry groups with a strategic interest or existing trade relationship with India.¹³³¹ DPIRD are trialling bringing SMEs together, asking them to identify their opportunities from an 'industry development perspective', and supporting their proposals regardless of whether they relate to exports, research and development, or productivity.¹³³² Mr

The large majority of [WA agricultural] food businesses are small and medium sized ... To tackle a market as complex, as large and also potentially as risky as India is sometimes for some of those small and medium-sized businesses a real challenge.

*Liam O'Connell,
Department of Primary Industries and
Regional Development*

1328 Department of Industry, Science, Energy and Resources, *Grant opportunity guidelines: Australia-India Strategic Research Fund round 13—COVID-19 collaborative research projects*, Canberra, 2020, pp6, 15.

1329 Liam O'Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p5.

1330 Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p6.

1331 Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p7.

1332 Liam O'Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p8.

O'Connell advised of the success DPIRD has had using a similar model to grow in other Asian markets:

We have taken a very targeted approach, bringing in ... large Asian businesses ... putting them in touch with over 50 WA agribusinesses with a very targeted set of buyer and seller criteria, narrowing that down to about 10 businesses that they wanted to engage in quite close commercial opportunities with. We have worked with our WA government offices, particularly in Singapore, on that to really look at South-East Asia as an opportunity given it is our second-largest market outside northeast Asia. That has resulted in very positive commercial outcomes for a number of WA SMEs in terms of exports and increased growth and revenue recently.¹³³³

As noted in chapter 11, e-commerce in India is an increasingly attractive entry route for fast moving consumer goods. During the pandemic, DPIRD hosted webinars to build agrifood exporters' capabilities. For example, it held a webinar in partnership with Curtin University in August 2020 that focused on strategies to drive online traffic to companies' food and beverage products.¹³³⁴ DPIRD advised that it also offers presentations and one-on-one interviews with experts and interested businesses.¹³³⁵

The fragmentation of the agribusiness industry and its traditionally transactional nature often results in a lack of information sharing and business knowledge of the Indian market.¹³³⁶ DPIRD's Asian Market Success Project seeks to address these gaps, offering information and export capability building programs to WA agribusiness. As part of the project, DPIRD released the 2016 reports, *Target Market Opportunities in Asia for Western Australian Premium Products* and *Investment Ready: WA Agribusiness*. Although not India focused, these reports identify market opportunities for WA agrifood businesses in Asia.¹³³⁷ Another initiative of the project, Partnering for Customer Value, publishes research on how businesses can increase their export capacity.¹³³⁸

The State Government supports agribusinesses seeking to expand their operations by providing funding through:

- DPIRD's Value Add Agribusiness Investment Attraction Fund;
- DPIRD's International Competitiveness Co-investment Fund; and
- JTSI's Access Asia Business Grants program.

The Value Add Agribusiness Investment Attraction Fund supports investment in new projects and expansion opportunities by value adding agribusinesses. The fund provides grants towards the businesses' capital expenditure and investment in globally competitive agrifood

¹³³³ *ibid.*, p7.

¹³³⁴ Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p1.

¹³³⁵ Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p7.

¹³³⁶ Submission 5, Perth USAsia Centre, p4.

¹³³⁷ Department of Primary Industries and Regional Development, *Investment Ready: WA Agribusiness report*, accessed 7 September 2020, <<https://www.agric.wa.gov.au/investmentready>>.

¹³³⁸ Department of Primary Industries and Regional Development, *Export services*, accessed 7 September 2020, <<https://www.agric.wa.gov.au/investmentready>>.

technology. It also provides de-risking investment, which supports activities like feasibility studies or the employment of technical consultants (i.e. activities that ameliorate the risk associated with expansion).¹³³⁹ The first round of grants in 2019 received over 100 applications from all regions of WA, with 23 recipients receiving grants totalling over \$3 million. These grants are expected to generate more than \$12 million in total co-investment across a range of industries, and create more than 120 jobs in regional WA.¹³⁴⁰ In 2020, DPIRD invested over \$4 million in round two of the fund.¹³⁴¹ While grants are not India or export specific, it is encouraging that ‘nearly all those [round one] businesses are now looking at export, and looking at export options open in Asia as opposed to east coast’.¹³⁴²

The State Government launched the International Competitiveness Co-investment Fund, previously known as the Grants of Asian Market Exports, in July 2020. Grants seek to assist businesses in metropolitan and regional WA to stabilise and adapt to the ‘new normal’ of doing business in a changing global operating environment.¹³⁴³ The Fund will award grants of between \$50,000 and \$100,000 to help businesses pursue ‘premium markets in Asia’.¹³⁴⁴ As at July 2020, the State Government had committed \$3 million to three rounds of grants, with \$800,000 committed to the first round launched in July 2020.¹³⁴⁵ Recipients will be able to invest grant funds in a range of areas that stimulate business growth, such as improving scale, diversifying markets, improving competitiveness and supply chains, and pursuing virtual or online platforms.¹³⁴⁶ The previous program, Grants of Asian Market Exports, supported regional initiatives with the aim of expanding business export capacity. Over three rounds of grants, recipients received between \$20,000 and \$200,000. The grants leveraged 114 per cent of their value from recipients across the South West, Great Southern, Peel and Wheatbelt regions.¹³⁴⁷

Prior to the COVID-19 pandemic, SMEs working in one of the six priority sectors identified in *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA), (including agribusiness) and seeking to engage with Asian markets could also access grants through JTSI’s Access Asia Business Grants program. They could receive up to \$10,000 for ‘strategic

1339 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p5.

1340 Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p2; Department of Primary Industries and Regional Development, *Value Add Agribusiness Investment Attraction Fund—successful recipients*, 26 August 2020, accessed 9 September 2020, <<https://www.agric.wa.gov.au/food-beverages/value-add-agribusiness-investment-attraction-fund-successful-recipients?page=0%2C1>>.

1341 Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p5; Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, pp4–5.

1342 Liam O’Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p8.

1343 Hon Alannah MacTiernan, Minister for Agriculture and Food, *Grants to support agricultural exports*, media release, 15 July 2020.

1344 *ibid.*

1345 Department of Primary Industries and Regional Development, *International Competitive Co-investment Fund*, 15 July 2020, accessed 30 September 2020, <<https://www.agric.wa.gov.au/ICCF>>.

1346 *ibid.*

1347 Department of Primary Industries and Regional Development, *Annual Report 2019*, Government of Western Australia, Perth, 2019, p22.

trade and investment activities that help build businesses' capacity to trade with Asia.¹³⁴⁸ While not India focused, businesses seeking to expand into the Indian market could apply for the grants. The second round of grants was postponed due to the COVID-19 pandemic. In September 2020, Acting Deputy Director, Strategy and International Engagement, Simone Spencer, advised that JTSI is looking to allocate this deferred money to 'make sure that there is greater connection between the SME at the distributor level'.¹³⁴⁹

Finding 90

Western Australia's agribusiness industry is mostly comprised of small and medium-sized enterprises (SMEs), who can find it challenging to engage with the Indian market. State Government assistance to SMEs is important to grow and diversify agribusiness exports—both goods, and agricultural technology and services exports—to India.

The Department of Primary Industries and Regional Development acknowledges that its support for SMEs to build capacity in the Indian market is in its 'early stage'.

Funding export market development: the Australian Export Grains Innovation Centre

DPIRD contributes to the development of the export market through its funding of the Australian Export Grains Innovation Centre (AEGIC). An independent, not-for-profit company whose purpose is to increase value in the Australian grains industry, AEGIC receives 50 per cent (or \$3 million in 2020–21) of its funding from DPIRD and additional funding from the Commonwealth Government-funded Grains Research and Development Corporation.¹³⁵⁰ In October 2020, the State Government invested another \$2 million to support three AEGIC projects to commercialise oats, whole grain and soft wheat food products for customers in China and South East Asia.¹³⁵¹

AEGIC increases value in the grains industry by 'gathering, analysing and sharing market intelligence the industry needs to breed, classify, grow and supply grain that markets prefer'.¹³⁵² To date, its work in relation to India has focused on gaining a greater understanding of Indian wheat and barley markets, and value-adding to oats. For example, in 2018–19 AEGIC surveyed south Indian flour millers, food manufacturers, maltsters and brewers about their quality preferences for sandwich bread, parotta (flatbread), and beer, and distributed a barley report for India among other reports.¹³⁵³

AEGIC will invest an estimated five per cent in projects related to India in 2020–21.¹³⁵⁴ AEGIC's work and intelligence on malting barley appears significant, as opportunities are emerging in that segment of the industry in India. There is scope for AEGIC to allocate a greater percentage to projects related to India.

1348 Department of Jobs, Tourism, Science and Innovation, *Access Asia Business Grants*, 2020, accessed 17 September 2020, <<https://itsi.wa.gov.au/about-the-state/asian-engagement/access-asia>>.

1349 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 9 September 2020, p22.

1350 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p6.

1351 Hon Alannah MacTiernan, Minister for Agriculture and Food, *Grains research investment to capture a slice of rising Asian flour market*, media release, 8 October 2020.

1352 Australian Export Grains Innovation Centre, *Annual Report 2019*, Perth, 2019, p12.

1353 Australian Export Grains Innovation Centre, *Annual Report 2019*, Perth, 2019, p21.

1354 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p6.

The Committee agrees with DPIRD's recommendation that the State Government continue to fund export market development, including technical capacity building activities for the grains industry. The relationship between DPIRD and AEGIC is essentially the kind of engagement recommended in *Western Australia's Overseas Trade and Investment Offices Review*. That is, DPIRD uses the expertise of an entity outside of the WA public sector for the benefit of the State. This is a good example of the Government engaging a non-government expert to develop a strong intelligence base and in-depth analysis of market potential.¹³⁵⁵

Finding 91

The work of the Australian Export Grains Innovation Centre (AEGIC), funded by the Department of Primary Industries and Regional Development, supports export market development, including technical capacity building activities and value-add initiatives, for the grains industry. Engaging AEGIC is essentially the kind of engagement recommended in *Western Australia's Overseas Trade and Investment Offices Review*. That is, a department using the expertise of an external entity for the benefit of the State.

Recommendation 22

That the State Government continue to fund export market development, including technical capacity building activities for the grains industry.

Market intelligence and pursuing agricultural opportunities

As discussed in chapter 12, intelligence on the Indian market is important. DPIRD relies on a wide source of networks to obtain its market intelligence including Austrade, DFAT, AEGIC, the Commonwealth Department of Agriculture, Water and the Environment, GIWA, JTSI (where DPIRD has an embedded officer) and GoWA India (who employs an agribusiness Business Development Manager).¹³⁵⁶

DPIRD says it has been 'very proactive in terms of identifying opportunities to support ag[riculture] and food technology across the supply chain—productivity on farm, from soil all the way to the consumer.'¹³⁵⁷ In March 2020, DPIRD was intending to encourage Indian participation when it hosted AgriFutures' evokeAG in 2021, which involves more than 1,000 delegates discussing future possibilities for agrifood technology and investment.¹³⁵⁸

Unfortunately, DPIRD also advised of its limited resources to gather information and pursue agricultural service opportunities.

[DPIRD] do not have a lot of resources within the agency that are dedicated to pursuing opportunities for ag[ricultural] service. However, there is an active ag[ricultural] consulting service in Western Australia who is looking for

¹³⁵⁵ Department of Jobs, Tourism, Science and Innovation, *Western Australia's Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, recommendation 12, p46.

¹³⁵⁶ Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p6.

¹³⁵⁷ Liam O'Connell, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p5.

¹³⁵⁸ Niegel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p2.

opportunities so maybe that is something we could focus on [emphasis added].¹³⁵⁹ ... DPIRD will continue to link in with the [GoWA India] and Austrade to monitor opportunities for provision of agricultural services and in the absence of other mechanisms communicate any international opportunities to the Australian Association of Agricultural Consultants (WA) Inc. which is a professional association of Member Consultants.¹³⁶⁰

In recent years, there has been a change in DPIRD's ability to provide consultancy services to India, which, as a by-product established 'government-to-government and trade relations in emerging markets' and identified 'new commodity market opportunities'.¹³⁶¹ Between 1998 and June 2015, the Department of Agriculture (subsequently the Department of Agriculture and Food) had an international consultancy arm known as AGWEST International.

Described as 'the department's vehicle for service export,' it placed individual experts and specialists in government agencies in developing countries, international organisations and consultancy firms to provide training and capacity building services.¹³⁶² In India, for example, from 2001 to 2003, AGWEST managed an AusAid-funded technical assistance and capacity building project for the Sikkim Department of Horticulture to help rebuild its apple industry after it was decimated by pest and disease.¹³⁶³

The cessation of AGWEST International has left WA without a mechanism to offer worldwide consultancy services in agriculture and agribusiness,¹³⁶⁴ and develop relationships and obtain intelligence from these activities.

As noted earlier in this chapter, Professor Siddique, UWA, advised that WA has to be more proactive to partner with private industry in India, like other countries. In this context, Professor Siddique said that the State Government 'could' commission someone to review India's food industry and WA opportunities in this area.¹³⁶⁵ Professor Siddique added:

The government is liberalising and the Modi government is accelerating that liberalisation process. It is all unleashed now. ... They will never be going backwards. Private industry, private education, private airlines—private everything is happening there ... We need to carve our presence and show that friendship.

WA government and private enterprise have the expertise, knowledge and skills to offer worldwide consultancy services in agriculture and agribusiness. However, there is currently no mechanism to promote and deliver combined services since the cessation of AGWEST International.

Department of Primary Industries and Regional Development

¹³⁵⁹ *ibid.*, p12.

¹³⁶⁰ Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, p9.

¹³⁶¹ Department of Agriculture and Food, *Annual report 2011*, Government of Western Australia, Perth, 2011, p74.

¹³⁶² *ibid.*; Department of Primary Industries and Regional Development, Attachment to Email, 9 April 2020, pp8–9.

¹³⁶³ *ibid.*

¹³⁶⁴ *ibid.*, p8.

¹³⁶⁵ Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p7.

Why people like me have got in the door is that we have been working with them for the last 20 years—more than 20 years.¹³⁶⁶

Finding 92

The cessation of AGWEST International in 2015 has removed a mechanism through which the State Government offered consultancy services in agribusiness to India. This may limit opportunities to develop relationships and obtain in-market intelligence. The Department of Primary Industries and Regional Development acknowledges that it does ‘not have a lot of resources’ dedicated to gathering information and pursuing agricultural services opportunities in India.

Finding 93

Based on the evidence presented to the Committee, it does not appear that the State Government is prioritising pursuing opportunities in ‘exporting’ agricultural technologies and services to India. It may be that the reward for effort may be greater relative to agricultural goods, given that there are few barriers to engaging with the Indian market in these agribusiness subsectors. The Department of Primary Industries and Regional Development may require funding to pursue these opportunities.

1366 *ibid.*, pp7–8.

Chapter 11

Other sectors and bilateral investment

We firmly believe that Western Australia and India have an important economic relationship and there is enormous potential for that relationship to expand.

Peter Fear, Vice President, Australia India Business Council: WA Chapter

This chapter focuses on bilateral investment and economic sectors that are not addressed elsewhere in this report. It demonstrates the breadth of opportunities in India, both those that already exist as WA priority sectors, and those that may emerge as priority sectors in the future.

With a market the size of India, it is important that WA takes a strategic approach and focuses its resources on sectors with the most potential—in other words, where WA’s competitive advantages and strengths meet India’s needs. Over time, new opportunities will materialise and priorities may change.

Different stakeholders prioritise sectors differently

Reflecting the need to prioritise, different Australian states have focused on different sectors of the Indian market. For example, Victoria’s focus includes the health sector, while New South Wales’s focus includes providing financial services to India. Victoria and Queensland have trade offices in Bengaluru, the capital of India’s massive IT (information technology) industry.

As noted in finding 23, in addition to WA’s priority sectors, the Government of Western Australia’s office in India (GoWA India) identifies further ‘priority industry sectors’. They are:

- boating and marine;
- environmental management;
- green building;
- health and medical;
- ICT (information and communications technology); and
- infrastructure.¹³⁶⁷

The Australian Trade and Investment Commission (Austrade) identifies the following sectors as having potential, many of which are the same as those identified by GoWA India:

- e-commerce (see below);

¹³⁶⁷ Department of Jobs, Tourism, Science and Innovation, *Priority Industry Sectors*, accessed 29 July 2020, <<http://www.watoindia.in/html/waindia-sectors.htm>>.

- digital economy (IT) including cybersecurity, fintech and artificial intelligence (Ambassador Wadhwa advised the Committee of new IT opportunities in fintech, port technologies, gaming and animation, and water technologies);¹³⁶⁸
- healthcare including remote care, telehealth, training, and medical tourism (see below);
- health supplements;
- luxury retail;
- cosmetics;
- franchising;
- aviation and aerospace;
- road safety;
- rail (see below);
- smart urban infrastructure (see below);
- sustainable fisheries; and
- sustainable water and environment including water treatment, recycling plants and more effective water distribution.¹³⁶⁹

Inquiry participants confirmed the importance of many of the above sectors to WA. For example, in relation to the health sector:

- The University of Western Australia (UWA) and UWA Public Policy Institute submitted that ‘India has huge potential for medical and nursing work-force training’.¹³⁷⁰
- The Perth USAsia Centre pointed out that the WA Country Health Service is the largest rural health system in Australia with ‘increasingly sophisticated telehealth’.¹³⁷¹ It suggested the Department of Health ‘explore engagement in India’ with the view of developing technical expertise, consultancy and delivery partnerships in relation to rural, remote care and telehealth services.¹³⁷²
- Anurag Saxena said medical tourism was a ‘win-win situation’ for both Australians requiring elective procedures and medical facilities in India.¹³⁷³ He said that partnering with India offered a faster, more cost-effective option for those seeking elective surgeries.¹³⁷⁴

Avid Resources echoed Austrade by highlighting the opportunity to meet India’s increased demand for water treatment and recycling plants, and more effective water distribution.¹³⁷⁵

1368 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p8.

1369 Australian Trade and Investment Commission, *Market profile*, accessed 8 June 2020, <<https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/India/Market-profile>>.

1370 Submission 2, University of Western Australia (UWA) and UWA Public Policy Institute, p4.

1371 Submission 5, Perth USAsia Centre, p46.

1372 *ibid.*, p47.

1373 Anurag Saxena, *Transcript of Evidence*, 9 September 2020, p3.

1374 *ibid.*, pp3–4.

1375 Submission 27, Avid Resources, p4.

Water management was identified as an area of future potential partnership in the Andhra Pradesh sister state agreement.¹³⁷⁶

The COVID-19 pandemic has re-orientated the priority given to some sectors. In September 2020, Simone Spencer, Acting Deputy Director of Strategy and International Engagement at the Department of Jobs, Tourism, Science and Innovation (JTSI), advised the Committee that:

- the health sector has emerged as a ‘really critical sector for us going forward, and there is a lot of interest in markets around med tech, for example, and some of those other skill sets that we have here that we can grow investment into’; and
- advanced manufacturing ‘is now an issue cutting across all sectors that we are looking at growing and defence becomes a much more strong offering for the state government.’¹³⁷⁷

Advanced manufacturing

Advanced manufacturing is a WA Government priority sector, although the *Western Australia Investment and Trade Plan 2019–20* does not identify India as a ‘key market’ for the sector.¹³⁷⁸

WA’s capabilities in advanced manufacturing include defence, shipbuilding, health research and cybersecurity.¹³⁷⁹

[There is] opportunity for greater collaboration within sectors such as construction and advanced manufacturing.

*Michael Carter,
Chamber of Commerce and Industry of
Western Australia*

WA companies may also be able to form part of global supply, value chains and contribute WA-designed manufacturing equipment in the mining, resources and infrastructure sectors.¹³⁸⁰

Defence industries

The vision of Defence West, the State Government entity responsible for promoting the interests of the WA defence industry, is for the defence industry to ‘continue to grow and become a key pillar in the WA economy’.¹³⁸¹

This vision is timely given the growing geopolitical and defence ties between Australia and India. The Comprehensive Strategic Partnership signed in June 2020 strengthened defence cooperation between Australia and India. Both sides agreed to enhance the scope and

¹³⁷⁶ Government of Western Australia and Government of Andhra Pradesh, *Agreement on the establishment of sister state relations between State Government Andhra Pradesh – Republic of India and State Government of Western Australia – Commonwealth of Australia*, 2016, appendix 1.

¹³⁷⁷ Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p20.

¹³⁷⁸ Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p19.

¹³⁷⁹ Submission 24, Department of Jobs, Tourism, Science and Innovation, p22.

¹³⁸⁰ Submission 14, Australia India Business Council: WA Chapter, p11.

¹³⁸¹ Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p19.

complexity of their military exercises, and increase military interoperability and defence exercises through their arrangement concerning Mutual Logistics Support.¹³⁸²

The logistics support agreement, which provides reciprocal access to the other country's bases and ports, offers WA the opportunity to leverage the bilateral relationship for the benefit of its local defence industry. WA is home to HMAS Stirling on Garden Island, the major fleet base of the Royal Australian Navy (RAN) on the Indian Ocean. Up to half of the RAN's fleet is permanently based in WA.¹³⁸³ According to the Perth USAsia Centre, this location and the increasing number of bilateral activities focused on the Indian Ocean 'provides WA industry with the opportunity to further leverage its advanced manufacturing capacities.'¹³⁸⁴

India is one of the largest spenders on military equipment in the world,¹³⁸⁵ but opportunities for WA exports in this industry are limited. The country's shift towards Make in India (see box 11.1) and its policy to reduce imports to 30 per cent by 2027 means that the Indian defence industry is unlikely to have the future demand growth of other sectors.¹³⁸⁶ Because of this, *An India Economic Strategy to 2035: Navigating from Potential to Delivery* (Varghese Report) did not identify defence as a priority sector for the Commonwealth Government. However, it still identified some potential in:

- niche manufacturing collaboration;
- direct sales;
- joint research and development; and
- providing commercial services and training in cyber security.¹³⁸⁷

In relation to niche manufacturing, Australian defence manufacturers, especially small and medium-sized enterprises (SMEs), can partner with Indian SMEs to manufacture components for global companies with contractual obligations in India.¹³⁸⁸ The economic benefit of this approach to WA is likely to be low. The Varghese Report observed that the majority of Australian defence industry contractors are subsidiaries of global equipment manufacturers. In many cases, parent companies hold licences and may sell to India through other markets.¹³⁸⁹

The Committee is not in a position to comment on whether the growing Australia–India defence relationship will deliver significant WA defence industry exports or commercial

1382 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

1383 Submission 24, Department of Jobs, Tourism, Science and Innovation, p22.

1384 Submission 5, Perth USAsia Centre, p40.

1385 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p295. Its top three suppliers are Russia, the United States and Israel.

1386 *ibid.*, p298.

1387 *ibid.*, p295.

1388 *ibid.*, p299.

1389 *ibid.*, p296.

opportunities. However, the increasing number of bilateral activities focused on the Indian Ocean provides WA industry with a unique opportunity to demonstrate its advanced manufacturing capacities to India.¹³⁹⁰

Box 11.1: Make in India

The Make in India initiative, launched by the Indian Government in September 2014, aims to attract investment from across the globe and strengthen India's manufacturing sector.

Make in India focuses on 25 sectors including automobiles, IT, pharmaceuticals, construction, defence manufacturing, food processing, textiles and garments, ports, mining, tourism and hospitality, railways, renewable energy, roads and highways. One hundred per cent foreign direct investment (FDI) (see box 11.2) is permitted in most sectors.



FDI inflow from April 2014 to March 2019 was US\$286 billion.¹³⁹¹

Five countries, the United States, Japan, United Arab Emirates, Germany and Sweden, are heavily participating in Make in India. The Australia India Business Council considers that it is time Australia takes advantage of this program.¹³⁹²

Infrastructure

According to the Indian Government, India will need to invest between US\$1.2 and US\$2 trillion on infrastructure development over the next several decades.¹³⁹³

The Indian Government is keen to attract foreign investment to India, including through its Make in India initiative. To assist investment in a range of sectors, including infrastructure, it established the government agency Invest India in 2009.¹³⁹⁴ The Varghese Report predicted that the advent of this and other investment vehicles will 'stimulate growth across transport modes, potentially improve capacity and efficiency, and contribute to economic growth.'¹³⁹⁵

A major focus of India is urban infrastructure and expanding and improving the supply of basic services such as power, water, and sewerage. As noted in chapter 9, India's needs offer WA the opportunity to supply renewable energy products and services. The work envisioned under the Indian government's infrastructure projects and Smart Cities Mission (see box 9.4) provide opportunities in sectors including water supply, sanitation, public transport, affordable housing, IT connectivity, e-governance, safety and security, health, education, and the environment.¹³⁹⁶

1390 *ibid.*; Submission 5, Perth USAsia Centre, p40.

1391 Make in India, *Foreign Direct Investment 2018-19*, accessed 25 September 2020, <<https://www.makeinindia.com/foreign-direct-investment>>.

1392 Australia India Business Council, *Make in India—Making it happen in Australia*, accessed 25 September 2020, <<https://aibc.org.au/make-in-india/>>.

1393 Australian Trade and Investment Commission, *Smart urban infrastructure to India*, accessed 8 June 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/smart-urban-infrastructure-to-india>>.

1394 Invest India, *About us*, accessed 25 September 2020, <<https://www.investindia.gov.in/about-us>>.

1395 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p213.

1396 Australian Trade and Investment Commission, *Smart urban infrastructure to India*, accessed 8 June 2020, <<https://www.austrade.gov.au/australian/export/export-markets/countries/india/industries/smart-urban-infrastructure-to-india>>.

Professor Abhijit Mukherjee, a civil engineer and Dean International, South Asia, at Curtin University, who consults in India, advised the Committee of opportunities in the maintenance of structures, especially the life-cycle management of structures. Infrastructure built quickly is not always built to the appropriate quality. Australia, with its expertise in the health monitoring of structures—such as collecting and interpreting data, and data science—is in a position to offer services in managing the life cycle of structures.¹³⁹⁷

India is seeking investment in its roads and highways and opening investment in its railways. The scale of land transport, air and water transport, and urban infrastructure projects is reflected in figure 11.1.

Figure 11.1: Invest India: Infrastructure opportunities to 2025¹³⁹⁸



E-commerce

India's consumers have embraced online shopping and the e-commerce sector is growing rapidly. As noted in the gourmet food and beverage section of chapter 10, there were 464 million internet users and over 90 million online shoppers in India as at November 2019.¹³⁹⁹

The value of e-commerce retail in India was expected to exceed US\$46 billion in 2019.

This is an increase of 30 per cent over the previous year, and almost 300 per cent more than the \$16.2 billion of sales in 2016. Future sales projections range from US\$170 to \$200 billion between 2026 and 2030.¹⁴⁰⁰ Flipkart, 77 per cent of which is owned by Walmart, leads the e-

India is one of the fastest growing e-commerce markets in the world ... India provides a range of commercial opportunities for Australian companies that might previously have been too difficult or risky to consider.

A guide to e-commerce in India (Austrade)

1397 Professor Abhijit Mukherjee, Curtin University, *Transcript of Evidence*, 20 March 2020, p5.

1398 Invest India, *Investment Opportunities in India*, presentation at the Consulate General of India, Perth, 5 August 2020, p10.

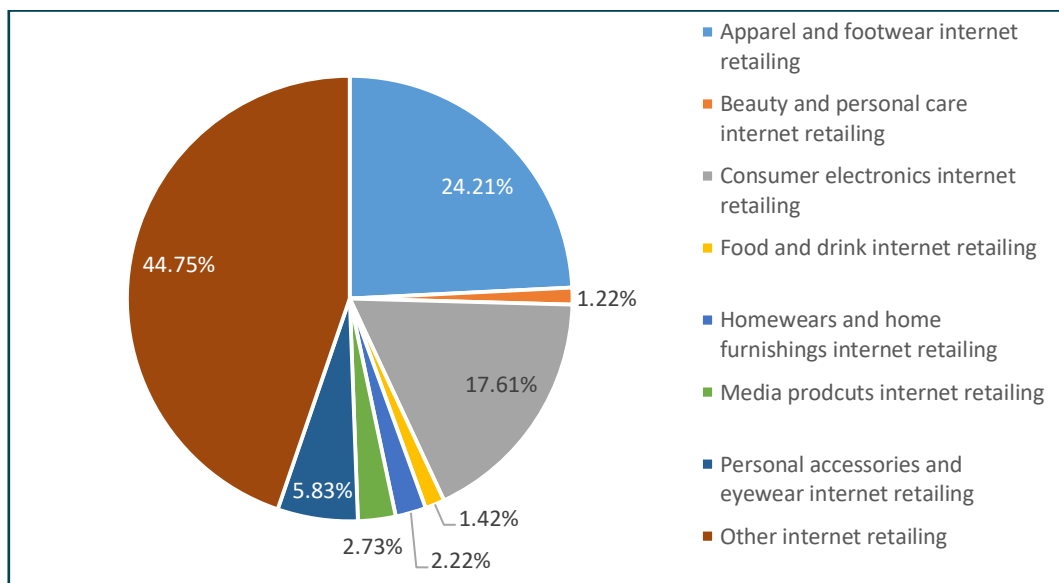
1399 eMarketer in Australian Trade and Investment Commission, *A guide to e-commerce in India*, Commonwealth of Australia, 2020, p3.

1400 Australian Trade and Investment Commission, *A guide to e-commerce in India*, Commonwealth of Australia, 2020, p3.

commerce market in India.¹⁴⁰¹ Other main platforms are Amazon India and bigbasket.com.¹⁴⁰² There are also many niche retailers.¹⁴⁰³ As noted in chapter 10, the launch of the Australian store on Amazon India in February 2020 by Hon Simon Birmingham, Commonwealth Minister for Trade, was described as a ‘game changer’.

While consumer electronics and fashion apparel are the major e-commerce categories, food and grocery, baby products, personal care and home furnishing are ‘growing quickly’.¹⁴⁰⁴ Within the food and beverage category, branded and imported goods have 26 per cent of sales and growth of more than 50 per cent each year.¹⁴⁰⁵ Figure 11.2 notes the top categories in Indian e-commerce in 2018.¹⁴⁰⁶

Figure 11.2: Indian e-commerce in 2018¹⁴⁰⁶



A number of Australian companies are benefiting from India’s emerging e-commerce sector.¹⁴⁰⁷ E-commerce is connecting consumers with a wider range of products, and is helping service a growing appetite for international brands and high-quality imports.

There are challenges in the sector including customs duties, logistical and delivery challenges, and the level of international competition.¹⁴⁰⁸ However, e-commerce provides Australian companies, including SMEs, with opportunities that might previously have been too difficult or risky to consider, and reduces overheads costs.

1401 *ibid.*, p5.

1402 Australian Trade and Investment Commission, *Market profile*, accessed 8 June 2020, <<https://www.austrade.gov.au/Australian/Export/Export-markets/Countries/India/Market-profile>>.

1403 See Australian Trade and Investment Commission, *A guide to e-commerce in India*, Commonwealth of Australia, 2020, p5.

1404 *ibid.*, p4.

1405 *ibid.*, p6.

1406 *ibid.*

1407 *ibid.*, p5.

1408 *ibid.*, pp4–5.

Bilateral investment in all sectors

Investment and trade tend to go hand-in-hand.¹⁴⁰⁹ While investment relating to specific sectors is canvassed earlier in this report, this section comments more broadly on the bilateral investment relationship.

Australia and India's bilateral investment relationship is underdeveloped. As noted in chapter 2, there is no aggregate data on foreign investment in WA and WA's investment in other countries.¹⁴¹⁰ Nationally, in 2018:

- India's FDI (see box 11.2) in Australia was \$949 million, out of a total investment of \$15.1 billion.
- Australia's FDI in India was \$1.6 billion, out of a total investment of \$15.6 billion.¹⁴¹¹

Box 11.2: Foreign direct investment

Foreign direct investment (FDI) is an investment made by an individual or entity in one country into business interests located in another country. Generally, FDI takes place when an investor establishes foreign business operations or acquires foreign business assets in a foreign company. FDI is distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies.¹⁴¹²

Australia and India are both committed to increasing bilateral investment. The importance of FDI, and portfolio investment, was reflected in the Australia–India Comprehensive Strategic Partnership. That partnership states:

Both sides expressed their interest in ensuring that Australian businesses are aware of opportunities through India's "Make in India" program and the Smart Cities initiatives, and that Indian companies are aware of investment projects in Australia.

Both countries also jointly decided to continue to raise awareness among Australian investors and Superannuation Funds of opportunities in India's infrastructure sector under the National Investment and Infrastructure Fund.¹⁴¹³

Modern investment often involves joint ventures between companies from different countries, public-private partnerships and projects in one country being managed or co-managed from another country. For example, inquiry participant Perdaman Global Services'

Australian direct investment in India is under-developed. The converse is also true. Major investment opportunities are emerging or will appear in a range of sectors that match Australia's strengths.

*An India Economic Strategy: Navigating from Potential to Delivery
(Peter Varghese AO)*

1409 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p51.

1410 Submission 24, Department of Jobs, Tourism, Science and Innovation, p10.

1411 Department of Foreign Affairs and Trade, *India*, February 2020, accessed 14 June 2020, <<https://www.dfat.gov.au/sites/default/files/inia.pdf>>.

1412 James Chen, *Foreign Direct Investment (FDI)*, 24 February 2020, accessed 15 June 2020, <<https://www.investopedia.com/terms/f/fdi.asp>>.

1413 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>.

\$4.5 billion Karratha Urea project was organised from Mumbai, India, and this project's Engineering, Procurement and Construction (EPC) Heads of Agreement involves Clough (WA) and Saipem (Italy).¹⁴¹⁴ WA has the advantage of the time difference between India and WA being only two and a half hours.

Indian investment in Western Australia

The Committee heard that WA has traditionally received a 'significant share' of relatively 'non-existent' Indian investment in Australia.¹⁴¹⁵ For example, Indian IT and consulting firms Tata Consultancy Services and Wipro have established offices in Perth.¹⁴¹⁶ It has been reported that Indian entities are also interested in pursuing WA public sector contracts, particularly in IT.¹⁴¹⁷

In the Committee's view, WA should enthusiastically support and welcome Indian investment. The Varghese Report noted that Indian investment in Australia will flow more readily if Australian businesses' presence in the Indian market grows.¹⁴¹⁸ WA's Commissioner in India, Peter Baldwin, advised the Committee in September 2020 that GoWA India is 'still being quite active' in promoting Indian investment in WA.¹⁴¹⁹

However, stakeholders consider that WA is not doing enough to attract investment. In particular, WA is not articulating the investment opportunities in WA, nor strategically pursuing the Indian market to invest in WA.

Premier Hon Mark McGowan has reportedly indicated that he wants WA to be more proactive and aggressive in pursuing investment in WA. As noted in chapter 4, at the 2019 launch of Invest and Trade Western Australia (a team within JTSI), the Premier was reported as saying 'We're going on the front foot, chasing opportunities, rolling out the red carpet for (whoever) wants to invest in WA'.¹⁴²⁰ The Premier said he had heard that when an investor shows interest in investing \$20 to \$30 million in South Australian projects, the relevant South Australian department will give them personalised treatment. The investor is met at the airport and then given a meeting to discuss their investment. If it is a significant investment, the minister will meet them at the airport. It was reported that the Premier said to JTSI, 'I want us to do something similar to that'.¹⁴²¹

1414 Vikas Rambal, The Perdaman Group, speaking at the Consulate General of India, Perth, 5 August 2020; Perdaman, *\$4.5bn Karratha Urea project agrees epic terms*, 1 July 2020, accessed 7 August 2020, <<https://perdaman.com.au/2020/07/01/4-5bn-karratha-urea-project-agrees-epc-terms/>>.

1415 Submission 5, Perth USAsia Centre, p10; Christopher Rodwell, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p8.

1416 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p11.

1417 Matt McKenzie, 'Electric potential in India', *Business News*, 15 June 2020, p22.

1418 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp42, 54.

1419 Peter Baldwin, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18.

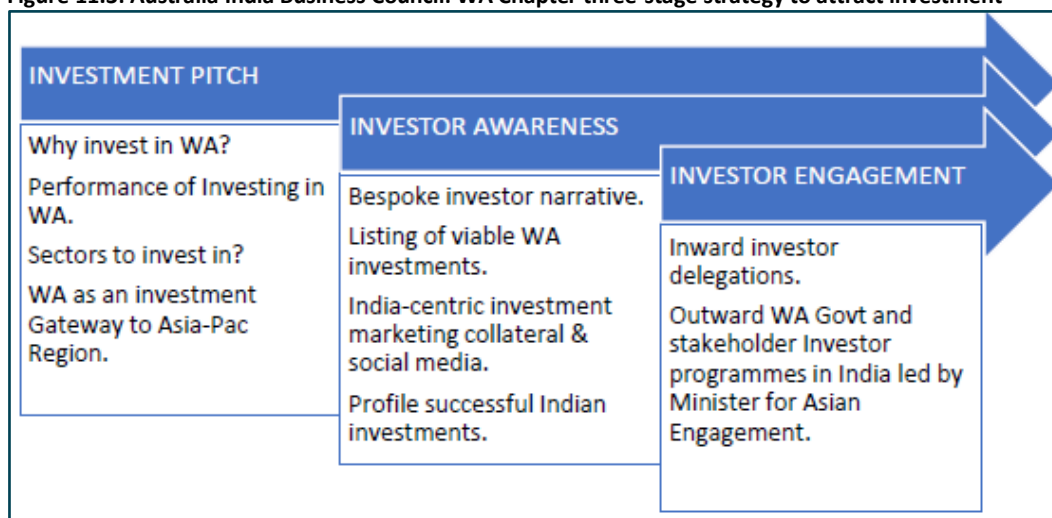
1420 Matt McKenzie, 'McGowan launches Invest and Trade WA', *Business News* (web-based), 14 November 2019, accessed 11 March 2020, <<https://www.businessnews.com.au/article/McGowan-launches-Invest-and-Trade-WA>>.

1421 *ibid*.

The Chamber of Commerce and Industry of Western Australia (CCIWA) emphasised that WA ‘needs to better articulate the investment opportunities available in the State and its commitment to supporting deal flow.’¹⁴²² CCIWA Chief Executive Officer Christopher Rodwell added that ‘WA currently does not run off a single deal book in terms of even looking at bringing Indian investment’ to WA.¹⁴²³ In a similar vein, the Perth USAsia Centre called for leadership in articulating the ‘considerable economic opportunities that can be realised if a different engagement approach is formulated and executed.’¹⁴²⁴ It recommended that JTSI develop and promote a tailored Investment Prospectus for Indian investment into WA.¹⁴²⁵

The Australia India Business Council: WA Chapter (AIBC) added that WA should ‘fundamentally rethink’ its FDI strategy to ensure WA succeeds in attracting long-term sustainable investment to grow the economy and create jobs.¹⁴²⁶ In its view, this strategy should be based on the investor pitch, investor awareness and investor engagement as noted in figure 11.3.

Figure 11.3: Australia India Business Council: WA Chapter three-stage strategy to attract investment



As noted in the diaspora section in chapter 4, the State Government could leverage the Indian business diaspora to attract Indian investment in WA.

On the regulatory front, there are concerns about regulations and the cost of entering the WA market. As noted in chapter 8, Indian investors consider Australia’s regulatory environment difficult and too bureaucratic, and there has been a high level of frustration when investing in Australia. In November 2019, India’s second largest IT company, Infosys, raised concerns about Commonwealth Government visas imposed on IT workers, the \$5,000 skills levy per worker and how that money is spent (it is supposed to be deposited into the

1422 Submission 20, Chamber of Commerce and Industry of Western Australia, p2.

1423 Christopher Rodwell, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p9.

1424 Submission 5, Perth USAsia Centre, p15.

1425 *ibid.*, p25.

1426 Submission 14, Australia India Business Council: WA Chapter, p8.

Skilling Australians Fund). While not under WA control, Infosys questioned why visas in the IT industry are short term, and why there is not free mobility of talent to Australia.¹⁴²⁷

JTSI, which promotes investment in WA, is aware of the importance of informing potential investors about the WA market in light of previous experience. In JTSI's words:

Recent Indian investments in Western Australia have highlighted the importance of ongoing communication about commercial terms and conditions, investment settings, the role of the State Government in industry development and company obligations under State legislation.¹⁴²⁸

Regulatory improvement could generate greater investment from overseas. Again, Streamline WA, a whole-of-government initiative aimed at making it easier to do business in WA by improving regulation and regulatory practice, is 'critically important'.¹⁴²⁹

The Perth USAsia Centre considers the Business Migration Program an opportunity to increase investment in WA. It submitted that WA should further integrate its Business Migration Program into its 'broader Indian economic engagement and investment facilitation programs' and consider increasing the marketing of business and investment visas in India.¹⁴³⁰ Although visa settings are largely within the domain of the Commonwealth Government, the State Government sets parameters in particular areas including through its Business Migration Program. This is discussed in chapter 12.

Finding 94

A sustained, proactive effort is required to facilitate Indian investment in Western Australia. Particular emphasis should be placed on articulating and communicating investment opportunities and engaging and welcoming investment partners.

Recommendation 23

That the State Government:

- review Western Australia's strategy to attract Indian investment to Western Australia;
- develop and promote a tailored Investment Prospectus for Indian investment into Western Australia, focusing on priority sectors; and
- resource department/s to enable them to proactively identify and provide a high level of support to companies seeking to invest in Western Australia, particularly in priority sectors such as mining, renewable energy and agribusiness.

1427 Matthew Cranston, 'Indian giant raises visa tax concerns', *Australian Financial Review*, 14 November 2019, p11.

1428 Submission 24, Department of Jobs, Tourism, Science and Innovation, p11.

1429 Christopher Rodwell, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p11.

1430 Submission 5, Perth USAsia Centre, p25.

Recommendation 24

That the State Government explore opportunities to further integrate Western Australia's Business Migration Program with the State's broader Indian economic engagement and investment facilitation programs, to attract Indian investment to Western Australia.

Western Australian investment in India

The inclusion of *outward* investment targets in the Varghese Report reflects the importance of Australian investment in India. Again, the targets aim for:

- outward Australian investment to India to rise almost tenfold from \$10.3 billion to over \$100 billion by 2035; and
- India to be Australia's third largest destination in Asia for outward investment by 2035.¹⁴³¹

Increasing investment in India will bring deeper economic integration with India and contribute to increased Australian trade and competitiveness.¹⁴³²

The Indian Government is keen to attract investment. In particular:

- The Indian Government has liberalised investment settings since the early 1990s to attract investment, including raising foreign equity limits across many sectors, allowing automatic FDI approvals in most sectors, tax reforms, capital market liberalisation and interest rate deregulation.¹⁴³³
- India has introduced key reforms to further attract foreign investment including in building new highway roads, dedicated freight corridors and shipping ports.¹⁴³⁴
- Invest India, the Government's 'one-stop shop for investing in India', actively promotes and facilitates investment in India. India seeks investment in its Make in India and Smart Cities initiatives.¹⁴³⁵

In 2018, only about 0.6 per cent of Australian outbound investment was allocated to India, less than that allocated to countries such as Luxembourg, the Netherlands, Bermuda and Papua New Guinea. ...

Every year that Australian companies delay engaging with India is another year when global competitors can potentially grab an opportunity, secure a local partner, gain an edge in terms of local knowledge or win market share that is difficult and expensive to win back. So start investing in India now. India is too big to ignore.

*Winning in Asia: Creating long-term value
(Asialink Business et al.)*

1431 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp4, 9.

1432 *ibid.*, p42.

1433 *ibid.*, p49.

1434 Submission 43, Melvyn Gilbert, p6.

1435 Invest India, *About us*, accessed 25 September 2020, <<https://www.investindia.gov.in/about-us>>.

- Due to India being a services and consumption-oriented economy, India's strategy is to invite inbound investment into the services economy.¹⁴³⁶
- In relation to portfolio or equity investment, India has allowed foreign institutional investment in its shares and debentures since 1992, and its foreign portfolio investment reforms are ongoing.¹⁴³⁷

On the other hand, FDI in India can be challenging with its complex federal system of government, bureaucracy and unpredictability. For example, state and local government permits and approvals required to invest often cause setbacks and delays.¹⁴³⁸ CCIWA's Chief Economist, Aaron Morey, observed that India is in the top two or three in the world for the most restrictive barriers for FDI and for setting up professional services firms in the country.¹⁴³⁹ Mr Morey highlighted that India stipulates 'that any information service provider needs to house the data within the country', and it has 'some of the laxest oversight' of intellectual property rights in the world.¹⁴⁴⁰

Yet India has significantly increased inwards FDI. FDI has grown by nearly 19 per cent per year over 20 years.¹⁴⁴¹ In 2018, investment accounted for 31 per cent of India's gross domestic product (GDP). Six states and territories have attracted over 75 per cent of FDI inflows since April 2000: Maharashtra, the Delhi National Capital Territory, Karnataka, Tamil Nadu, Gujarat, and Andhra Pradesh (WA's sister state). Maharashtra and New Delhi accounted for 51 per cent of total inflows; the other states accounted for nine, seven, five, and four per cent respectively. All other states recorded attracted only one per cent or less of total FDI inflows.¹⁴⁴² Indian states often expect relationships with Australia to begin with inward investment from Australia in small projects.¹⁴⁴³

Australian investment in India remains relatively low. Investing in Asia involves a shift in thinking for Australia. While seven out of 10 of Australia's trading partners are in Asia, seven out of the top 10 of Australia's investment destinations are *not* in Asia.¹⁴⁴⁴ Australian business traditionally invests in the United States or Europe. However, Australian investment in Asia has grown fourfold over the last 10 years.¹⁴⁴⁵

Japan, South Korea, the United Kingdom and the United States invest in India because they understand that they must be in the market to grow global sales.¹⁴⁴⁶ There are many

1436 Closed evidence.

1437 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp56, 57.

1438 *ibid.*, p42.

1439 Aaron Morey, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p10.

1440 *ibid.*

1441 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p49.

1442 Reserve Bank of India, *Quarterly Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to June 2019*, India, 2019, p3.

1443 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p313.

1444 *Australia exports, imports and trade balance, 2018*, accessed 16 June 2020, <<https://wits.worldbank.org/CountryProfile/en/Country/AUS/Year/2018/TradeFlow/EXPIMP>>.

1445 Asialink Business et al., *Winning in Asia: Creating long-term value*, Australia, 2020, p9.

1446 Closed evidence.

successful investments in India by multinational corporations, including household names such as Unilever, Suzuki, Prudential, Macquarie, Facebook, McDonalds, and Walmart.¹⁴⁴⁷

Indian operations have become the most valuable asset for many multinationals,¹⁴⁴⁸ and subsidiaries of large companies that invest in India usually outperform subsidiaries in other parts of the world.¹⁴⁴⁹ For example, Hindustan Unilever is India's largest fast-moving consumer goods company with a market capitalisation of over \$100 billion and annual sales of over \$8 billion. Its return on equity is 83 per cent, significantly higher than the parent company's return.¹⁴⁵⁰

Winning in Asia: Creating long-term value by Asialink Business and others, in August 2020, observed that 'one size doesn't fit all when it comes to market entry strategies and operational success for foreign companies in India'. The range of business strategies to operate in India include mergers and acquisitions, joint ventures, a majority or minority stake in a company, and distribution or franchise agreements.¹⁴⁵¹

Australian companies of different sizes operate in India. For example:

- The Macquarie Group has thrived in India. After establishing a securities brokerage business in 2005, it entered the infrastructure space in 2009 by partnering with the State Bank of India. Macquarie Infrastructure and Real Assets, which entered the Indian market in 2013, is now the largest foreign investor in Indian roads.¹⁴⁵²
- From WA, the Welshpool-based business, Airgroup Australia, exports evaporative air conditioners to India. India represents around 15 per cent of its overseas sales.¹⁴⁵³ In its view, personal relationships and visits, a trusted Indian distributor and a brand presence in India have provided the company with a competitive edge.¹⁴⁵⁴

According to Dr Mary Manning, who manages the Ellerson India Fund, Australian companies should consider investing in India because businesses could achieve higher returns on equity.¹⁴⁵⁵ In 2018–19, return on equity was higher in India than Australia in most sectors (see figure 11.4).¹⁴⁵⁶

1447 Asialink Business, *Asian Market Update Series puts spotlight on India*, 4 June 2020, accessed 16 June 2020, <<https://asialinkbusiness.com.au/news-media/asian-market-update-series-puts-spotlight-on-india>>.

1448 Asialink Business et al., *Winning in Asia: Creating long-term value*, Australia, 2020, p15.

1449 Closed evidence.

1450 Asialink Business, *Asian Market Update Series puts spotlight on India*, 4 June 2020, accessed 16 June 2020, <<https://asialinkbusiness.com.au/news-media/asian-market-update-series-puts-spotlight-on-india>>.

1451 Asialink Business et al., *Winning in Asia: Creating long-term value*, Australia, 2020, pp40–41.

1452 *ibid.*, p46.

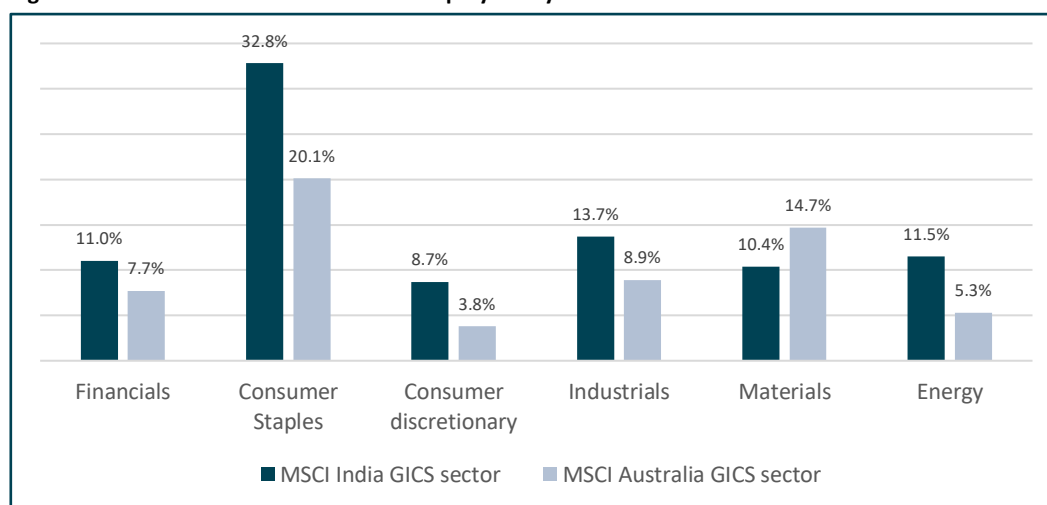
1453 Matt Mackenzie, 'Electric potential in India', *Business News*, 15 June 2020, p22.

1454 *ibid.*

1455 Asialink Business, *Asian Market Update Series puts spotlight on India*, 4 June 2020, accessed 16 June 2020, <<https://asialinkbusiness.com.au/news-media/asian-market-update-series-puts-spotlight-on-india>>.

1456 Bloomberg in Asialink Business et al., *Winning in Asia: Creating long-term value*, Australia, 2020, p42.

Figure 11.4: Australia and India return on equity in key sectors



MSCI – Morgan Stanley Capital International
GICS – Global Industry Classification Standard

Government has a role familiarising investors with the Indian market, and starting conversations about investing in India. The Varghese Report was confident that Australian FDI in India would increase over time with better information on market potential.¹⁴⁵⁷ The Australia–India Comprehensive Strategic Partnership emphasised the need for both sides to bridge knowledge and expectation gaps regarding investment prospects;¹⁴⁵⁸ a theme repeated during the Committee’s inquiry.

[There is] a gap in understanding in corporate Australia—that is, how to invest in India, where to invest, and business and operating models to execute outbound investment effectively.

Winning in Asia: Creating long-term value
(Asialink Business et al.)

It is important for the State Government to continue to support investment (FDI and equity) and an in-market presence of WA businesses, particularly where investments build strategic relationships or support WA trade.¹⁴⁵⁹ Support for investment could include:

- providing incentives to WA business owners to invest in India, for example, tax breaks, land services, and reduced red-tape;¹⁴⁶⁰
- arranging investment missions to India, for example, to consider superannuation fund investment in India;
- leveraging the Indian diaspora to support investment promotion, or surveying the Indian business diaspora to identify opportunities;¹⁴⁶¹ and

1457 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p51.

1458 Department of Foreign Affairs and Trade, *Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia*, 4 June 2020, accessed 10 August 2020, <<https://www.dfat.gov.au/geo/india/Pages/joint-statement-comprehensive-strategic-partnership-between-republic-india-and-australia>>. See also *ibid.*, recommendation 1, p61.

1459 Submission 5, Perth USAsia Centre, p24.

1460 Submission 40, Grover Projects, p3.

1461 *ibid.*

- providing platforms for WA businesses to pitch ideas on Indian investment. Inquiry participant Karthik Pasumarthi considers that there should be platforms available for WA's 'incredible entrepreneurs with unique ideas' to pitch ideas for Indian investment.¹⁴⁶²

The *Winning in Asia: Creating long-term value* report observed that there is a sense of urgency for Australian companies to engage more meaningfully in India because:

(1) the scramble for new economy assets in India is driving up valuations and may crowd out companies that are late movers; and (2) the Indian government is currently offering incentives to induce FDI out of China and into India, which will benefit all foreign companies wishing to engage.¹⁴⁶³

Finding 95

While seven out of Australia's top ten trading partners are in Asia, seven out of the top 10 of Australia's investment destinations are *not* in Asia. Australian businesses traditionally invest in the United States or Europe.

Japan, South Korea, the United Kingdom and United States invest in India because they understand that they must be in the market to grow global sales. Indian operations have become the most valuable assets for many multinational corporations.

Finding 96

Western Australian investment in India by Western Australian businesses (foreign direct investment or equity investment) is important to grow the Western Australia–India economic relationship.

There is a lack of understanding in corporate Australia on how and where to invest in India. The State Government has a role in familiarising business about the Indian market and supporting investment in India.

1462 Submission 6, Karthik Pasumarthi, p1.

1463 Asialink Business et al., *Winning in Asia: Creating long-term value*, Australia, 2020, p48.

Chapter 12

Initiatives to grow the economic relationship

If we want to rise above the noise that is in the [Indian] market, we have to turn the volume up on a number of fronts. ... If we are louder, we are noisier, we are out there and we are investing in the future—we are not talking about throwing money; we are talking about investing in economic worth for this economy for the long-term future.

Kevin Brown, Chief Executive Officer, Perth Airport

This chapter outlines initiatives to grow the WA–India economic relationship, noting the State Government’s central role in strategically leading, promoting and facilitating the WA–India economic relationship; fostering relationships and people-to-people links with India, including government-to-government, government-to-business, and business-to-business links; and assisting and educating businesses and institutions to engage with the Indian market.

As noted in finding 12, WA’s trade dynamic with India differs from our relationships with partners such as China, Japan and Korea, and requires a different approach. A range of products and services are likely to underpin the relationship, as opposed to single commodities. The supply/demand dynamics are also very different: India is able to meet much of its own demand for WA’s existing major exports. Western Australia must therefore adopt a different, more layered and proactive engagement strategy.

Evidence to this inquiry repeatedly suggested that the State should ‘turn the volume up’ (see above quote) to grow the WA–India relationship. For example, David Norman, the senior policy adviser to the Vice-Chancellor at the University of Western Australia (UWA), considers that the State Government ‘needs to do more’ to grow business engagement in India, ‘could be doing a lot more to support business’, and ‘a lot more will follow from [increasing] Indian investment in WA’.¹⁴⁶⁴ Mr Norman also observed that other countries invest and provide government support that goes ‘beyond shaking hands and having meetings’, with the state underwriting business investment and strategies.¹⁴⁶⁵

If Australia—and by extension, WA—fails to sufficiently increase its economic engagement with India, the foregone growth may relegate us further down world economic league tables. According to Professor Stephen Smith, by 2050, in ‘the same projections which see India and Indonesia being in the top four economies, Australia is struggling to be in a G30, let alone a G20 [forums for governments with the largest 30 and 20 economies in the world]’.¹⁴⁶⁶

1464 David Norman, University of Western Australia (UWA), *Transcript of Evidence*, 20 March 2020, pp3, 5.

1465 *ibid.*, p5.

1466 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p4.

Many initiatives listed below reflect the themes canvassed in chapter 4, such as pursuing a targeted approach, fostering people-to-people relationships, and making a long-term commitment to develop the relationship with India. As *An India Economic Strategy to 2035: Navigating from Potential to Delivery* by Peter Varghese (Varghese Report) emphasised, there is a need for a mature pattern of engagement characterised by ‘clear and sustained focus, mutual benefit and innovation’ to elevate the economic partnership with India to its full potential.¹⁴⁶⁷ Many of the initiatives suggested below also seek to address the challenges of the Indian market outlined in chapter 5, namely that:

- India is an enormous, complex market;
- India has some of the highest tariffs in the world, and non-tariff barriers;
- there is a lack of awareness of opportunities in India and vice versa;
- there is a lack of understanding of India and its business culture; and
- the lack of direct flights are an impediment to growing the relationship in all sectors.

The value of sister state relationships

Sister state relationships

India is an extraordinarily challenging market to tackle ‘as a whole’. Ambassador Anil Wadhwa, the former diplomat tasked by the Indian Government with writing the forthcoming *Australia Economic Strategy* (Wadhwa Report), advised the Committee that in India it is ‘better to go bite by bite, step by step’.¹⁴⁶⁸

State-to-state engagement is becoming increasingly important to unlocking opportunities.

Department of Foreign Affairs and Trade

Following a more targeted approach, many Australian states have entered into sister state agreements or memoranda of understanding with Indian states aimed at building trade and investment in areas identified as that state’s strengths. As noted in chapter 3, India’s states are assuming more economic decision-making power from the central government, and control many of the levers for business and investment.

Sister state relationships have a number of advantages. They facilitate access to the partner state, can provide a pathway to engagement with businesses or chambers of commerce in Indian states, and provide a form of endorsement from the Indian state government.¹⁴⁶⁹ Ambassador Wadhwa explained the advantages of sister state relationships with India:

The sister state relationship always had its own advantages because that means that there is much more focus on effort between countries ... and the access which is available is always much better in terms of exchange of delegations and also the occasions on which both sides would get in touch with each other, meet each other

1467 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p346.

1468 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p3.

1469 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p313.

or be in touch nowadays, for example, virtually. So certainly it is an advantage if WA does have that kind of relationship with a state in India, and I think it is the right approach. Many [states] in India follow that approach.¹⁴⁷⁰

WA has a sister state agreement with the State of Andhra Pradesh (see below). The Committee heard that the State Government should consider a sister state relationship with more than one Indian state, including:

- West Bengal, where the Commonwealth Government recently opened a Consulate General in Kolkata, particularly given WA's strengths in mining and mining equipment, technology and services (METS);¹⁴⁷¹
- Rajasthan, Uttar Pradesh, Haryana, Punjab, Delhi, Maharashtra, Karnataka and Gujarat;¹⁴⁷² and
- developing states on the north and eastern sides of India such as Uttar Pradesh, Bihar, Chhattisgarh, Assam and Uttarakhand.¹⁴⁷³

The Western Australia–Andhra Pradesh sister state relationship

In December 2016, Hon Colin Barnett, Premier, and Hon N. Chandrababu Naidu, Chief Minister of State of Andhra Pradesh, signed a sister state agreement (the Sister State Agreement). The Sister State Agreement outlines a framework for economic and governance cooperation. It also identifies 'initial projects' in the following complementary sectors:

- mining and mining services—including the potential to provide geoscientific information and collaborate on mining exploration and development;
- agriculture and fisheries—including exploring collaboration opportunities in fisheries management, and agriculture management, technology and training;
- energy production and distribution—including investigating the potential to develop offshore oil and gas expertise, and opportunities to invest in liquefied natural gas (LNG) infrastructure in Andhra Pradesh; and
- higher and vocational education and training—including assessing developing specific university courses in Andhra Pradesh in mining-related studies, and the potential to develop vocational courses in mining and health skills.¹⁴⁷⁴

Located on the southeast coast of India, Andhra Pradesh, like WA, is a strong mining and agriculture state. Andhra Pradesh offers unrealised mineral wealth, offshore oil and gas development and onshore distribution opportunities, an evolving agriculture sector, and a large future workforce seeking tertiary and vocational education.¹⁴⁷⁵ It is also developing

1470 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p3.

1471 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p5.

1472 Submission 32, International Business Council of Australia, p1.

1473 Submission 7, Federation of Indian Associations of WA, p13.

1474 Government of Western Australia and Government of Andhra Pradesh, *Agreement on the establishment of sister state relations between State Government Andhra Pradesh – Republic of India and State Government of Western Australia – Commonwealth of Australia*, 2016, p2.

1475 Department of Foreign Affairs and Trade, 'Finding a "state mate" may be the key to deeper economic relations', *Business Envoy* (web-based), 3 April 2017, accessed 22 September 2020,

ports, urban infrastructure, and is home to India's Eastern Naval Command at Vishakhapatnam.¹⁴⁷⁶ There are major economic hubs in the growing cities of Vijayawada and Vishakhapatnam.¹⁴⁷⁷ As at February 2020, water management was a 'high priority' for the sister state relationship.¹⁴⁷⁸

A state of nearly 50 million people, its vision is to be a developed state by 2029 and India's gateway to South East Asia by 2050.¹⁴⁷⁹ At the time of the Sister State Agreement, Andhra Pradesh was ranked number one in India for its ease of doing business and its annual growth in gross domestic product (GDP) was above 10 per cent.¹⁴⁸⁰ As noted in chapter 3, Andhra Pradesh is one of the 10 priority states in the Varghese Report.

The Sister State Agreement was, according to the Perth USAsia Centre, a 'very good strategic move at that time', and remains 'a sound platform for strategic WA engagement'.¹⁴⁸¹ After signing the agreement, a Department of Mines and Petroleum delegation attended the Andhra Pradesh Partnership Summit in February 2017,¹⁴⁸² and Hon Roger Cook, Deputy Premier, visited Vijayawada in August 2017.¹⁴⁸³ The Varghese Report observed that it is 'crucial' for sister state agreements to establish a project plan to give practical effect to agreement.¹⁴⁸⁴ It is unclear whether a project plan or project plans were developed to give effect to the Sister State Agreement.

***[The] WA-Andhra Pradesh
Sister State relationship
provides a sound platform for
strategic WA engagement.***

Perth USAsia Centre

A change of government in Andhra Pradesh in May 2019 resulted in the election of the Yuva Jana Samika Rythu Congress Party, and has changed the dynamics of the WA-Andhra Pradesh relationship. There is some uncertainty around the economic policies and direction of the new Government.¹⁴⁸⁵ The Government of Western Australia's India office (GoWA India) is building relationships with senior members of the new Government.¹⁴⁸⁶

<https://www.dfat.gov.au/about-us/publications/trade-investment/business-envoy/Pages/april-2017/finding-a-state-mate-may-be-the-key-to-deeper-economic-relations>.

1476 Submission 5, Perth USAsia Centre, p41.

1477 Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p19.

1478 Submission 24, Department of Jobs, Tourism, Science and Innovation, p15.

1479 Andhra Pradesh Economic Development Board, *Vision & Mission*, accessed 23 September 2020, <<http://apedb.gov.in/vision-mission.html#>>.

1480 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p317.

1481 Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p19.

1482 Department of Mines, Industry Regulation and Safety, *Visit cements Sister State relationship with Andhra Pradesh*, 9 February 2017, accessed 25 September 2020, <<http://www.dmp.wa.gov.au/News/Visit-cements-Sister-State-21151.aspx>>.

1483 Hon Roger Cook, Deputy Premier, *Indian opportunities abound on Deputy Premier's visit*, media release, 29 August 2020.

1484 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p313.

1485 Professor Gordon Flake, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p19.

1486 Submission 24, Department of Jobs, Tourism, Science and Innovation, p15.

It is difficult to identify the public and private sector partnerships entered into under the auspices of the Sister State Agreement, and the status of those partnerships. The Committee is aware of the following agreements with the State of Andhra Pradesh:

- An agreement between NSL Consolidated Limited (later called IndiOre, then Elmore) and the State of Andhra Pradesh to develop iron ore mines in Andhra Pradesh.¹⁴⁸⁷ IndiOre has since announced it was ceasing operations following a failed project expansion in India.¹⁴⁸⁸
- An agreement between Australian Indian Resources and the State of Andhra Pradesh to develop gold and base metal deposits in Andhra Pradesh.¹⁴⁸⁹
- An agreement between Curtin University and the Andhra Pradesh Mineral Development Corporation to establish a world class mining institute in Andhra Pradesh.¹⁴⁹⁰
- An agreement between the Cooperative Research Centre for Water Sensitive Cities (CRCWSC) and the State of Andhra Pradesh to bring Australian water sector expertise to Andhra Pradesh and modernise water systems in Vijayawada, Andhra Pradesh.¹⁴⁹¹ (While CRCWSC is based out of Monash University, it has strong participation from WA).

Also, in April 2019, the WA renewable energy technology company Village Energy commenced a pilot project in Andhra Pradesh, helping rural communities to access reliable and more affordable electricity through advanced technology.¹⁴⁹²

There is a view that the sister state relationship has not delivered on its potential. UWA said that the relationship 'has not achieved what it might have, particularly as Andhra Pradesh is building a new capital city and major ports, and has underutilised energy and mineral deposits, all things which align with expertise and industry in our State and which should present significant business opportunities'.¹⁴⁹³ Professor Kadambot Siddique, Director of the Institute of Agriculture at UWA, considers that the sister state relationship has 'failed'.¹⁴⁹⁴ The Department of Jobs, Tourism, Science and Innovation (JTSI) counters that there have been 'some good achievements'.¹⁴⁹⁵

1487 Department of Jobs, Tourism, Science and Innovation, *Western Australia's Economic Relationship with India: Information for the Economics and Industry Standing Committee*, July 2019, p3.

1488 Angela East, 'Investors are fed up with pumping, dumping, gouging and shorting – and ASIC's gutless response to it all', *Stockhead* (web-based), 8 August 2019, accessed 26 October 2019, <stockhead.com.au/news/investors-are-fed-up-with-pumping-dumping-gouging-and-shorting-and-asics-gutless-response-to-it/>; Adrian Rauso, 'Questions over halted project investigation', *Business News* (web-based), 15 July 2019, accessed 10 December 2019, <<https://www.businessnews.com.au/article/Questions-over-halted-project-investigation>>.

1489 Department of Jobs, Tourism, Science and Innovation, *Western Australia's Economic Relationship with India: Information for the Economics and Industry Standing Committee*, July 2019, p3.

1490 *ibid.*, p2.

1491 *ibid.*

1492 Submission 24, Department of Jobs, Tourism, Science and Innovation, p15.

1493 Submission 2, UWA and UWA Public Policy Institute, p3.

1494 Professor Kadambot Siddique, UWA, *Transcript of Evidence*, 20 March 2020, p6.

1495 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p17.

There is, however, optimism about the potential of the sister state relationship and the range of complementary opportunities in Andhra Pradesh. JTSI believes the relationship benefits WA as it gives WA access and a competitive edge in Andhra Pradesh that other Australian states do not have.¹⁴⁹⁶ The Australia India Business Council is so optimistic about the relationship that it says GoWA India should open an office in Andhra Pradesh, to foster investment opportunities in areas such as sustainable commercial fishing, architectural services, urban infrastructure, ports, and the metro rail gas pipeline.¹⁴⁹⁷ The Committee also heard of the opportunities in:

- water management, agritech and irrigation, which are areas of expertise for WA;¹⁴⁹⁸ and
- the agriculture sector, which is growing in Andhra Pradesh, with opportunities for growth in dairy, fisheries and aquaculture—the strong WA fisheries industry is a clear complementary, particularly given recent Government investment in aquaculture.¹⁴⁹⁹

There is limited public information about the Sister State Agreement and the opportunities in Andhra Pradesh. The WA Chapter of the Australia India Business Council (AIBC) noted that it is ‘difficult to identify any specific milestones or outcomes from the agreement’.¹⁵⁰⁰ Inquiry participants suggested that the State Government provide information on the volume of trade between the states, and a list of WA businesses dealing with Andhra Pradesh and vice versa.¹⁵⁰¹ Some participants also suggested that the State Government carry out on-field research to provide an insight into work being undertaken and the opportunities available in Andhra Pradesh.¹⁵⁰² Participants also recommended that the State Government:

- review and examine activity under the Sister State Agreement, and what is limiting state-to-state and private sector partnerships and WA business engagement in Andhra Pradesh, and make its findings available to WA stakeholders;¹⁵⁰³
- explore ways to enhance current initiatives and pursue new initiatives to support WA–India trade and investment growth;¹⁵⁰⁴ and
- to enhance water management opportunities, the Department of Water and Environmental Regulation and Water Corporation explores providing urban water technical services and capacity building programs to Andhra Pradesh.¹⁵⁰⁵

Our sister city arrangement is great, but are we really working it hard enough to make it beneficial and to show them that we are committed for the long haul? We do our trips and we come back, but we need to have a presence there that is building a network within that community.

*Peter Fear, Australia India Business Council:
WA Chapter*

¹⁴⁹⁶ *ibid.*, p16.

¹⁴⁹⁷ Submission 14, Australia India Business Council: WA Chapter, p7.

¹⁴⁹⁸ Closed evidence.

¹⁴⁹⁹ Submission 15, Department of Foreign Affairs and Trade, p2.

¹⁵⁰⁰ Submission 14, Australia India Business Council: WA Chapter, p7.

¹⁵⁰¹ Submission 6, Karthik Pasumarthy, p1.

¹⁵⁰² Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p1.

¹⁵⁰³ Submission 5, Perth USAsia Centre, p21; Submission 2, UWA and UWA Public Policy Institute, p3.

¹⁵⁰⁴ *ibid.*

¹⁵⁰⁵ Submission 5, Perth USAsia Centre, p46.

The State Government's *Reform of International Trade and Investment Office Network: Implementation Plan* (ITIO Implementation Plan), stated that JTSI and overseas offices 'should work to give ongoing attention and support to current sister state relationships to ensure that they are achieving maximum value for WA'.¹⁵⁰⁶ The Committee agrees insofar as this relates to the Andhra Pradesh sister state relationship.

Finding 97

Australian and Indian state-to-state engagement is becoming increasingly important to unlock economic opportunities. There is considerable opportunity within the scope of the relationship between Andhra Pradesh and Western Australia.

Finding 98

There has been a change in the dynamic of the Western Australia and Andhra Pradesh sister state relationship following the election of a new government in Andhra Pradesh. However, there remains considerable potential in this relationship across a range of sectors and the State Government continues to engage to build new relationships.

Recommendation 25

That the State Government:

- provide greater transparency on trade and business engagement between Western Australia and Andhra Pradesh under the sister state relationship, and the opportunities in Andhra Pradesh, to the extent that this is possible; and
- examine how to enhance and support the sister state relationship to ensure that it is achieving maximum value for Western Australia.

Ministerial visits

An increased pattern of ministerial visits to India: an important 'first step'

The Varghese Report highlighted the importance of applying sustained, high-level attention to the bilateral relationship with India.¹⁵⁰⁷ It observed that ministerial visits to India:

- send important signals to the public sector and business about the level of government commitment;
- help 'cut through' public sector inertia and 'create a head-turning effect for business';
- are 'essential for aligning the two countries' policies and standards and providing avenues to advocate for issues of concern for business';
- allow for 'effective working relationships and mutual understanding of each other's priorities and capabilities'; and

¹⁵⁰⁶ Department of Jobs, Tourism, Science and Innovation, *Reform of the International Trade and Investment Office Network: Implementation Plan*, Government of Western Australia, Perth, 2020, p10.

¹⁵⁰⁷ Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p10.

- may set an agenda for practical joint activities, which can demonstrate to the Indian Government the benefits of partnering with Australia.¹⁵⁰⁸

Until recently, WA ministerial visits to India were sporadic (see appendix 6 for details of ministerial visits between 2000 and 2019, and box 12.1 for the meaning of visit and trade mission in this report). In particular:

- there was no WA ministerial visit to India in the five years between September 2009 and April 2015;
- there were 10 ministerial visits to India in the four and a half years between April 2015 and the November 2019 visit by Hon Mark McGowan, Premier; and
- between August 2018 and August 2019, the Minister for Tourism visited India four times in his bid to secure direct flights (visits included in the 10 visits noted above).

The Department of Foreign Affairs and Trade (DFAT) considers this increased pattern of WA ministerial visits to India as ‘an encouraging first step’.¹⁵⁰⁹ The Committee heard that to be most effective, ministerial visits must be a sustained, regular occurrence,¹⁵¹⁰ and be supported by further ministerial missions and business missions (see pull quote).

It really comes back to ... amplifying that people-to-people engagement. Indian businesses invest a lot of time in that; we need to as well. Yes, it is great that we have had a number of Western Australian government ministers travel to India ... but that has to be supported by further ministerial missions as well as business missions.

Michael Carter, Chamber of Commerce and Industry of Western Australia

Despite the increase in ministerial visits, the Perth USAsia Centre recommended that the State Government ‘[i]ncrease the frequency and impact of senior WA economic development and services-sector Ministerial visits to India. At the same time, further encourage senior Indian Ministerial counterparts to visit WA’.¹⁵¹¹ To ensure that ministerial visits are a sustained, regular occurrence, the Varghese Report recommended that the Commonwealth Government aim for:

- annual ministerial engagement in three of the identified priority sectors (education, agribusiness and resource sectors); and
- biennial ministerial engagement in a further six ‘promising sectors’ (energy, health, financial services, infrastructure, sport, science and innovation).¹⁵¹²

As noted in chapter 3, state ministers can leverage the power of the Commonwealth Government by participating in Commonwealth ministerial or trade delegations to India. In

1508 *ibid.*, pp346, 348, 349.

1509 Submission 15, Department of Foreign Affairs and Trade, p3.

1510 Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p347.

1511 Submission 5, Perth USAsia Centre, p18.

1512 The Varghese Report said the remaining sector, tourism, could be ‘covered by the annual trade ministers meeting’. See Commonwealth of Australia, [An India Economic Strategy to 2035: Navigating from Potential to Delivery](#), by Peter Varghese, Barton, 2018, p348.

recommendation 1, the Committee recommends that ‘Western Australia maintains a strong presence at high-level Commonwealth Government events ... Where practicable, ministers should represent the State at significant Commonwealth-led business missions and other trade delegations to India’.

Western Australia’s Overseas Trade and Investment Offices Review by the Overseas Trade and Investment Offices Review Panel¹⁵¹³ suggests that ministerial visits are not planned as efficiently as they could be. The Panel found that JTSI received little notice about upcoming visits. This stretched the limited resources of the international offices and affected the effectiveness of the visits as ‘a significantly better result could be achieved if greater notice was provided’.¹⁵¹⁴ To assist international offices, the Panel recommended that ‘an annual visits program for Ministers, including any accompanying delegations, should be developed for consideration by the Premier and Cabinet as part of the budget cycle.’¹⁵¹⁵ The Panel also acknowledged that there may be exceptions where advance warning is not possible.¹⁵¹⁶

Box 12.1: A visit or trade mission?

In this report, ministerial or other visits differ from ‘trade missions’ in that visits focus on building high-level government-to-government relationships and/or agreements. Visits may have elements of a mission. There is some overlap in language used by governments. For example, ministers are often said to lead ‘trade delegations’, although these delegations are often not focused on one specific field.

Trade missions are discussed further below. In this report a ‘trade mission’ refers to a delegation that focuses on business or investor needs and connections. Trade missions seek to enable participants to access the Indian market (or WA market if an inbound mission) in a particular sector or field (subsector). An example of a trade mission is the NSW fintech trade mission to India. Trade missions often coincide with a sector-specific conference or trade show.

Building on ministerial visits: other opportunities

As noted in chapter 3, the Governor of Victoria, Her Excellency The Honourable Linda Dessau AC, visited India in 2017 and 2018. The Committee is also aware that the (then) Governor of WA, His Excellency The Honourable Major-General Michael Jeffery AC, AO (Mil) headed a trade delegation to India in 1997.¹⁵¹⁷ Commentators have suggested that the State Government could invite the Governor of Western Australia, His Excellency The Honourable Kim Beazley AC to lead or join a delegation visiting India. Governor Beazley seems particularly suited to this role given his foreign affairs experience, work with StudyPerth to attract students to Perth, and his being a distinguished fellow of the Perth USAsia Centre.

UWA and its Public Policy Institute recommended ‘more consistent and sustained engagement by ministers **and** the State Government more broadly to drive awareness in India and in WA of the opportunities presented by increased economic engagement [emphasis added]’.¹⁵¹⁸ WA departments’ visits with their Indian counterparts ensure more

1513 Department of Jobs, Tourism, Science and Innovation, *Western Australia’s Overseas Trade and Investment Offices Review*, by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p38.

1514 *ibid.*, p87.

1515 *ibid.*

1516 *ibid.*

1517 Hon Hendy Cowan, Deputy Premier, *Deputy Premier leads trade mission to India*, media release, 7 February 2000.

1518 Submission 2, UWA and UWA Public Policy Institute, p3.

sustained engagement with India, and may assist in building relationships in priority sectors and priority states such as Andhra Pradesh.

Chambers of commerce and business may also lead and support visits to India. Chamber delegations may be effective in building strategic relationships and securing opportunities given India's entrenched culture of business engaging through chambers of commerce and economic institutions (as noted in chapter 4).¹⁵¹⁹ The Perth USAsia Centre recommended that the State Government 'explore what further support can be provided to WA's business chambers, industry institutions and companies to visit India, and to encourage senior Indian business chambers, industry institutions and companies to visit WA'.¹⁵²⁰

The Perth USAsia Centre also recommended that WA increase the frequency of Parliament of Western Australia delegations to India, including to Andhra Pradesh, and encourage Indian state parliamentary delegations to visit WA. Delegations should focus on examining WA–India trade and investment growth opportunities.¹⁵²¹

The importance of inbound visits

To build the India relationship and promote commercial opportunities, it is important to pursue inbound ministerial visits, as well as delegations by departments, institutions, chambers of commerce, and industry.¹⁵²² As noted in this report, there have been a few inbound Indian visits, and the State Government invites Indian delegations to visit Perth.¹⁵²³

The Perth USAsia Centre, which in the 15 months prior to February 2020 undertook four delegations to India, has brought 'a steady stream of Indian scholars, government officials and business leaders' to WA.¹⁵²⁴ Professor Stephen Smith, a board member of the Perth USAsia Centre, noted that Indian delegates who come to WA once 'will come again'.¹⁵²⁵ On the importance of inbound visits, he observed that:

[The Perth USAsia Centre is] doing the running, and that running has to be done by us going there in the first instance and dragging them back, whether it is a Chamber of Commerce delegation, whether it is a trade delegation, whether it is a parliamentary committee delegation. All of these drops of water on marble will eventually break through and secure a trade and investment relationship.¹⁵²⁶

Diaspora participation

Inbound and outbound visits and trade missions should include the participation of an appropriate member of the WA Indian diaspora. In the Committee's view, a representative from the AIBC, who accompanied Premier McGowan to India in November 2019, while

¹⁵¹⁹ Submission 5, Perth USAsia Centre, p21.

¹⁵²⁰ *ibid.*, p19.

¹⁵²¹ *ibid.*, p21.

¹⁵²² Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p11.

¹⁵²³ Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p20.

¹⁵²⁴ Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p3.

¹⁵²⁵ *ibid.*, p11.

¹⁵²⁶ *ibid.*

important, should not count as the diaspora member. If the State Government appoints Indian champions (see below), a champion from the diaspora may be an ideal participant.

Virtual visits: innovating in a COVID-19 world

To reflect the realities of a COVID-19 world, JTSI is assessing how it might replicate next year's schedule of delegations and trade missions 'in a digital way'.¹⁵²⁷ Such action is commendable and reflects Ambassador Wadhwa's advice to the Committee that WA should conduct virtual trade missions (as noted below). Virtual ministerial visits can be effective, as demonstrated by the Australia and India virtual summit in June 2020.

Finding 99

Western Australian ministerial visits to India have historically been sporadic; while there were no ministerial-level visits between September 2009 and April 2015, there were 10 ministerial visits between April 2015 and November 2019.

This increased pattern of visits is a very positive step. Regular and sustained ministerial visits to India build high-level connections and facilitate trade and investment relationships. Ministerial visits and trade missions should continue, particularly in priority sectors.

Finding 100

It is important to encourage Indian ministers, departments, chambers of commerce, industry, and institutions to visit Western Australia.

Recommendation 26

That the State Government:

- develop an annual visits program that ensures a regular and sustained pattern of ministerial visits to India;
- consider inviting the Governor of Western Australia to lead or participate in visits;
- encourage Western Australian departments, chambers of commerce, industry, and institutions to visit India for the purpose of building relationships;
- encourage Indian ministers, departments, chambers of commerce, industry, and institutions to visit Western Australia;
- pursue virtual visits as an alternative to travelling to India (and vice versa) in the COVID-19 environment;
- ensure that members of the diaspora and, if appointed, a Western Australia Indian 'champion' participate in outbound and inbound visits; and
- focus visits on fostering trade and investment opportunities in priority sectors.

1527 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p19.

Recommendation 27

That the Parliament of Western Australia:

- increase the frequency of parliamentary delegations to India; and
- invite Indian state parliamentary delegations to visit Western Australia.

Appointing India champions

To assist the Commonwealth Government to apply sustained, high-level attention to its relationship with India, the Varghese Report recommended that the Commonwealth Government assign a Cabinet-level ministerial champion for each of the 10 priority sectors identified in the Varghese Report.¹⁵²⁸

The Commonwealth Government has since appointed four ministerial champions—the Commonwealth Minister for Education, Minister for Agriculture and Water Resources, Minister for Resources and Northern Australia, and Minister for Trade, Tourism and Investment—to the Varghese Report’s four lead sectors (education, agribusiness, resources and tourism respectively).¹⁵²⁹ Ministerial champions are appointed to ensure that the Varghese Report continues to receive high-level political leadership and attention. Greater engagement with Indian counterparts is an important part of the role.¹⁵³⁰ The Commonwealth Government also established a Committee of Ministerial Champions.¹⁵³¹

A number of state governments have benefitted from appointing a special envoy or high-level champion for India to engage with India and drive personal relationships.

Department of Foreign Affairs and Trade

Other states have benefited from appointing a champion or similar (see DFAT pull quote). Hon Barry O’Farrell AO was appointed as NSW Special Envoy to India prior to his appointment as Australia’s High Commissioner to India. As Special Envoy to India, Mr O’Farrell’s role was to represent NSW at key events and assist with hosting high-level business-to-business engagements, delegations and trade missions.¹⁵³² *Victoria’s India Strategy: Our Shared Future* provides that Victoria will appoint business ambassadors to champion the Victoria–India relationship.¹⁵³³ The *Queensland–India Trade and Investment Strategy 2018–2023* also provides that Queensland will appoint a Ministerial representative for India ‘to build presence and act as ‘source of truth’ about India and Queensland’.¹⁵³⁴

1528 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp10, 20, 349.

1529 Submission 15, Department of Foreign Affairs and Trade, p4.

1530 Commonwealth of Australia, *Government response to An India Economic Strategy to 2035*, Canberra, 2018, p1.

1531 Submission 15, Department of Foreign Affairs and Trade, p4.

1532 Pawan Luthra, 'New NSW trade envoy announced', *India Link* (web-based), 6 October 2016, accessed 21 September 2020, <<https://www.indianlink.com.au/new-nsw-trade-envoy-announced/>>.

1533 Government of Victoria, *Victoria’s India Strategy: Our Shared Future*, Melbourne, 2018, p16.

1534 Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018, p22.

Professor Smith advised the Committee that he considers the lack of champions to support ministers' work in India a 'real weakness', although he appears to have used the term 'champion' to mean 'advocate'.

[We] need to have Indian champions. It is not sufficient for the relevant Premier and minister of the day to be making the running on India; that is essential. It is not enough for the Prime Minister and the Minister for Trade to be making the running on India every day; that is essential. It needs to be buttressed by champions—parliamentary champions like this committee, but also business champions. That, to me, is our real weakness at the moment.¹⁵³⁵

An India champion could assist the minister and public sector to pursue WA's 'charm offensive' in India. They could represent WA at events and host or participate in engagements, delegations, trade missions and events. Indian champions could include prominent members of the diaspora, business people, chambers of commerce, members of Parliament, local government councillors, and people with profile in India (for example, cricketers).

Members of the WA diaspora with established business links to Indian states may be particularly effective champions. As Arun Natarajan, Managing Director of Annalakshmi Holdings, noted, 'since my roots are from the state of Tamil Nadu in India, connections within the state government of Tamil Nadu are strong, which can aid in [the] creation of [a] conducive environment for doing business'.¹⁵³⁶ Indian state governments may see participation by 'commercial players or chambers of commerce' at government-hosted events as a credible pathway to engagement.¹⁵³⁷ Further, and as noted in chapter 4, promoting the diaspora improves Australia's standing and influence in India.¹⁵³⁸

Indian businesses have come to Australia and set up businesses and we want to use them as advocates.

Mr Fear, Australia India Business Council: WA Chapter

There is also a role for parliamentary committees to advocate or 'champion' India.¹⁵³⁹ This inquiry has shone a light on the importance of growing the WA–India economic relationship. Economics and Industry Standing Committees in future Parliaments could periodically review the status and progress of the WA–India economic relationship.

Finding 101

The Commonwealth Government and other Australian states have appointed India champions or similar positions.

Recommendation 28

That the State Government consider appointing India champion/s.

1535 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p6.

1536 Submission 36, Annalakshmi Holdings, p2.

1537 Submission 15, Department of Foreign Affairs and Trade, p13.

1538 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp356–357.

1539 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p6.

Building ministerial and public sector capability

The Varghese Report recognises that a strategic investment in the Australia–India relationship is needed at all levels.¹⁵⁴⁰

It is important for government ministers and the public sector to be India capable (or ‘India literate’) given their role in drafting strategies and Market Plans, developing and implementing initiatives, and linking people and businesses to foster the WA–India economic relationship. Building ministers’ and the public sector’s India capability—that is, their ability to effectively engage with India—could also assist in their ability to:

- Think strategically and long term about how to grow the WA–India relationship.
The Department of Primary Industries and Regional Development (DPIRD), for example, noted that it could put more energy into taking a strategic, longer-term view of the relationship with India.¹⁵⁴¹
- Understand the opportunities and challenges of the Indian market, identify and facilitate opportunities, and foster people-to-people links.
Inquiry participant EasyMigrate Consultancy Services observed that ‘bureaucracy [and] Senior Management’ should be educated ‘to understand and appreciate the enormous benefits that could flow from closer ties and more trade with India.’¹⁵⁴²
- Give a greater priority to the Indian market.
As Hugo Seymour from the Perth USAsia Centre observed, ‘it appears that many of the departments and agencies who have an outward-looking focus and are part of this essential diversification story are yet to have India as a focus priority or a target market’.¹⁵⁴³ Professor Smith added that *Western Australia’s Overseas Trade and Investment Offices Review* disclosed that a range of departments ‘naturally fall for an external orientation for the potential for overseas work [and] do not have India on their list’.¹⁵⁴⁴ Inquiry evidence highlighted that the public sector could focus more on India.¹⁵⁴⁵

Building capacity across government ministers and departments will enable all sectors to ‘think India’, the way many currently think of China when considering trade and investment opportunities. The Chief Executive Officer (CEO) of the Perth USAsia Centre, Professor Gordon Flake, stressed the importance of this change in mindset:

[In] every sector in the WA state economy, there is somebody thinking about China today—in almost any sector. If you are in hearing, if you are working in cochlear implants, I guarantee they are thinking: what should we be doing with China today?

1540 Submission 15, Department of Foreign Affairs and Trade, p1.

1541 Nigel Grazia, Department of Primary Industries and Regional Development, *Transcript of Evidence*, 18 March 2020, p11.

1542 Submission 42, EasyMigrate Consultancy Services, p2.

1543 Hugo Seymour, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p9.

1544 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, pp12–13.

1545 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p8; Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p9.

And if you are in ag[riculture], they are thinking: what should we be doing with China today? We have really got to get to that same point with India.¹⁵⁴⁶

There is nothing you can do better than to have every institution in the state government, including the Parliament, and all the different school staff to be thinking every day: who and how can we engage India today, and how can we engage Indians to get them to come here? Because that is where [the relationship] is going to start [emphasis added].¹⁵⁴⁷

In September 2020, JTSI advised that a Public Sector Leadership Program relating to Asia, including India ‘had not yet commence due to COVID-19’.¹⁵⁴⁸ Asialink Business, Australia’s national centre for Asia capability, submitted that it has delivered bespoke India-focused high-level briefings to ministers, senior staff and external stakeholders, and programs in India capability to provide individuals with the skills to advance their engagement with India.¹⁵⁴⁹

Training could also be offered to local government councillors and officers who directly engage with India, perhaps under a sister city relationship (see chapter 12). The Local Government Association of Queensland and Asialink Business, with support from the Queensland Government’s Trade and Investment Queensland, deliver programs that provide mayors, elected representatives and executive staff at local councils with the skills and knowledge needed to engage with companies and representatives from Asia.¹⁵⁵⁰ In 2016, the local government catchments of Stirling, Gosnells, Canning, Wanneroo, Swan and Armadale had the highest number of residents with Indian ancestry.¹⁵⁵¹

Recommendation 29

That the State Government provide relevant ministers and public sector employees, including appropriate local government officers, with access to training to build India capability.

Building market intelligence

Not only is market intelligence important to identify opportunities in the Indian market, but business and institutions need market intelligence to effectively engage with India. For example, respondents to the *International Business Survey 2019* ranked ‘India specific market research’ as the most important information or services they need to effectively do business in India.¹⁵⁵²

1546 Professor Gordon Flake, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p14.

1547 *ibid.*, pp17–18.

1548 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 3 September 2020, p4.

1549 Submission 10, Asialink Business, p2.

1550 Asialink Business, *Queensland councils set sights on new era of business with Asia*, accessed 12 June 2020, <<https://asialinkbusiness.com.au/news-media/queensland-councils-set-sights-on-new-era-of-business-with-asia>>; Asialink Business, *Teaming up with local Queensland councils to access the Asian region*, accessed 12 June 2020, <<https://asialinkbusiness.com.au/news-media/teaming-up-to-help-local-queensland-councils-access-the-asian-region>>.

1551 Department of Local Government, Sport and Cultural Industries, *Western Australia (2016)*, accessed 13 October 2020, <<https://geografia.com.au/dlgsc/#/>>.

1552 Export Council of Australia et al., *Australia’s International Business Survey 2019*, Australia, 2019, p40.

To identify and maximise their opportunities in India, WA businesses and entities (especially small and medium-sized enterprises (SMEs)) require industry-specific information about customers, competition, growth potential, and possible obstacles. Perdaman Global Services, an international company based in Perth that is involved in many sectors of the Indian market, emphasised that WA must understand Indian market demand and have tangible business ties to develop opportunities.¹⁵⁵³

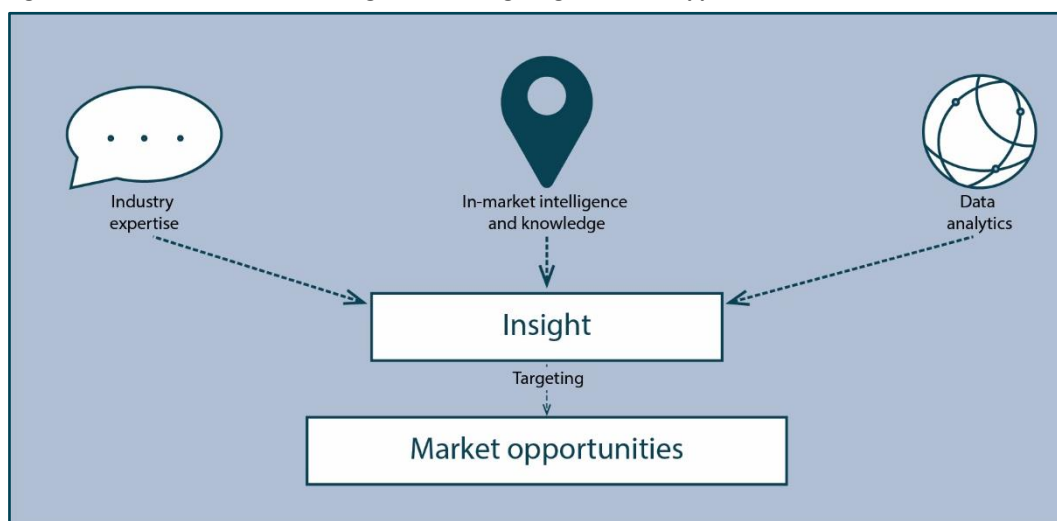
Good decisions need good information.

Western Australia's Overseas Trade and Investment Offices Review

Gathering market intelligence

JTSI is responsible for what the *Western Australia Investment and Trade Plan 2019–20* (Investment and Trade Plan) calls ‘insight-driven targeting of market opportunities’, which involves ‘gathering quantitative and qualitative information from a range of sources, testing this information, and using it to provide advice on the size, scope, and timing of WA’s opportunities in different markets’.¹⁵⁵⁴ JTSI uses three information sources to develop its market intelligence, or what it calls ‘insight’ (see figure 12.1).¹⁵⁵⁵

Figure 12.1: Western Australia’s insight-driven targeting of market opportunities



GoWA India, its Commissioner, and four local Business Development Managers (BDMs) are importance sources of in-market intelligence and knowledge. However, GoWA India’s investment and trade activities—listed in the Investment and Trade Plan—overwhelmingly focus on the promotion of WA goods and services in India rather than market research, although these activities involve the application of market intelligence.¹⁵⁵⁶ The focus on building intelligence is not currently made explicit in government publications.

¹⁵⁵³ Submission 31, Perdaman Global Services, p3.

¹⁵⁵⁴ Government of Western Australia, *Western Australia Investment and Trade Plan 2019–20*, Perth, 2019, p8.

¹⁵⁵⁵ *ibid.*

¹⁵⁵⁶ *ibid.*, p12.

The Overseas Trade and Investment Offices Review Panel observed that overseas offices could better implement the State Government's international trade and investment agenda with a 'strong, coordinated and well researched intelligence and planning capacity as a basis for decisions on priority markets, potential opportunities and the placement and resourcing of in-market presence.'¹⁵⁵⁷

The Panel recommended a strong strategic intelligence base, in particular that:

[a] unit should be set up in the Department [JTSI] to work with stakeholders, both within and outside the public sector, to develop a strong intelligence base and strategic planning capability to enable in-depth analysis of market potential over the forward years.¹⁵⁵⁸

Like the *Queensland–India Trade and Investment Strategy 2018–2023*, the Panel noted the benefits of using non-government stakeholders, in particular, the WA university sector and Perth USAsia Centre, and added that the State Government should ensure that research was informed by feedback from overseas offices.¹⁵⁵⁹ Other non-government bodies that could provide India-specific market intelligence include Asialink Business, industry bodies, AIBC and CCIWA.

As previously noted, the State Government accepted the above (and all recommendations) of the review. Through COVID-19 JTSI has 'worked with government and non-government stakeholders to gather up-to-date information and intelligence on markets, and the outlook.'¹⁵⁶⁰

As discussed in the agribusiness section in chapter 10, DPIRD funds the Australian Export Grains Innovation Centre (AEGIC), a national organisation that gathers intelligence about international grain markets. The relationship between DPIRD and AEGIC is the type of engagement recommended by the Overseas Trade and Investment Offices Review Panel: the government engaging external expertise for the benefit of the State.

Market intelligence necessarily involves gathering essential information on bilateral goods and service exports, imports and investment with India. As noted in chapter 2, it is vital that the Government and policy makers have the best information available on WA–India trade dynamics. The Overseas Trade and Investment Offices Review Panel observed that data on trade and investment is available from a range of sources, and analytics tools are available to study the data. However, they 'only become really valuable ... when data sets are brought together to form a coordinated evidence base that can then be subject to focused and strategic research and analysis.'¹⁵⁶¹ The unit focused on market intelligence should also be

1557 Department of Jobs, Tourism, Science and Innovation, [Western Australia's Overseas Trade and Investment Offices Review](#), by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p26.

1558 *ibid.*, p46.

1559 *ibid.*

1560 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 3 September 2020, p1.

1561 Department of Jobs, Tourism, Science and Innovation, [Western Australia's Overseas Trade and Investment Offices Review](#), by Overseas Trade and Investment Offices Review Panel, Perth, 2019, p26.

responsible for a coordinated approach to gathering data on bilateral goods and service exports, and investment with India.

Publishing market intelligence

JTSI does not publicly disseminate market intelligence to the same extent as other states. The *Queensland–India Trade and Investment Strategy 2018–2023*, for example, expressly provides that one of the five key initiatives for its engagement to deliver trade and investment outcomes is to develop market intelligence.¹⁵⁶² The following activities underpin this initiative:

- Leverage third party relationships to monitor and advice [sic] on the regulatory environment in India regarding impacts of any upcoming and changing legislation on Queensland businesses operating in India.
- Generate market reports in target sectors that identify trends around demand and consumption, aimed at helping businesses develop informed decisions regarding India market entry.
- Leverage digital channels to build a profile of customer preferences in target B2C [business to consumer] sectors to enable more targeted on-ground effort to build presence and build relationships.¹⁵⁶³

JTSI currently provides very little analysis of Indian markets to the public, and does not provide published market reports and information on India. Every six months JTSI publishes the *Western Australia India Trade Profile* on its website. Drawing on data from national agencies such as the Australian Bureau of Statistics, Tourism Research Australia (a branch of the Australian Trade and Investment Commission (Austrade)) and the Department of Education, Skills and Employment, the two-page profile provides statistics about merchandise exports and imports between India and WA, Indian tourism and the enrolment of Indian students in WA. It does not, however, analyse the information beyond basic year-on-year trends. JTSI's published analysis of sectors (such as METS) are not market specific (unlike Austrade's website). DPIRD also provides limited intelligence on India. JTSI's published market intelligence on India contrasts with other Australian states.

Finding 102

Market intelligence is essential to identify complementarities between the Indian and Western Australian economies and opportunities for Western Australian business, and to assist business and institutions to effectively engage with India. Western Australian businesses want specific details about their areas of interest in India.

Finding 103

Unlike other jurisdictions, Western Australian government websites provide very limited market intelligence on the Indian market.

1562 Government of Queensland, *Queensland–India Trade and Investment Strategy 2018–2023*, Brisbane, 2018, p7.

1563 *ibid.*, p22.

Finding 104

Western Australia's Overseas Trade and Investment Offices Review by the Overseas Trade and Investment Offices Review Panel recommended that the Department of Jobs, Tourism, Science and Innovation set up a unit that works with government and non-government stakeholders to 'develop a strong intelligence base and strategic planning capability to enable in-depth analysis of market potential over the forward years.' The State Government accepted all recommendations of the review.

Increasing awareness of opportunities

A 'key barrier' to growing trade and investment is the lack of market awareness about India, and vice versa.¹⁵⁶⁴ The State Government has an important role to inform businesses of economic opportunities in India through events such as dialogues, forums, conferences, seminars and webinars.¹⁵⁶⁵

[Do] firms here know what the opportunities are? Absolutely not enough. There needs to be more of that awareness raising.

*Michael Carter,
Chamber of Commerce and Industry of
Western Australia*

These events can generate interest in, and awareness of, the opportunities with India by drawing on the expertise of speakers.¹⁵⁶⁶ Events to increase business awareness of opportunities may also:

- address the lack of confidence WA businesses may have about India and the mindset that it is 'too hard' to do business in India;¹⁵⁶⁷
- increase businesses' India capability (India literacy), and link people and businesses (discussed later in this chapter); and
- change narratives around India. There is minimal reporting of the Indian economy and Indian business in the Australian media, and reporting of India often revolves around 'food, Bollywood, slums and Delhi crimes'.¹⁵⁶⁸

WA business interest in India appears to be increasing,¹⁵⁶⁹ as demonstrated by the packed venue at the Chamber of Commerce and Industry of Western Australia (CCIWA) and AIBC event, Business Pathways to India, in early March 2020. CCIWA's Michael Carter told the Committee that this event would not have been possible due to a lack of interest four or five years ago.¹⁵⁷⁰

The State Government can strengthen its ties with India by making the local companies and investors aware of the underlying opportunities of trade in India.

Dr Om Dubey

¹⁵⁶⁴ Submission 20, Chamber of Commerce and Industry of Western Australia, p2.

¹⁵⁶⁵ Submission 5, Perth USAsia Centre, p15.

¹⁵⁶⁶ Submission 10, Asialink Business, p2.

¹⁵⁶⁷ Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p6.

¹⁵⁶⁸ Peter Cai, Lowy Institute, in Asialink Business et al., *Winning in Asia: Creating long-term value*, Australia, 2020, p92.

¹⁵⁶⁹ Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p7.

¹⁵⁷⁰ *ibid.*, p11.

JTSI Acting Deputy Director General of Strategy and International Engagement Jennifer Mathews acknowledged that ‘with markets like India there is always an opportunity to do a body of work around raising awareness of India and the opportunities available there, but in a considered way’.¹⁵⁷¹ The State Government, working with others, has hosted events that increase awareness of the opportunities in India, such as the:

- India Business Forum in May 2019—hosted in partnership with AIBC and the Consulate General of India in Perth, as part of JTSI’s Asia Business Series (as noted in chapter 3).¹⁵⁷² Over 200 WA business people are said to have attended this forum.¹⁵⁷³
- India Unlocks “Your Global Supply Channel Partner” seminar in August 2020—a collaboration between JTSI, AIBC, Invest India and the Consulate General of India.

In September 2020, JTSI advised that planned trade and investment forums relating to Asia, including India, ‘had not yet commence due to COVID-19’.¹⁵⁷⁴ The Committee heard that the State Government should arrange further events to raise awareness of the opportunities in India. In recommendation 4, the Committee recommended that the State Government continue to partner with and leverage the resources, networks and skills of India-focused institutions.

The Perth USAsia Centre recommended that the State Government host the Australia India Leadership Dialogue and the Australia India Youth Dialogue in Perth (see box 12.2).¹⁵⁷⁵ WA could also pursue hosting other prominent events relevant to the WA–India relationship, such as the annual Australia–India Address, hosted by the national AIBC.¹⁵⁷⁶ JTSI secured the first ever meeting of the Australia India Council, a Commonwealth Government body, in Perth.¹⁵⁷⁷

On both sides of the Indian ocean there has been little awareness and understanding of the burgeoning bilateral trade and investment opportunities between Western Australia and India. WA business engagement for some time has been focussed on mining resources and Agri commodities trade and little else.

Australia India Business Council: WA Chapter

1571 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p19.

1572 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, Letter, 26 May 2020, pp15–16.

1573 Submission 24, Department of Jobs, Tourism, Science and Innovation, p16.

1574 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 3 September 2020, p4.

1575 Submission 5, Perth USAsia Centre, p23.

1576 Australia India Business Council, *Australia India Business Council*, accessed 5 October 2020, <<https://aibc.org.au/about-australia-india-business-council/>>.

1577 Submission 24, Department of Jobs, Tourism, Science and Innovation, p17.

Box 12.2: Australia India Leadership Dialogue and Australia India Youth Dialogue¹⁵⁷⁸

The Australia India Leadership Dialogue and Australia India Youth Dialogue are forums that bring together people from both countries to discuss ways in which the Australia–India relationship may be strengthened. Both are held in each country on alternate years and cover topics including education, health, water security and skill development.

The leadership dialogue is an annual two-to-three-day dialogue run by the Australia India Institute, based at the University of Melbourne. It brings together leaders in government and business (or ‘influencers and decision-makers’, as noted on the institute’s website). It has been running since 2015, and has been held alternatively in New Delhi and Melbourne (the last dialogue was in Melbourne in 2019).

Launched in 2012, the youth dialogue brings together 15 young people from each country. It is held over three days, and consists of plenary sessions, pitch sessions, and group work.

The Perth USAsia Centre hosts ‘a hundred’ different events, conferences, and seminars a year, focusing on markets, sectors and subsectors (such as rare earth).¹⁵⁷⁹ At the request of the State Government, it organised a China Business Forum in 2019. Professor Flake advised the Committee that:

[w]e need to do those kind of conferences with India, Indonesia and Vietnam, where we do not get the profile, where we do not have the level of interest, right?¹⁵⁸⁰

Events could focus on raising awareness in priority sectors and subsectors of particular potential such as renewable energy; LNG; mining or petroleum equipment, technology and services (METS or PETS);¹⁵⁸¹ gourmet food exports; agribusiness technology and services; or (in education) vocational education and training (VET).

The internet and webinars are also important tools to raise awareness, particularly in a COVID-19 environment. As noted in recommendation 5, information on awareness raising, networking and other events should be accessible to the public on Invest and Trade Western Australia’s (ITWA’s) new website. The national body of the AIBC streams and invites participation in webinars and virtual exhibitions.¹⁵⁸² Peter Fear, Vice President of the AIBC’s WA Chapter, observed that ‘[p]erhaps digital solutions going forward might be a way of creating greater awareness of the WA–India trade and investment opportunities’.¹⁵⁸³ They could replace any cancelled trade and investment forums for a time.

Finding 105

A key barrier to growing trade and investment is the lack of market awareness about India. The State Government has an important role in raising awareness of the opportunities in India through dialogues, forums, webinars and other events.

1578 Australia India Youth Dialogue, *Australia India Youth Dialogue*, accessed 10 December 2019, <<https://www.aiyd.org/>>; Australian India Institute, *Australia India Leadership Dialogue*, accessed 10 December 2019, <<https://www.aii.unimelb.edu.au/programs/australia-india-leadership-dialogue/>>.

1579 Professor Gordon Flake, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p14.

1580 *ibid.*, p18.

1581 Submission 5, Perth USAsia Centre, p35.

1582 Australia India Business Council, *Events for October 2020*, 2020, accessed 5 October 2020, <<https://aibc.org.au/events/>>.

1583 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p2.

Recommendation 30

That the State Government host and/or engage with India-focused institutions to deliver:

- dialogues such as the Australia India Leadership Dialogue and the Australia India Youth Dialogue in Perth and other prominent Australia–India events; and
- India trade and investment forums and other events including webinars.

The aim of such events should be to build awareness of the opportunities in India, with a focus on Western Australia’s priority sectors.

Providing a high level of support to business

What does business need?

Given the challenges of navigating the Indian market, there is a ‘heightened need’ for the State Government to assist businesses to trade with, and operate in, India.¹⁵⁸⁴

[What] can the WA government be doing to support this? I think it could be doing a lot more to support businesses.

*David Norman,
University of Western Australia*

The Varghese Report found that Australian businesses should improve their India capability—that is, their ability to do business in India—in order to get noticed and maximise the opportunities in India.¹⁵⁸⁵ Inquiry participants agreed that WA businesses lack India capability (or India literacy).¹⁵⁸⁶

As noted in chapter 5 at box 5.2, respondents to the *Australia’s International Business Survey 2019* identified the following key barriers to doing business with India:

- cultural challenges/capabilities (31 per cent of respondents);
- corruption and contract security issues (31 per cent);
- identifying a partner (28 per cent);
- issues related to intellectual property protection (25 per cent);
- difficulties in navigating government (25 per cent); and
- market access issues (25 per cent).¹⁵⁸⁷

Asialink Business’s *India: Country Starter Pack*, a roadmap to doing business in India, provides the following commentary on the reasons why Australian businesses fail in India:

- **Going it alone or picking the wrong partner:** Lack of understanding and knowledge of the Indian business environment, culture and regulations can be a major reason for

1584 Submission 5, Perth USAsia Centre, p15.

1585 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p327.

1586 Submission 2, UWA and UWA Public Policy Institute, p3; Submission 10, Asialink Business, p2.

1587 Export Council of Australia et al., *Australia’s International Business Survey 2019*, Australia, 2019, p39.

failure. However, a bad partner can be worse than no partner. Make sure you develop relationships with the right people at the right level.

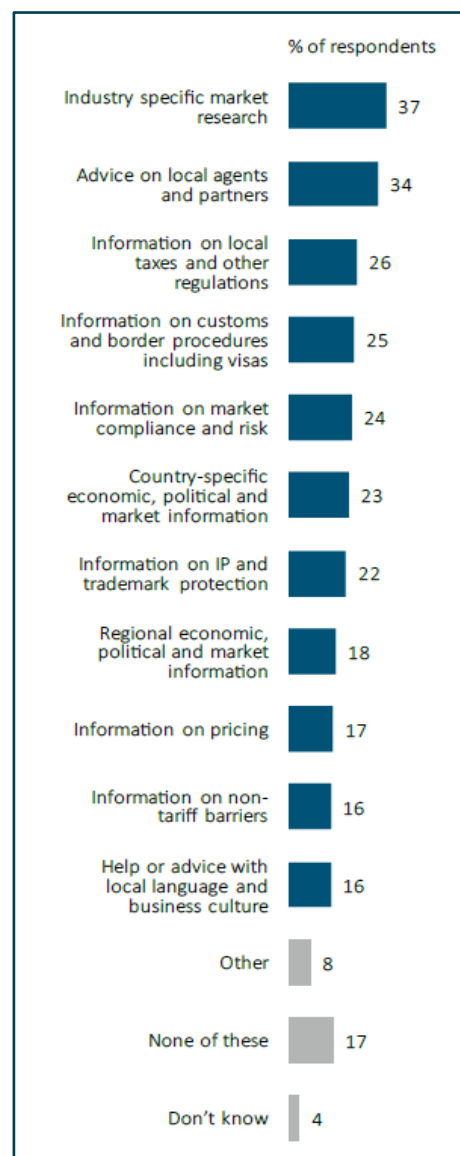
- **Failing to adapt to local tastes and attitudes:** Some Australian businesses make the mistake of assuming that business in India is just like it is at home. Do your research on the market, industry and primary competitors. Your product or service may need to be adapted to local tastes or attitudes.
- **Neglecting to seek professional experienced help in India:** A basic understanding of the Indian regulatory environment is not sufficient. To launch successfully in India, businesses must engage professional services firms to provide the most accurate and up-to-date advice on regulations and strategic issues such as marketing.
- **Don't understand their Indian business partner:** Some Australian businesses have failed to be proactive in developing and maintaining relationships with Indian business partners. Time and money must be invested to help you understand your business partner's expectations and ways of doing business. Communication and setting clear expectations are essential. It would be wrong to assume that the relative lack of a language barrier will avoid the risk of miscommunication or differing expectation.¹⁵⁸⁸

Respondents to *Australia's International Business Survey 2019* identified that they need the information and services noted in figure 12.2 to effectively do business in India. The most important need identified was 'India specific market research'.

The *India Country Starter Pack* demonstrates the range of information needed to increase India capability. It starts with the suggestion to 'Do your research'.¹⁵⁸⁹ Inquiry participant Perdaman Global Services emphasised that WA must understand Indian market demand and have tangible business ties to develop opportunities.¹⁵⁹⁰

The market wants specific details about the areas of their interest in India. JTSI Acting Deputy Director Simone Spencer advised the Committee:

Figure 12.2: Information or services needed to effectively do business in India



¹⁵⁸⁸ Asialink Business, *India: Country Starter Pack*, Australia, 2018, p25.

¹⁵⁸⁹ *ibid.*, p6.

¹⁵⁹⁰ Submission 31, Perdaman Global Services, p3.

We can provide you with some very generalised collateral around what the value propositions are and the opportunities are, but what markets want is the specific details, [for example] whether or not it be cathode-active material manufacturing or a particular area of strategic industrial land that an investor might be interested in.¹⁵⁹¹

Finding 106

In 2019, Australian businesses identified that the:

- main barriers to doing business with India are cultural challenges/capabilities, corruption and contract security issues, and identifying a partner; and
- most important information or services needed to effectively do business in India are India-specific market research, advice on local agents and partners, and information on local taxes and other regulations.

Targeted, regular and supported trade missions

Inquiry participants emphasised the importance of bilateral trade missions (also known as trade or business delegations) to connect businesses with opportunities in the Indian market.¹⁵⁹²

[My] recommendation [is to have] focused exchange in specific fields, and it should be a little more intense than what it has been.

Ambassador Anil Wadhwa

Trade missions to India often coincide with a sector-specific conference or trade show, which provides participating businesses with an opportunity to network and promote their goods or services. They differ from the ministerial visits and other forms of visits noted above (see box 12.1), although a minister, department officer, India-focused institutions, chambers of commerce, and industry representatives may participate in government-sanctioned trade missions. The Committee understands that the CCIWA and Chamber of Minerals and Energy of Western Australia (CME) have led delegations to India.¹⁵⁹³

Trade missions are effective way of addressing the barriers to doing business and business needs noted above. An evaluation of Victoria's trade mission program between 2010 and 2012 found that businesses' total export sales increased by an average of 219 per cent within 12 months of participating in a trade mission and 345 per cent within two years.¹⁵⁹⁴ The number of businesses that exported their goods also increased. The year before their trade mission/s, only 50 per cent of businesses were exporting; this increased to 85 per cent within two years.¹⁵⁹⁵

1591 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p16.

1592 Submission 5, Perth USAsia Centre, p24; Submission 6, Karthik Pasumarthi, p1; Submission 32, International Business Council of Australia, p2.

1593 Staff Reporters, 'CCI on a mission to India', *Business News* (web-based), 27 June 2006, accessed 2020, <<https://www.businessnews.com.au/article/CCI-on-a-mission-to-India>>; Hon Hendy Cowan, Deputy Premier, *Meetings show great interest in WA-India trade*, media release, 19 November 1993, p1.

1594 Department of Economic Development, Jobs, Transport and Resources, *Impact of the Victorian trade missions program 2010-12 on export revenue*, by Milic Jann, Alfons Palangkaraya and Elizabeth Webster, Swinburne University of Technology, Melbourne, 2017, p4.

1595 *ibid.*, p5.

Box 12.3: Why a trade mission?

Global Victoria observes that trade missions play an important role in supporting businesses to expand into international markets by providing key opportunities to:

- build international connections, foster business relationships and identify partnering opportunities
- enhance their international profile by entering new markets
- attract foreign investment
- secure local distributors and/or importers
- acquire international orders for their products and/or services
- develop skills and knowledge of international markets to enhance their global competitiveness
- understand regulatory requirements in international markets.¹⁵⁹⁶

Ambassador Wadhwa repeatedly stressed to the Committee that, to be effective, trade missions must be focused and specialised:

[There] have been mixed delegations ... In terms of business areas, you will have 10 different businesses coming together in a delegation, for instance. When you have a ministerial delegation, it is a large delegation with various fields, and that focus is lost, so I have always advocated that you must have specialised delegations which are the same—**very focused, specialised delegations in a particular field** [emphasis added].¹⁵⁹⁷

Market intelligence is required to ensure delegations focus on areas of strength and synergy. Ms Spencer advised the Committee in September 2020 that JTSI was ‘shaping missions with intelligence’.¹⁵⁹⁸ Many fields (or subsectors) within priority sectors discussed in this report could be the subject of focused trade missions. These include value add and/or gourmet food, water management, grains management, renewable energy/microgrids, critical minerals/lithium, METS or PETS, defence industries,¹⁵⁹⁹ VET, and, as suggested by the School Curriculum and Standards Authority, an international education and school curriculum mission to Andhra Pradesh.¹⁶⁰⁰

Victoria has a long-running trade mission program managed by Global Victoria, a more mature version of JTSI’s ITWA, and appears to provide considerable support to its trade delegations.¹⁶⁰¹ JTSI noted that Global Victoria is ‘massively resourced’ to undertake trade missions and ‘essentially provide a subsidised package for private companies to organise a

1596 Quoted with only minor alterations from Global Victoria, *Trade missions*, 15 July 2020, accessed 29 September 2020, <<https://global.vic.gov.au/for-exporters/trade-missions/about-our-trade-missions>>.

1597 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p6.

1598 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p20.

1599 Government of Western Australia, *Western Australian Defence and Defence Industries Strategic Plan*, Perth, 2018, actions 3.2(f) and 3.2(h), pp13–14.

1600 Submission 8, School Curriculum and Standards Authority, p4.

1601 Global Victoria, *What we do*, 22 September 2020, accessed 26 October 2020, <global.vic.gov.au/about-us/about-us>.

program'.¹⁶⁰² The level of financial and logistical support provided by Global Victoria differs from one trade mission to the next, but they tend to include:

- a pre-mission conference call with Global Victoria to discuss participating businesses' needs in the target market;
- on-the-ground assistance and introductions from Global Victoria staff;
- networking events;
- business matching and opportunities to pitch the businesses; and
- assistance with follow-ups.¹⁶⁰³

The Committee heard that the State Government should be 'a little more intense' (see Ambassador Wadhwa's pull quote above), and organise 'regular' trade missions to and from India.¹⁶⁰⁴ It is encouraging that in September 2020, Ms Spencer advised that at the beginning of the year (presumably 2021), JTSI will have a 'more dedicated plan with regards to where we go and what we are promoting', based on its market intelligence.¹⁶⁰⁵ The Committee also heard that trade missions could be more effective if they travelled more widely, beyond the big cities in India that hold trade and investment summits.¹⁶⁰⁶

Again, as highlighted by Professor Flake from the Perth USAsia Centre, it is important to invite inbound trade missions to WA. He noted that awareness of WA within the strategic affairs community in India has 'skyrocketed from nothing six years ago to sky-high right now', and in Delhi or Mumbai the first question he is asked is 'when are you going to invite me to Perth?' Professor Flake said that if WA can raise this level of interest in the foreign policy sector, why not in trade and investment sectors?¹⁶⁰⁷

In the current COVID-19 environment of closed borders, it is encouraging that JTSI said it is 'going to have to think about alternative ways of delivering' mission engagement.¹⁶⁰⁸ Ambassador Wadhwa advised that European countries are 'starting to do a lot in India' in this space and are delivering specialised 'virtual sessions' focusing on sectors.¹⁶⁰⁹

Again, the State Government should publicise details of past and future virtual, inbound and outgoing trade missions and include this information on its new ITWA portal. Other states'

1602 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p16.

1603 Global Victoria, *Bio Europe 2019: Hamburg Germany*, 29 October 2019, accessed 2 December 2019, <global.vic.gov.au/for-exporters/trade-missions/bio-europe-2019-hamburg-germany>; Global Victoria, *Fintech Europe 2020: Paris Fintech Forum and London Extension*, 27 November 2019, accessed 2 December 2019, <global.vic.gov.au/for-exporters/trade-missions/paris-fintech-forum-europe-january-2020>.

1604 Submission 32, International Business Council of Australia, p2.

1605 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p20.

1606 Submission 7, Federation of Indian Associations of WA, p12.

1607 Professor Gordon Flake, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p14.

1608 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p16.

1609 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p7.

websites make this information publicly available.¹⁶¹⁰ Inbound and outbound visits and trade missions should include the participation of an appropriate member of the WA Indian diaspora. For missions focused on a particular field, a diaspora member with experience in that field seems appropriate.

Finding 107

Trade missions play an important role in supporting businesses to expand into India by providing key opportunities to:

- build international connections, foster business relationships and identify partnering opportunities;
- enhance their international profile by entering new markets;
- attract foreign investment;
- secure local distributors and/or importers;
- acquire international orders for their products and/or services;
- develop skills and knowledge of international markets to enhance their global competitiveness; and
- understand regulatory requirements in international markets.

Recommendation 31

That the State Government:

- support and resource regular trade missions to India;
- ensure that trade missions are focused on priority sectors;
- ensure that members of the diaspora have opportunity to participate in outbound and inbound visits;
- encourage inbound trade missions; and
- deliver virtual trade missions and/or virtual sessions, especially while borders are closed.

Increasing business capability

The Varghese Report said ‘[s]uccess in India requires a clear-eyed understanding of the business environment and differences in business culture’.¹⁶¹¹

As noted in chapter 5, Asialink Business submitted that Australian businesses ‘urgently require a more sophisticated understanding of Indian culture’ and ‘it will

It is not a simple case of “shotgun” market entry channel strategy in India – this will not work. WA companies will need to change their market entry approaches in India with focus and precision in the same way as is being done in Northern and SE Asia.

Australia India Business Council: WA Chapter

1610 See Trade and Investment Queensland, *Trade missions*, accessed 29 September 2020, <<https://www.tiq.qld.gov.au/export/how-we-help-exporters/trade-missions/>>; Global Victoria, *Trade missions*, 15 July 2020, accessed 29 September 2020, <<https://global.vic.gov.au/for-exporters/trade-missions/about-our-trade-missions>>.

1611 Commonwealth of Australia, *Government response to An India Economic Strategy to 2035*, Canberra, 2018, p2.

be critical for the WA Government to support strategic initiatives which improve the India capabilities of WA-based organisations to enhance the state's relationship with India and generate greater trade and investment'.¹⁶¹²

UWA's David Norman highlighted the need for, and lack of, India training in WA:

Doing business in India is not the same as doing business in China. As a state, we have taken our time—we pick our moments—I would say we are quite expert in doing business in China, but there is nowhere to go for the average person in the street or the average businessperson to understand contemporary India.¹⁶¹³

Businesses' lack of India capability is consistent with the findings in a 2017 report by Asialink Business, the Institute of Managers and Leaders, and PwC Australia, *Match Fit: Shaping Asia capable leaders*. This report revealed alarmingly low levels of Asia capability on Australian boards and senior leadership teams. It found that 90 per cent of Australian Stock Exchange (ASX) 200 companies were not adequately equipped to do business in Asia.¹⁶¹⁴

Differences in Australian and Indian business culture present challenges for commercial relationships, especially contract negotiation, interpretation, and dispute resolution.

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Businesses that possess the tools to navigate the challenges of India and can customise commercial engagement are more likely to succeed in India.

Asialink Business's *India: Country Starter Pack* identifies the range of capabilities that businesses need to succeed in India. This includes an understanding of:

- possible business structures and manufacturing in India;
- sales and marketing in India, including agents and distributors;
- Indian culture and business etiquette, building relationships, negotiations and meetings, and due diligence and avoiding scams;
- business practicalities in India, including laws and regulations, taxation, audits, employing workers, banking in India and repatriating profits and getting paid; and
- the practicalities of visiting India.¹⁶¹⁵

The *India: Country Starter Pack* also observes that a key factor to conducting business in India is an understanding of India culture. Indian cultural values to note when doing business are:

- relationships: developing and maintaining relationships is essential in all contexts including business dinners and negotiations;

1612 Submission 10, Asialink Business, p2.

1613 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p2.

1614 PwC, Institute of Managers and Leaders and Asialink Business, *Match Fit: Shaping Asia capable leaders*, Australia, 2017, p2.

1615 Asialink Business, *India: Country Starter Pack*, Australia, 2018, pp22–124.

- hierarchy and respect: respect should be shown at all times; people are valued for their titles and seniority;
- loss of face: while the concept of face is less important in the Indian business context than some other Asian cultures, it is important to always express criticism and disagreement in a polite, professional manner; and
- trust: this is built through personal connection; people should be open in their conversations.¹⁶¹⁶

The Committee heard that to effectively sell a business proposition in India, a business must prepare for a face-to-face meeting and speak to the right person; have a well-thought-through proposition; and demonstrate that the economics of the proposition work for that business.¹⁶¹⁷ The importance of respecting hierarchy and speaking to the right person was demonstrated by one

[In India] you cannot really make headway until you are actually talking to the right people.

Ambassador Anil Wadhwa

example given of an Australian business that followed its usual approach of repeatedly sending its marketing manager to speak to Indian businesses. This approach did not work because Indian businesses are more hierarchical and what was required in that case was a CEO-to-CEO discussion, followed by engagement at other levels of the businesses.¹⁶¹⁸ WA businesses may not be aware that:

- Indian businesses often expect high levels of communication and persistence. It may take four or five interactions before a relationship progresses, and that they prefer to meet face-to-face;¹⁶¹⁹
- many family-owned businesses in India can operate on long time frames with higher levels of risk compared to Australia's listed companies;¹⁶²⁰ and
- where Australian businesses generally determine planning on the terms and conditions set out in contracts, Indian governments and firms may be more likely 'to expect that agreements are open to reinterpretation or renegotiation and that building strong business relationships will create flexibility in commercial terms and conditions'.¹⁶²¹

There is considerable value in offering 'India-ready' workshops and training programs to businesses wanting to engage with India.

In October 2020, the State Government launched a series of workshops to be held in November 2020 to support SMEs and 'equip local businesses with the skills to export to Asia and engage more effectively with Asian partners and investors'. The workshops, presented by a consultant, will focus on India, Indonesia, Vietnam and the Philippines. On launching these workshops Hon Peter Tinley, Minister for Asian Engagement said 'with 9 of our top 10

¹⁶¹⁶ *ibid.*, p62.

¹⁶¹⁷ Closed evidence.

¹⁶¹⁸ *ibid.*

¹⁶¹⁹ Government of Queensland, [*Queensland-India Trade and Investment Strategy 2018-2023*](#), Brisbane, 2018, p7.

¹⁶²⁰ Commonwealth of Australia, [*An India Economic Strategy to 2035: Navigating from Potential to Delivery*](#), by Peter Varghese, Barton, 2018, pp324-325.

¹⁶²¹ *ibid.*, p325.

trading partners located in Asia, it's important for the State Government to support businesses who are keen to engage with and eventually export to our closest international markets'.¹⁶²² This reflects the evidence the Committee heard during the inquiry.

Asialink Business has designed and delivered a suite of training programs to businesses and universities to build key cultural and business capabilities essential to engaging with India.¹⁶²³ At least one other Australian jurisdiction, in partnership with Asialink Business, has developed India sector guides to assist SMEs to identify, assess and access opportunities in the Indian market.¹⁶²⁴ Victoria provides a raft of documents to assist local businesses to succeed in India, including an export-readiness self-assessment tool, an international education bulletin providing monthly market updates, and links to external parties' documents such as the *India: Country Starter Pack* by Asialink Business.¹⁶²⁵

UWA's node of the Australia India Institute is 'keen to work with the WA Government and with WA businesses to address [the lack of India capability] through short courses and professional development training'.¹⁶²⁶ UWA intends to introduce short-course training in January 2021.¹⁶²⁷

Finding 108

Success in India requires a clear-eyed understanding of the business environment and differences in business culture. Asialink Business, Australia's national centre for Asia capability, submitted that Australian businesses 'urgently require a more sophisticated understanding of Indian culture' and 'it will be critical for the WA Government to support strategic initiatives which improve the India capabilities of WA-based organisations to enhance the state's relationship with India and generate greater trade and investment'. In October 2020, the State Government launched Asia Business Capability Workshops including an India workshop.

Linking people, businesses, institutions and government to seize opportunities

The success of Australian businesses and institutions in India can depend on their ability to collaborate and partner with Indian businesses, institutions and government. Interaction is essential to maximise investment and trade opportunities.

According to Ambassador Wadhwa, Australian and Indian businesses do not meet as often as

It's through interaction, it's through trust that you ultimately deliver what [people] want today. That is, the doors opening and the deals finally flowing.

*Hon Barry O'Farrell AO,
Australian High Commissioner to India*

1622 Hon Peter Tinley, Minister for Asian Engagement, *New skills workshops to support WA businesses export to Asia*, media release, 14 October 2020.

1623 Submission 10, Asialink Business, p1.

1624 *ibid.*, p2.

1625 Global Victoria, *India*, 13 October 2020, accessed 26 October 2020, <global.vic.gov.au/for-exporters/find-an-export-market/india>.

1626 Submission 2, UWA and UWA Public Policy Institute, p3.

1627 David Norman, UWA, *Transcript of Evidence*, 20 March 2020, p2.

they should, and more effort is required to foster collaboration and partnerships with India. Ambassador Wadhwa noted that the Australia–India CEO Forum has not met in one and a half years.¹⁶²⁸ He added that initiatives encouraging business interaction should be focused and directed:

Whatever effort has been made between the two countries has been based on personal initiative or personalities or it is based on isolated incidents of companies coming together because of a connection that already exists. That is not the way to increase this Western intake. It has to be focused and it has to be well directed. That is not a difficult thing to do because we have the fields which are identified, so we should just build on them.¹⁶²⁹

Working groups to capitalise on opportunities identified in meetings

Ambassador Wadhwa also repeatedly emphasised that setting up working groups following high-level meetings is the ‘key’ to delivering on opportunities identified at the meetings.

Whenever [the Australia–India CEO Forum] meet, they make statements but they do not go into specifics and they do not set up working groups, so there is no follow-up and we go back to square one.¹⁶³⁰ ...

You have an opportunity, but how does that opportunity transfer itself into practical terms? If you have, let us say, an opportunity identified, then the specifics of it have to be worked out by this group, which will then have to work together on the basis of companies—the company-to-company relationship—and they will be put together by this group and the government which is actually dealing with a particular project. ... I think that they have the infrastructure which exists, which is Austrade or there are the consulates of Australia here and, of course, the High Commission, which is in New Delhi. They can all put this together.¹⁶³¹

Events and meetings to foster interaction

An important role of the State Government is fostering relationships and people and business links in Australia and India, including government-to-business links. The State Government can foster interaction in priority sectors in a number of ways. Government departments, including GoWA India, already play an important role in identifying opportunities and linking businesses to those opportunities. The role of GoWA India is discussed in chapter 4.

To link people and businesses, the State Government could:

- Host, partner and/or engage with India-focused institutions to deliver events such as dialogues, forums, conferences, expositions,¹⁶³² seminars, and other networking events.

1628 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p7.

1629 *ibid.*

1630 *ibid.*

1631 *ibid.*, pp5–6.

1632 Submission 6, Karthik Pasumarthy, p1.

As previously noted, events that raise awareness of opportunities in India (recommended earlier) also increase business interaction.

The potential effectiveness of networking events held in Perth was demonstrated by Mr Fear. In addition to his role as AIBC Vice President, Mr Fear works in banking and observed that some of his clients who manage multimillion dollar enterprises came away from the *Business Pathways to India* event with opportunities to talk to people about collaborating on importing or exporting. These clients had previously dismissed India as 'too hard'.¹⁶³³

- Publicise and leverage Commonwealth Government activities and other events that provide an opportunity to network.
- Organise one-on-one or larger industry meetings between WA businesses or WA and Indian businesses and government to discuss particular opportunities (see below).

Collaborating to achieve scale

Other Australian states have encouraged their businesses and institutions to collaborate with each other to seize opportunities in India in a particular field. This approach was supported by Ambassador Wadhwa, who noted businesses should be focusing on how to collaborate on 'manufacturing, exports, diversification and improving upon the product jointly' to seize opportunities in India.¹⁶³⁴ In Queensland, five public and private vocational education providers formed a consortium and entered into an agreement with the government of Kerala to deliver skills and training in the state.¹⁶³⁵ Ambassador Wadhwa also gave the example of five businesses involved in different aspects of grid balancing and distribution that partnered in order to engage with India. Individually, these five businesses could not have serviced the needs of that Indian state.¹⁶³⁶ This example is particularly relevant to WA given its strength in renewable energy and the opportunities that India presents in this field.

As noted in chapter 3, no Australian state has the capacity to penetrate the Indian market by themselves. A combined effort will yield better outcomes for the individual states. The State Government should support engagement between WA and other Australian states at all levels, from minister to all relevant departments, to increase collaboration and facilitate a deal. Ambassador Wadhwa encourages this 'whole of Australia' approach:

[A] whole-of-Australia approach is better ... as we go along and we discover more and more opportunities that are perhaps a capability is not there in a particular state in Australia, then those opportunities could be passed on by the businesses to others. So at some point in time Australia will have to look at a whole-of-Australia approach as well.¹⁶³⁷

1633 Peter Fear, Australia India Business Council: WA Chapter, *Transcript of Evidence*, 18 March 2020, p4.

1634 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p6.

1635 Shaun Star and Tridivesh Sing Maini, 'A Strong State of Affairs: India and Australia's State-to-State engagement', *The Diplomat* (web-based), 26 January 2017, accessed 26 October 2020, <<https://thediplomat.com/2017/01/a-strong-state-of-affairs-india-and-australias-state-to-state-engagement/>>.

1636 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p10.

1637 *ibid.*, p3.

Partnering to achieve scale is particularly relevant to SMEs, which dominate business in certain sectors in WA. As noted in finding 90 in chapter 10, WA's agribusiness industry is mostly comprised of SMEs that can find it challenging to engage with the Indian market, and State Government assistance to SMEs is important to grow and diversify agribusiness exports. Capacity building for SMEs in the agricultural space is discussed in chapter 10.

SMEs collaborating, in any sector, can deliver economies of scale, maximise opportunities and spread risk in the challenging Indian market. This may involve intrastate or interstate competitors working together. Ms Mathews from JTSI advised that 'there is absolutely an opportunity in SMEs working together and it is a smart strategy to, in fact, wherever possible, project ourselves within that umbrella'.¹⁶³⁸ Ms Mathews added that SMEs working together is something the Government seeks to encourage:

SMES working together ... That is, in fact, what we seek to do. In an office like Mumbai, for example, it does not work in isolation. It is there; there is a consulate there. DFAT is there with its consulate. We have the high commission in New Delhi so there is absolutely an opportunity ... So for SMEs, Austrade is often the best route to connect in because they have got the real B-to-B [business-to-business] contacts.¹⁶³⁹

CCIWA's manager of International Investment and Trade, Michael Carter, observed there is a 'growing dialogue around looking at India from a WA SME perspective as being a source of supply in terms of fulfilling that global supply chain mechanism'.¹⁶⁴⁰ For example, in early 2020, a 50-year-old mining supplier in WA entered into an agreement with a well-established Indian company in Pune that manufactures quality steel rollers for the mining sector. Mr Carter said '[w]e are starting to see' these type of transactions leading to India looking at WA as being a place to invest and set up a factory.¹⁶⁴¹

Another way to foster interaction and build strategic relationships is to support young leaders and entrepreneurs exchange programs, alumni associations and engage with prominent and/or young business leaders. For example, the *NSW India Strategy: NSW International Engagement Strategy* refers to its Young Leaders exchange program.¹⁶⁴²

Finding 109

The State Government has an important role fostering government, people and business links between Australia and India.

Ambassador Anil Wadhwa emphasised that setting up working groups following high-level meetings is the 'key' to delivering on opportunities identified during those meetings.

Western Australian businesses may need to collaborate with each other, and/or other businesses in other Australian states, to achieve scale and seize opportunities in India.

1638 Jennifer Mathews, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 20 March 2020, p13.

1639 *ibid.*, pp13–14.

1640 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p7.

1641 *ibid.*, pp6–7.

1642 Government of New South Wales, *India Strategy: NSW International Engagement Strategy*, Sydney, 2017, p6.

Recommendation 32

That the State Government establish working groups with Indian counterparts following high-level meetings that identify opportunities to engage with India.

Recommendation 33

That the State Government increase efforts to connect Western Australian people and businesses with each other, businesses from other Australian states, and Indian businesses or governments to seize opportunities in priority sectors in India. In particular, the State Government should:

- host, partner and/or engage with India-focused institutions to deliver networking events;
- publicise and leverage Commonwealth Government activities, events held in India, and other events that provide an opportunity to network;
- organise one-on-one or larger industry meetings between Western Australian businesses, Western Australian and Indian businesses and/or government to discuss particular opportunities; and
- ensure that the Western Australian government departments and businesses link with interstate businesses where a combined effort to seize opportunities in India will yield better outcomes.

Supporting India literacy in the community and cultural exchange

People, businesses, institutions and governments are more likely to build productive business links when they understand and appreciate one another's cultures and leverage the links within and between their communities.

Chapter 5 discussed the limited understanding that Australian businesses have about India. The Australia India Business Council told the Committee that this is shared by the WA community more broadly.¹⁶⁴³ As noted in the Varghese Report, there seems to be limited appreciation for India's diversity, sophistication or the scale of its prospects in Australia.¹⁶⁴⁴

Such perceptions must be addressed for WA and India to develop a long-term and sustainable relationship. Without greater mutual understanding, the economic relationship is vulnerable to single-issue shocks.

One example is the series of attacks on Indian students in Australia in 2009–10, which triggered negative media coverage portraying Australia as a racist country and contributed to a decline in Indian students' enrolments (discussed in chapter 6). In this case, the Indian public did not have a deep enough understanding of Australia to counter the narrative being put forward by the media.¹⁶⁴⁵ Nor did some Australian officials and leaders have the

1643 Submission 14, Australia India Business Council: WA Chapter, p6.

1644 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p11.

1645 John McCarthy et al., *Beyond the lost decade: Report of the Australia India Institute Perceptions Taskforce*, Australia India Institute, Melbourne, 2012, p39.

necessary understanding of India to appreciate that any remarks they made—including some misinformed comments—could seriously damage Australia’s reputation in India.¹⁶⁴⁶

It is in the State’s best interests to improve the WA community’s knowledge of India, appreciation of Indian culture and understanding of the economic and community benefits to be gained from deepening our relationship. StudyPerth recognises the important role that public sentiment plays in the economy, particularly in onshore service sectors like international education. One of the initiatives in the *International Education Action Plan 2019–2025* seeks to emphasise the benefits of international education to the WA community.¹⁶⁴⁷ StudyPerth explained:

If our partnership is to reach its full potential we must modernise our perceptions of each other. It is in our interests to do away with misconceived notions of what the other stands for.

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It is important to make the community aware of these benefits in order for Western Australia to foster a welcoming attitude towards international students, among employers and the community more generally, which will in turn assist in the growth of market share.¹⁶⁴⁸

Mutual comprehension will also ensure greater support for political leaders seeking to develop a sustained economic relationship with India, even when no immediate pay-offs are apparent. As noted in chapter 4, building relationships requires a long-term strategy.

Australia’s profitable economic relationships with Japan, Korea, and China emerged after years of laying the groundwork. Improving the community’s understanding of India and its opportunities will encourage WA businesses, now and in the future, to ‘think India’ when considering trade and investment opportunities. Also, as the Australia India Institute Perceptions Taskforce wrote back in 2012, fostering Asia literacy is ‘critically important so that these voters of the future—and important relationships like the one with India—are immunised against negative media and political currents.’¹⁶⁴⁹

Our relationship is much more than the common cliché “Commonwealth, Curry & Cricket” and the more people understand each other ... we can increase the level of business engagement.

*Australia India Business Council:
WA Chapter*

Several initiatives were suggested during the inquiry that, if supported by government, could increase India literacy within WA. Cultural connections are the key—public support for sustained and deepening relations with India is more likely to result from people-to-people links and cultural appreciation rather than dry statistics about tonnage price or exchange

1646 *ibid.*, pp27–29; Matt Wade, ‘Big News: The Indian media and student attacks in Australia’, *Cosmopolitan Civil Societies Journal*, vol. 7, no. 3, 2015, pp100–101.

1647 StudyPerth, *International education action plan 2019–2025*, Perth, 2019, p23.

1648 Philip Payne, StudyPerth, Letter, 22 May 2020, p1.

1649 John McCarthy et al., *Beyond the lost decade: Report of the Australia India Institute Perceptions Taskforce*, Australia India Institute, Melbourne, 2012, p50.

rates. Ways the State Government could foster cultural connections and increase India literacy are discussed below.

Increasing proficiency in Indian languages, including Hindi

Some inquiry participants identified increasing Western Australians' proficiency of Indian languages, particularly Hindi, as one way of building deeper ties with India.¹⁶⁵⁰ One submitter explained:

[A] vast majority of investors and businessmen from India prefer engaging in business or investment with people of the same dialect. ... The basic understanding of this trait is the instinctive bond factor Asian people form when they speak to someone in their own native language.¹⁶⁵¹

Improving bilingualism or multilingualism within Australia to strengthen economic relations with Asia is not a new concept. In the 2012 White Paper, *Australia in the Asian Century*, the Commonwealth recognised that the 'capacity for Australians to build deeper ties with Asia will be hampered if there is not an increase in proficiency of languages other than English.'¹⁶⁵²

The State Government also recognised the need for an 'Asia-engaged workforce' in *Western Australia's Asian Engagement Strategy 2019–2030* (Asian Engagement Strategy) and the role of language proficiency in achieving this goal.¹⁶⁵³ According to the Asian Engagement Strategy, the State Government will '[p]romote the value of Asian language skills and a multilingual workforce within State Government services, business and education sectors, service industries and industry groups'.¹⁶⁵⁴

To date, the State Government is yet to provide a detailed account as to how it will promote multilingualism. In September 2020, JTSI said a number of programs that would have included the promotion of Indian languages had been delayed due to the COVID-19 pandemic. The programs identified included business capability workshops the public sector leadership program (both noted above), Access Asia Business Grants (see chapter 10) and trade and investment forums.¹⁶⁵⁵ It appears that such programs would increase awareness of Indian languages and their importance but may not provide participants with the tools to actually learn Indian languages.

The only example provided about the State's teaching support for Indian languages was the Community Language Program (CLP). Funded by the Office of Multicultural Interests (OMI) of the Department of Local Government, Sport and Cultural Industries (DLGSC), the CLP funds not-for-profit community language schools that teach languages other than English to kindergarten to Year 12 students after school hours. Some community language schools

1650 Submission 7, Federation of Indian Associations of WA, p17; Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p1.

1651 Submission 25, Mohamed Zoheb Maqsood Ahmed Siddiqui, p1.

1652 Commonwealth of Australia, *Australia in the Asian Century*, White Paper, Canberra, 2012, p170.

1653 Government of Western Australia, *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p10.

1654 *ibid.*

1655 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 3 September 2020, p4.

teach languages spoken on the Indian sub-continent, including Bangladeshi, Hindi, Nepali, Punjabi, Tamil and Sinhala.¹⁶⁵⁶ In 2020, six Indian community schools received funding of \$119,400 for language classes. According to data provided by JTSI in September 2020, 'the total number of students for these classes is 993, with an age range of 4 to 17.'¹⁶⁵⁷

Hindi is not formally taught in any public secondary schools in WA. Students are still able to study Hindi and use it in the calculation of their Australian Tertiary Admission Rank (ATAR), but correspondence from the Department of Education suggests that they have minimal support from their school: 'Students typically enrol in the course as a private candidate and complete the course by themselves or occasionally with the support of a community language centre.'¹⁶⁵⁸ WA does not have its own Year 11 or Year 12 Hindi courses, instead borrowing the syllabus and examination from Victoria.

Perhaps unsurprisingly, given the limited amount of structured support for Hindi in WA public secondary schools, there were only eight Year 12 students enrolled to sit the Hindi 2020 ATAR course examination as at early June 2020.¹⁶⁵⁹

Australia India Institute researchers Trent Brown and Richard Barz considered how state governments could help to build the 'complex, integrated ecosystem' needed for the expansion of Hindi education in Australia in a 2018 paper. They said state governments could:

- Provide sustained support to Hindi programs in high schools and their feeder primary schools in strategically chosen localities. Particular focus should be placed on localities with 'high numbers of students of Indian heritage and near universities that are also able to teach Hindi at the tertiary level.'¹⁶⁶⁰
- Lead advertising campaigns to promote Hindi within these localities. Governments should partner with media outlets such as SBS Radio and Indian diaspora groups to 'encourage parents to lobby for their children's schools to teach Hindi and for students of all ages to enrol in Hindi courses.'¹⁶⁶¹
- Host forums to inform primary and secondary school principals of the benefits of learning Hindi.¹⁶⁶²
- Consider providing financial incentives for teachers to teach Hindi in government schools. Governments should enable teachers with Hindi language proficiency but without experience teaching languages to lead Hindi classes, providing that 'they undertake the required language teaching accreditation within a specified period'.¹⁶⁶³
- Grant funds to universities to partner with secondary schools to encourage more tertiary Hindi courses. In particular, they should pay an academic staff member to spend a day a

1656 Submission 33, Department of Local Government, Sport and Cultural Industries, p4.

1657 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 3 September 2020, p4.

1658 Lisa Rodgers, Department of Education, Letter, 29 June 2020, p1.

1659 *ibid.*

1660 Trent Brown and Richard Barz, *Prioritising Indian Languages: Strategies to Expand Hindi Education in Australia*, A Very Short Policy Brief, vol. 7, Australia India Institute, 2018, p10.

1661 *ibid.*

1662 *ibid.*

1663 *ibid.*

fortnight for a set period to visit schools to speak about the benefit of studying Hindi and India more broadly.¹⁶⁶⁴

- Lobby the Indian Government to send Hindi teaching assistants to work at schools with recently formed Hindi programs and to provide other teaching resources.¹⁶⁶⁵

Finding 110

Increasing Western Australians' proficiency of Indian languages, particularly Hindi, will help Western Australia build deeper ties with India.

Finding 111

There are few opportunities to learn Hindi in Western Australia.

India in the Western Australian curriculum

There are a number of opportunities in the WA curriculum for students to learn about India, although the popularity and adoption of these opportunities across WA secondary schools is unknown. The Department of Education identified the subjects as offering India-related lessons:

- Year 6 Geography: exploring India as part of the Asia region.
- Year 7 History: researching the impact of Ancient India on the history of human endeavour.
- Year 9 Economics and Business: analysing the level of economic interdependence between Australia and India.
- Year 10 Civics and Citizenship: discussing the importance of India as the world's largest democracy.¹⁶⁶⁶

In addition, the WA curriculum includes 'Asia and Australia's engagement with Asia' as a cross-curriculum priority. This means that schools are able to incorporate studies about Asia, including India, across all learning areas.¹⁶⁶⁷

Finding 112

There are opportunities within the Western Australian curriculum for students to learn about India, including in Year 6 Geography, Year 7 History, Year 9 Economics and Business, and Year 10 Civics and Citizenship; however, the uptake of these opportunities is not known.

¹⁶⁶⁴ *ibid.*

¹⁶⁶⁵ *ibid.*, p11.

¹⁶⁶⁶ Lisa Rodgers, Department of Education, Letter, 29 June 2020, pp1–2.

¹⁶⁶⁷ *ibid.*, p2.

Supporting cultural events

Increased exposure to Indian cultures, history and heritage can also deepen the WA–India relationship and help Western Australians overcome some of the ‘outdated views and misconceptions about India’¹⁶⁶⁸ that persist.

A number of initiatives already exist that provide the WA public with opportunities to engage with Indian art and culture. Since 2015, the High Commission of India in Australia has funded *Confluence*, a festival of Indian music, theatre, and workshops run throughout Australia. Events have been offered in Perth for three years at range of venues, from the James Street Amphitheatre in Northbridge and Claremont Showground to the Perth Concert Hall and Mandurah Performing Arts Centre.¹⁶⁶⁹

Saraswati Mahavidhyalaya (SMV), a performing arts school that teaches Indian classical and contemporary performing arts to over 500 students,¹⁶⁷⁰ runs productions. In 2017, for example, it staged *I am Ravana* at the State Theatre Centre before taking it to the Kuala Lumpur International Arts Festival the following year.¹⁶⁷¹

The Committee heard from entertainment company Paramount Events, which to date has produced nine cultural programs in WA. It brings Indian performance groups and artists to WA and, although its target audience is the Indian diaspora,¹⁶⁷² its performances provide all Western Australians with the opportunity to attend events and ‘have an understanding about the Indian culture.’¹⁶⁷³

There are also examples of WA and Indian artists collaborating to produce pieces for audiences on either side of the Indian Ocean. WA’s Ochre Contemporary Dance Company and India’s Daksha Sheth Dance Company staged the dance theatre performance *Kwongkan* at the Perth Festival in 2019 after three years of collaboration.¹⁶⁷⁴

Direct support from the State Government for cultural events generally comes from the DLGSC, via either its culture and arts grants and funding programs or the community grants administered by OMI. Past community grant recipients identified by DLGSC are detailed in table 12.1 below along with other community grants recipients that clearly sought to increase WA engagement with Indian cultures.

1668 Submission 14, Australia India Business Council: WA Chapter, p6.

1669 Submission 33, Department of Local Government, Sport and Cultural Industries, p7; *Confluence, Schedule*, 2019, accessed 16 June 2020, <<http://confluencefoi.com/schedule>>.

1670 Submission 36, Annalakshmi Holdings, p1.

1671 Submission 33, Department of Local Government, Sport and Cultural Industries, p7; Saraswati Mahavidhyalaya, *I am Ravana*, 2018, accessed 13 October 2020, <<https://www.smv.org.au/events/iamravana-kl2018>>.

1672 Submission 17, Paramount Events, p1.

1673 *ibid.*, p2.

1674 Submission 33, Department of Local Government, Sport and Cultural Industries, p5; Briana Shepherd, ‘Perth Festival show Kwongkan sees Indigenous Australian and Indian dancers unite’, *ABC News* (web-based), 15 February 2019, accessed 13 October 2020, <www.abc.net.au/news/2019-02-15/indigenous-and-indian-performers-unite-kwongkan-perth-festival/10809716>.

Table 12.1: Community grants recipients, 2019–20 and 2018–19¹⁶⁷⁵

Year	Organisation	Funding amount	Event / Project (as noted by DLGSC)
2019–20	Beacon Central Community Resource Centre	\$2000	Experience India - The Flavoursome Way - The Beacon Central CRC will host an interactive cooking workshop on 18 March led by a local Indian community member as a way for the local and surrounding community members to develop new cooking skills and intercultural understanding. Following the workshop, the participants will be invited to share their cooked meal together.
2019–20	South West Indian Group Inc. (SWIG)	\$5000	The Bunbury Diwali Festival of Lights 2019 - The Bunbury Diwali Festival of Lights 2019 is scheduled for 16 November 2019. The festival is a multicultural family celebration for the Bunbury community and is centred around a Bollywood theme. The event anticipates the attendance of 600 people and includes interstate performers and community participation from local school children and the indigenous community.
2019–20	Buddha's Light International Association of Western Australia Inc.	\$20,000	Buddha's Birthday and Multicultural Festival 2020 - The event will take place in the Supreme Court Gardens, Perth over 18–19 April for anticipated audiences of 30,000 people.
2018–19	So Change Inc.	\$5000	Live Lighter Perth Basant Festival 2018 - 28 October 2018. An annual Punjabi Indian event that marks the coming of spring and includes kite flying, entertainment, kite making classes for children, traditional subcontinent food stalls, live performances (such as Punjabi Dhool), craft stalls, and henna/face painting. Stall holders are mostly women from culturally and linguistically diverse (CaLD) backgrounds, who will promote their culinary and craft skills. Approximately 720 participants and at least 20,000 spectators are expected to be involved.
2018–19	The Gujarati Samaj of Western Australia Inc.	\$5000	Navratri - The Dance Festival 2019 - The one-day event to be held at Elizabeth Quay, Perth on 3 March 2019 will showcase the festival of Navratri – a cultural dance celebration unique to the Indian state of Gujarat dedicated to the empowerment of women. The event will be delivered in partnership with the Jain Community of WA, Shree Kutchi Leval Patel Community WA, Shri Jalaram Mandal and the Hindu Swayam Sevak Sangh.
2018–19	Sikh Association of WA Inc.	\$5000	Vaisakhi Mela 2019 - The festival is an alcohol and smoke-free family event to be held at the Cannington Civic Park Amphitheatre on Saturday 27 April exhibiting the vibrant culture, song and dance of Punjab, with activities for children, Indian cuisine, and a finale firework display. The Australian Sikh Heritage Association will have stalls promoting a greater awareness of the shared heritage between Australia and Sikhs that also showcase Sikh ANZACs and the contribution of Sikhs in the formative years of Australia. Project partners include the Virsa Club WA and the sports and cultural clubs within the Sikh and Punjabi communities. The event is

1675 Office of Multicultural Interests, *Community grants program 2018–2019 and Community grants program 2019–2020*, accessed 16 June 2020, <<https://www.omi.wa.gov.au/Funding/Pages/GrantRecipients.aspx>>.

Initiatives to grow the economic relationship

			expected to engage over 135 participants and 8,000 attendees.
2018–19	Midwest Multicultural Association WA	\$5000	Festival of Lights 2019 - The free family focused festival to be held on the 9 November in Geraldton will showcase multicultural music, entertainment, activities and food. Originating within the Indian community in Geraldton for over 10 years, the event now broadly celebrates the rich cultural diversity of the Midwest region and brings the community together. An audience of 3000 people are expected to attend the festival.
2018–19	Buddha's Light International Association of Western Australia Inc.	\$15,000	Buddha's Birthday and Multicultural Festival 2019 - This event will take place in the Supreme Court Gardens, Perth during 13–14 April for anticipated audiences of 30,000 people.
2018–19	Indian Society of Western Australia Inc.	\$15,000	Diwali Mela 2019 - This event will take place at Claremont Showgrounds during 19–20 October for an anticipated audience of 30,000 people.

The DLGSC also submitted that the grant program Create X could be expanded to India in the future. Create X was launched in 2020 and offered artists, creative industry professionals and art organisations up to \$20,000 to 'undertake collaborations and cultural exchange opportunities in Singapore, Malaysia and Indonesia.'¹⁶⁷⁶ Its intention, according to DLGSC, was to contribute to the 'building of greater Asia capability, cultural awareness and stronger relationships between WA and our immediate neighbours, which is highlighted as a key cultural outcome in the State Government's Asian Engagement Strategy.'¹⁶⁷⁷

However, with the advent of the COVID-19 pandemic, DLGSC suspended Create X and redirected its funds to programs supporting activities that are able to take place despite gathering restrictions. This approach, according to the DLGSC, sought to 'ensure that independent artists that are not able to access the Lotterywest Relief Fund are able to remain engaged and supported in their creative activities'.¹⁶⁷⁸ What this means for the long-term viability of an India-focused grant program is unclear.

WA local governments support Indian community cultural events through community grants or in-kind support. As an example, the City of Mandurah hosted *Words on Water*, a gathering of international writers, thinkers and influencers, as part of *Confluence* in 2019. This is intended to become an annual event.¹⁶⁷⁹ Similarly, each year the Town of Claremont supports the Indian Society of WA's Diwali Mela event that takes place at the Showgrounds.¹⁶⁸⁰

¹⁶⁷⁶ Department of Local Government, Sport and Cultural Industries, *Create X: Asian cultural exchange program guide*, version 1, Government of Western Australia, Leederville, 2019, p3.

¹⁶⁷⁷ Submission 33, Department of Local Government, Sport and Cultural Industries, p7.

¹⁶⁷⁸ Department of Local Government, Sport and Cultural Industries, *Update on DLGSC culture and the arts grants due to COVID-19*, 5 May 2020, accessed 16 June 2020, <www.dlgsc.wa.gov.au/departments/news/news-article/2020/05/05/update-on-dlgsc-culture-and-the-arts-grants-due-to-covid-19>.

¹⁶⁷⁹ Duncan Ord, Department of Local Government, Sport and Cultural Industries, Letter, 28 May 2020, p3.

¹⁶⁸⁰ *ibid*.

Much of the funding available to organisations wishing to stage events, however, is only accessible to not-for-profit entities. Paramount Events identified such grant criteria as limiting its ability to produce shows. As it said:

In reality, even though we are not registered as non-profit organizations [sic] our end result is always financially loss [sic]. A review on the grant criteria to consider organizations registered as commercial like us will definitely support us.¹⁶⁸¹

Finding 113

Although there are various opportunities for the Western Australian public to attend events celebrating Indian cultures, history and heritage, the main festival showcasing India in Australia, *Confluence*, is a result of the efforts of the High Commission of India. The State Government does not currently offer culture and arts grants that specifically support cultural exchange and collaboration with Indian artists. Create X, which should include India in the future, has been suspended due to the COVID-19 pandemic and its funds redirected to other programs. It remains to be seen whether similar funding will be available for projects that contribute to increased cultural awareness between India and Western Australia in the near future.

Encouraging sister city relationships

Beyond sister state relationships, sister cities have increased in popularity since the 1950s, when they were used as a way to spread peace, prosperity and goodwill in the aftermath of the Second World War.¹⁶⁸² They are gaining increasing emphasis in India, and the Varghese Report considered them ‘a platform to generate networks and commercial opportunities for Australian companies.’¹⁶⁸³

Currently no WA local governments have a sister city relationship with India.¹⁶⁸⁴ While at least 24 WA local governments have active sister city agreements, almost all are in Northeast Asia, Europe and North America.¹⁶⁸⁵

National Energy Simulators Chief Executive Officer Terry Mohn, who spent around five years working in India on-and-off, advocated for the City of Perth in particular establishing a sister city arrangement in India. He identified Mumbai and Chennai as possible candidates:

- Mumbai because it is one of the ‘fastest growing commerce ports in India’ and its officials are well connected.¹⁶⁸⁶
- Chennai because of its proximity to Sri City,¹⁶⁸⁷ the 7,500 acre industrial park that currently boasts some 185 companies.¹⁶⁸⁸

¹⁶⁸¹ Submission 17, Paramount Events, p3.

¹⁶⁸² Melissa Conley Tyler and Julian Disting, *Asia’s most eligible cities*, 13 February 2020, accessed 13 October 2020, <<https://pursuit.unimelb.edu.au/articles/asia-s-most-eligible-cities>>.

¹⁶⁸³ Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp231, 310, 311.

¹⁶⁸⁴ Duncan Ord, Department of Local Government, Sport and Cultural Industries, Letter, 28 May 2020, p3.

¹⁶⁸⁵ Sister Cities Australia, *Directory of Australia sister city affiliations 2020*, 2020, pp22–24.

¹⁶⁸⁶ Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p3.

¹⁶⁸⁷ *ibid.*, p12.

¹⁶⁸⁸ Sri City, *Why Sri City*, accessed 13 October 2020, <<http://www.sricity.in/en/why-sri-city/>>.

Mr Mohn recognised, however, that it is a challenge to locate a suitable sister city because 'you want to find a city pretty much equal in size or speciality to what Perth is.'¹⁶⁸⁹ Another consideration in relation to Mumbai is the crowdedness of the city's markets. This would likely eliminate it as a potential sister city for any WA local governments.

Reena Suri, Executive Director of India Smart Grid Forum, recognised the promise of Mumbai but also brought the state of Gujarat to the Committee's attention. She pointed out that Indian Prime Minister Hon Narendra Modi previously held the position of Chief Minister of Gujarat. The state is home to Gujarat International Finance Tec-City (GIFT),¹⁶⁹⁰ a city designed to be a global financial and information technology (IT) hub akin.¹⁶⁹¹

The exact economic impact of sister cities is unclear, particularly because of the difficulties quantifying the various economic interactions that take place between partner communities.¹⁶⁹² Nevertheless, submitter Jagpreet Walia suggested the growing Indian economy and increasing demands for high-quality local governance and infrastructure provides opportunities for WA local governments to share their governance tools and sustainable technologies. Through sister city agreements, they can assist Indian local governments to address their communities' growing demands for services such as parks, libraries, and community halls.¹⁶⁹³ This, in turn, will enable WA businesses serving the local government sector to demonstrate their offerings to Indian local governments.¹⁶⁹⁴ It, as Mr Walia submitted, facilitates 'Australian business to reach more extensively to the Indian market at local levels.'¹⁶⁹⁵ Sister cities also have the potential to increase people-to-people links that can facilitate delegations and investments.¹⁶⁹⁶

For sister city relationships to contribute to the diversification of WA's economy, there needs to be some coordination across the State. Local governments are increasingly entering the international engagement sphere, identifying opportunities and engaging with overseas local governments to 'tap into' their markets. The unintended consequence of such activity is that it has the potential to undermine State trade and investment strategies. The diversification of WA's economy, for example, is not advanced if WA local governments continue to sign sister city agreements in markets in which WA already has a strong economic partnership (i.e. China and Japan).

1689 Terry Mohn, National Energy Simulators, *Transcript of Evidence*, 24 June 2020, p12.

1690 Reena Suri, India Smart Grid Forum, *Transcript of Evidence*, 24 June 2020, p12.

1691 GIFT City, *Conceptualization*, August 2020, accessed 28 August 2020, <www.giftgujarat.in/genesis>.

1692 Sister Cities International, *Measures that matter: A study on the economic benefits of sister city relationships in the U.S. and their impact on the global economy 2014–2015*, Washington, D.C., pp2, 6; Mona Chung and Bruno Mascitelli, 'The role of sister city relationships in the enhancement of trade: Latrobe City (Australia) and Taizhou (China)' in *GBATA 2008: Global Business and Technology Association Tenth International Conference*, Global Business and Technology Association, New York, N.Y., 2008, p237; B. Ramasamy and R.D. Cremer, 'Cities, commerce and culture: The economic role of international sister city relationships between New Zealand and Asia', *Journal of the Asia Pacific Economy*, vol. 3, no. 3, 1998, p459; S.X. Fan et al., *Australia-China Sister Cities: Seizing Opportunities Together*, Australia-China Council Grant Report, RMIT University, Melbourne, 2019, p68.

1693 Submission 28, Jagpreet Walia, pp3, 4, 5; Submission 16, Dr Om Dubey, p10.

1694 Submission 28, Jagpreet Walia, pp5, 6.

1695 *ibid.*, p6.

1696 Submission 5, Perth USAsia Centre, p22.

At the time of the 2016 census, the local government catchments with the highest number of residents of Indian ancestry were Stirling, Gosnells, Canning, Wanneroo, Swan and Armadale.¹⁶⁹⁷ The Perth USAsia Centre, suggested that the Indian diaspora assist local government to develop sister city relationships and recommended that:

The Department of Local Government, Sport and Cultural Industries should explore what support can be provided to WA Local Governments (with large Indian diasporas) to assist in the development of Sister City relationships and/or other formal links with Indian cities.¹⁶⁹⁸

Other state governments fund training programs for local governments and encourage them to develop sister state agreements with India. The Local Government Association of Queensland and Asialink Business, with support from Trade and Investment Queensland, have developed a program aimed at providing local councils in Queensland with the skills and knowledge needed to engage with companies and representatives from Asia.¹⁶⁹⁹ This aligns with Queensland's Trade and Investment Strategy, which emphasises Queensland's need to build 'stronger relationships with the new growing economies of Asia.'¹⁷⁰⁰

Finding 114

Sister city agreements between Western Australian and Indian local governments are rare, even though such relationships have the potential to provide opportunities to strengthen bilateral relationships and support the State Government's efforts to diversify the State's economy.

Recommendation 34

That the State Government review the program developed by the Local Government Association of Queensland and Asialink Business and consider whether a similar program, focused on increasing India literacy amongst Western Australian local governments and encouraging appropriate sister city agreements with India, could be implemented in Western Australia.

State funds and grants

As discussed in chapter 10, the State Government has established the following programs and funds to support WA businesses:

- JTSI's Access Asia Business Grants program;
- DPIRD's Value Add Agribusiness Investment Attraction Fund; and

1697 Department of Local Government, Sport and Cultural Industries, *Western Australia (2016)*, accessed 13 October 2020, <<https://geografia.com.au/dlgsc/#/>>.

1698 Submission 5, Perth USAsia Centre, p23.

1699 Asialink Business, *Queensland councils set sights on new era of business with Asia*, accessed 12 June 2020, <<https://asialinkbusiness.com.au/news-media/queensland-councils-set-sights-on-new-era-of-business-with-asia>>; Asialink Business, *Teaming up with local Queensland councils to access the Asian region*, accessed 12 June 2020, <<https://asialinkbusiness.com.au/news-media/teaming-up-to-help-local-queensland-councils-access-the-asian-region>>.

1700 Government of Queensland, *Advancing trade and investment: Queensland trade and investment strategy 2017–2022*, Brisbane, 2017, pp16, 31.

- DPIRD's International Competitiveness Co-investment Fund.

Further to the above, the Committee is aware that Tourism WA supports events through its Major Event Funding,¹⁷⁰¹ and the DLGSC supports the Asian Engagement Strategy by funding WA sporting associations to 'strategically align' with international counterparts in Asia. The DLGSC fund seeks to attract students from Asia to WA's tertiary sector.¹⁷⁰²

The State Government does not have an India-focused fund, although WA businesses seeking to engage, or engaged with, India may qualify for a range of non-country specific grants. Mr Carter from CCIWA suggested that a version of the Access Asia Business Grants program focused on India 'would get the attention' of businesses with an interest in the Indian market.¹⁷⁰³

As noted in finding 15, the State Government, businesses and institutions should collaborate and proactively engage with Commonwealth Government resources (including funds) to promote WA products and services. Commonwealth funding includes the Australia–India Strategic Research Fund (see box 6.6), Australia–India Food Partnership (discussed in chapter 10), and Austrade's Export Market Development Grants for 'aspiring and current exporters', which in 2019–20 made funding of \$207.7 million available.¹⁷⁰⁴ The Australia–India Council, a public grants body for enhancing the bilateral relationship attached to DFAT, has only awarded three grants for WA projects in the last six years.¹⁷⁰⁵ Other states and their agencies have leveraged the Australia–India Council to pursue sister state and offshore TAFE projects.¹⁷⁰⁶

The Committee agrees with the view of Perth USAsia Centre that the State Government should continue to fund WA–India business councils, such as the AIBC.¹⁷⁰⁷ Recommendations in this report, if implemented, necessitate funding third parties to deliver events, capability programs, and possibly trade missions. The Federation of Indian Associations of WA recommends grants and funding for the diaspora community engagement programs.¹⁷⁰⁸ As discussed in chapter 10, DPIRD also funds AEGIC, an independent, not-for-profit company whose purpose is to increase value in the Australian grains industry.

1701 Tourism Western Australia, *Major Events Funding*, accessed 5 October 2020, <<https://www.tourism.wa.gov.au/events/Event-sponsorship/Pages/Major-Events-Funding.aspx#/>>.

1702 Submission 33, Department of Local Government, Sport and Cultural Industries, p4.

1703 Michael Carter, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, 11 March 2020, p9.

1704 Australian Trade and Investment Commission, *Export Market Development Grants (EMDG)*, accessed 5 October 2020, <<https://www.austrade.gov.au/Australian/Export/Export-Grants>>.

1705 UWA received \$43,190 for a project involving seabed engineering for deep water oil and gas in the 2015–16 round of grants, and \$8,040 for a project that involved looking at the universe with ultraviolet glasses in the 2018 round. Curtin University received \$48,349 for 'capacity building for sustainable urban transport and innovating financing mechanism' workshops in Bangalore, Pune and New Delhi in the 2014–15 round. See Australia-India Council, *Australia-India Council Grants Program*, accessed 5 October 2020, <<https://dfat.gov.au/people-to-people/foundations-councils-institutes/australia-india-council/grants/Pages/grants.aspx>>.

1706 *ibid*.

1707 Submission 5, Perth USAsia Centre, p22.

1708 Submission 7, Federation of Indian Associations of WA, p15.

Finding 115

Businesses with an interest in the Indian market may be eligible for a range of State and Commonwealth Government grants.

The Australia–India Council, a public grants body for enhancing the bilateral relationship attached to the Department of Foreign Affairs and Trade, has only awarded three grants to Western Australian projects in the last six years. Other states have leveraged the Australia–India Council to pursue sister state and offshore TAFE projects.

Supporting and funding research and development partnerships

Evidence to this inquiry consistently underscored the potential of research and development partnerships to strengthen the India relationship.

Many of the Varghese Report’s recommendations were directed at enhancing the research relationship, including doubling the funding for the Australia–India Strategic Research Fund (see box 6.6), making that funding ongoing, and supporting people-to-people links in science and innovation.¹⁷⁰⁹ Collaboration helps facilitate deeper engagement across all sectors of the economy, has an important soft diplomacy role, and strengthens our credentials as a quality education provider.¹⁷¹⁰ As noted in chapter 6, research partnerships can have a significant economic impact.

India is emerging as a global hub for research and development, and partnerships with India in science and innovation can help ‘create Australian jobs in sectors we are yet to imagine’.¹⁷¹¹ Australia’s rate of collaboration between industry and researchers (at two to three per cent) was at the time of the Varghese Report the lowest of the 37 member states of the Organisation for Economic Co-operation and Development (OECD). The Varghese Report added that ‘Government support and funding is often crucial to success, especially in a time-consuming and challenging environment like India’.¹⁷¹²

*India is emerging as a global hub
for research and development. ...
Science and innovation cut across
the whole economy and is
important to every industry.*

*An India Economic Strategy to 2035:
Navigating from Potential to Delivery
(Peter Varghese AO)*

India recognises the importance of research and increased international collaboration. A key theme of the Australia–India virtual summit in June 2020 was enhancing bilateral science, technology and research collaboration in many sectors. India’s expertise and interest in collaboration represents an opportunity for WA. WA has significant research expertise that aligns with India’s economic needs and government priorities. A challenge of pursuing collaborations is that the United States and Europe remain top choices for collaboration for Indian scientists.¹⁷¹³ However, as noted in this report, WA has recognised areas of expertise

1709 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp287–290.

1710 *ibid.*, p247; Submission 2, UWA and UWA Public Policy Institute, p7.

1711 Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, pp6, 274.

1712 *ibid.*, p274.

1713 *ibid.*, p283.

including in METS, PETS, renewable energy, grains management, water management, and other agriculture technology and services.

The following findings and recommendations in this report relate to research and development, and highlight areas of synergy between WA and India in priority sectors:

- International education
 - Recommendation 13: That the State Government investigate measures to support or develop a scholarship program to increase the number of Indian higher degree by research students attending Western Australian universities. Scholarship programs should focus on the priority sectors identified in the State Government's economic agenda.
 - Finding 53: There is considerable scope for growing collaborative research between Indian and Western Australian researchers. Western Australia risks missing out on economic outcomes generated from collaboration if it does not pursue opportunities to collaborate with India's research talent in target sectors.
 - Finding 54: The Indian Government is currently contributing more money to Australian and Indian research collaborations than Australia. Even partial contributions by the State Government would incentivise Western Australian academics to explore opportunities.
 - Recommendation 14: That the State Government investigate ways to support collaborative research projects between Western Australia and India that focus on the priority sectors identified by the State Government and/or sectors with future trade potential.
 - Finding 56: The State Government has developed a suite of strategic documents that identify priority sectors for economic development. International education could be a vehicle to pursue a range of broader outcomes in these priority sectors. Prior to the COVID-19 pandemic, the State Government's strategic documents and policies focused on international student recruitment and not on the contribution that research collaboration or other forms of international education engagement could make to the growth and diversification of the State's economy.
- Minerals and energy including renewable energy
 - Finding 75: India is seeking to grow its domestic battery manufacturing industry and become a global leader in battery technologies. There are opportunities for Western Australia along the battery production value chain, including research and development partnerships with India through the Future Battery Industries Cooperative Research Centre.
 - Finding 79: Research and knowledge partnerships between Western Australia and India progress research, establish strategic relationships and create commercial opportunities in a number of sectors. The mining equipment, technology and services (METS) sector offers collaborative opportunities. Relationships between Australian and Indian mining technology research institutions can be the precursor to joint commercialisation and METS exports.

- Finding 84: India's energy needs present a number of significant opportunities for Western Australia to collaborate and leverage our domestic industry's world-class expertise in renewable energy, microgrids and associated technologies. There are opportunities in research and development collaboration in renewable energy. Australia and India's commitment to bilateral cooperation in energy was set out in the Comprehensive Strategic Partnership signed in June 2020.
- Agribusiness
 - Finding 89: Partnerships, collaborations, and joint research and development between Western Australian and Indian universities and/or the private sector are important to grow agribusiness opportunities. The Department of Primary Industries and Regional Development acknowledged that the research sector 'does warrant some attention in terms of continuing to build on those bilateral relations'.
- The impact of the COVID-19 pandemic
 - Finding 123: Research and development relationships can and will also continue (during the COVID-19 pandemic). It will be vital to tap into and develop the networks and partnerships between universities, research institutions and academic communities. Research teams are used to collaborating across borders and can reinforce international links and help maintain pathways to the Indian market. The State Government should ensure that the development and implementation of its India Market Plan leverages the considerable capacity in the Indian diaspora and research community.

The following recommendation relates to all priority sectors.

Recommendation 35

That the State Government consider mechanisms to support research and development partnerships with India, with a focus on partnerships that build strategic relationships and may create commercial opportunities in priority sectors. (See findings 53, 54, 56, 75, 79, 84, 89, 123, and recommendations 13 and 14).

Efforts to secure direct flights

The importance of direct flights is discussed in chapters 5 and 7. As noted in finding 34 in chapter 5, 'direct flights between WA and India will be a catalyst to growing the Western Australia–India economic relationship in **all** sectors [emphasis added]'. Again, the importance of direct flights to growing the WA–India relationship cannot be understated.

The Committee noted the challenges of securing direct flights in the tourism chapter at chapter 7. As previously noted, the Minister for Tourism visited India four times between August 2018 and August 2019 in his bid to secure direct flights.

Recommendation 36

That the State Government continue to pursue securing direct flights between Western Australia and India as a priority.

Visa settings: a lever to encourage economic outcomes

Visas settings, as one submitter put it, are a ‘lever’ that can be used to encourage particular economic outcomes.¹⁷¹⁴ Most of the inquiry’s visa-related evidence concerned state nominated visas and their contribution to the international education sector, which was discussed in chapter 6. Consideration was also given to tourism visas, which was outlined in chapter 7. WA’s use of two further ‘levers’—the WA Business Migration Program and Designated Area Migration Agreements (DAMAs)—are addressed in this section.

Western Australia Business Migration Program

The Business Migration Program offers an opportunity to increase investment in WA. Administered by the Small Business Development Corporation (SBDC), the program is run in a similar way to the State Nominated Migration Program (discussed in box 6.2 in the international education chapter): WA assesses visa applicants against WA-specific criteria and nominates them for a relevant visa. Unlike the State Nominated Migration Program, however, the criteria of the Business Migration Program are not focused on applicants’ work skills or experience but on how their proposed business or investment activity will contribute to the WA economy.¹⁷¹⁵

Two business and investment visas make up the majority of WA business and investment visa nominations: the Business Innovation and Investment (Provisional) visa (subclass 188); and Business Talent (Permanent) visa (subclass 132). Both visas have streams, each with their own criteria, although it appears that over the past five years WA has only made nominations for streams that are part of the Business Innovation and Investment (Provisional) visa.¹⁷¹⁶ The economic contribution of all permanent residency business visa holders to WA is significant (see table 12.2).¹⁷¹⁷

Table 12.2: Confirmed and finalised economic contribution to WA by permanent residency business visa holders¹⁷¹⁸

	2015–16	2016–17	2017–18	2018–19	2019–20
Jobs created	157	148	257	1,032	267
Business exporting	12	15	8	15	12
Total net assets in WA	\$302.3M	\$305.1M	\$396.5M	\$752.5M	\$404.2M
Net assets in business	\$139.8M	\$78.3M	\$161.4M	\$584.1M	\$171.3M
Treasury Bonds and investments	\$20.0M	\$34.7M	\$63.7M	\$41M	\$70.3M

Note: The significant increase for the 2018–19 program year was because two finalised business migrants made a combined economic contribution of 855 new jobs and \$348.7M in total net assets in WA.

¹⁷¹⁴ Submission 5, Perth USAsia Centre, p30.

¹⁷¹⁵ Small Business Development Corporation, *State nomination guidelines*, accessed 8 July 2020, <www.businessmigration.wa.gov.au/business-migration/state-nomination-guidelines>.

¹⁷¹⁶ David Eaton, Small Business Commissioner, Letter, 21 May 2020, pp1–2.

¹⁷¹⁷ Small Business Development Corporation, *Annual Report 2018–19*, Government of Western Australia, Perth, 2019, pp28, 30; David Eaton, Small Business Commissioner, Letter, 21 May 2020, pp3, 4.

¹⁷¹⁸ Small Business Development Corporation, *Annual Report 2018–19*, Government of Western Australia, Perth, 2019, p30; Small Business Development Corporation, *Annual Report 2019–20*, Government of Western Australia, Perth, 2020, p34.

Until recently, India has not been a focus of the Business Migration Program. The number of WA business and investment visa nominations allocated to Indian applicants over the past five years has been low.¹⁷¹⁹

The SBDC said it regards India as a ‘trial market’ and has only committed to one visit to promote the program. Usually, SBDC representatives will carry out six international visits each year to deliver presentations, migration agency staff updates and client appointments. China, Malaysia and Vietnam are to receive biannual visits while Indonesia, Singapore and Cambodia receive annual visits. No international visits have occurred in 2020 due to the impact of COVID-19.¹⁷²⁰

The Perth USAsia Centre submitted that WA’s promotion of its business and investment visas could increase, pointing to statistics that show the number of WA nominations for investment visas has consistently lagged behind those of other Australian jurisdictions.¹⁷²¹ This is particularly relevant given WA’s interest in encouraging Indian investment in WA. As shown in table 12.3, the number of nominations is primarily due to a lack of interest from prospective applicants. In 2018–19, only 18 people expressed interest in WA nomination for a significant investor visa (a stream of the Business Innovation and Investment (Provisional) visa (subclass 188) and none of these individuals were from India. In comparison, Victoria received 187 expressions of interest and NSW received 163.

The Committee does not know whether the level of interest expressed by potential visa applicants towards WA is similar across all business and investment visas streams. However, it does suggest that WA is not regarded internationally as a good place to conduct business or investment activity and that there is a need for the State Government to increase its promotion of business and investment visas

Table 12.3: Significant Investor visa: Government sponsor distribution, 1 July 2018–30 June 2019¹⁷²²

State	Expressions of Interest (EOI) submitted through SkillSelect*	Invitations	Applications lodged	Visas granted (application lodged prior to 1 July 2015)	Visas granted (application lodged on or after 1 July 2015)
Any	<5	0	0	0	0
Austrade	5	6	8	0	<5
ACT	5	0	0	0	<5
NSW	163	192	175	0	76
NT	0	0	0	0	0
QLD	19	22	21	0	13
SA	15	13	13	0	<5

1719 David Eaton, Small Business Commissioner, Letter, 21 May 2020, p2.

1720 *ibid.*, p3.

1721 Submission 5, Perth USAsia Centre, p24.

1722 Department of Home Affairs, *Significant Investor visa statistics*, 15 April 2020, accessed 19 October 2020, <www.homeaffairs.gov.au/research-and-statistics/statistics/visa-statistics/work/significant-investor-visa>.

TAS	0	0	0	0	<5
VIC	187	203	190	<5	88
WA	18	16	16	0	9
Total	413	452	423	<5	191

*EOI figures as at 31 March 2019, data for April–June 2019 currently unavailable.

Given the size of the Indian population and the fact that both India's middle class and its number of 'high-net worth individuals' are rising,¹⁷²³ India offers WA significant opportunities. The Business Migration Program also seems to be receiving more interest from potential visa applicants from India. The SBDC said its inclusion of India in its international visits was due to 'an increasing number of enquiries from migration agents'.¹⁷²⁴ To attract greater inbound investment to WA from India, the Perth USAsia Centre suggested that the State further integrate the Business Migration Program into its 'broader Indian economic engagement and investment facilitation programs' and partner with Indian diaspora and business organisations.¹⁷²⁵

Finding 116

Western Australia has allocated very few business and investment visa nominations to Indian applicants over the past five years. It is not known whether this is in proportion to the level of interest from India in the Western Australia Business Migration Program.

Recommendation 37

That the State Government, working with the Small Business Commissioner, explore and support ways to increase the marketing of the Business Migration Program (including investment visas) in India, and ways to increase the number of Expressions of Interest in a Western Australian business and investment visa nomination.

Designated Area Migration Agreements (DAMAs)

DLGSC identified DAMAs as an initiative that could support regional economic growth.¹⁷²⁶ DAMAs are formal agreements between the Commonwealth Government and regional, state or territory authorities whose areas are experiencing skills shortages. Each DAMA is a 'two-tiered agreement', consisting of a five-year deed of agreement (also known as a head agreement) with the regional authority and 'individual labour agreements with employers under the settings of the head agreement for that region'.¹⁷²⁷ The labour agreements are also generally in effect for five years.

The aim of DAMAs is to provide defined regions with access to more overseas workers than is offered through the standard skilled migration program. As the Western Australian Local

¹⁷²³ Submission 5, Perth USAsia Centre, p24.

¹⁷²⁴ David Eaton, Small Business Commissioner, Letter, 21 May 2020, p3.

¹⁷²⁵ Submission 5, Perth USAsia Centre, pp24, 25.

¹⁷²⁶ Submission 33, Department of Local Government, Sport and Cultural Industries, p3.

¹⁷²⁷ Department of Home Affairs, *Designated area migration agreements*, 1 October 2019, accessed 19 October 2020, <<https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-agreements/designated-area-migration-agreements>>.

Government Association (WALGA) noted in a 2019 report, regional visas, which require successful applicants to work in a regional area ‘do not require employees stay in the regional area once they have satisfied the conditions of their visa, and there is evidence to suggest that migrant workers are instead choosing to move to capital cities’.¹⁷²⁸

There are seven DAMAs across Australia, of which one—the Goldfields DAMA with the City of Kalgoorlie-Boulder—is in WA.¹⁷²⁹ The Goldfields DAMA covers 72 occupations, ranging from mining and heavy industry to childcare, hospitality and disability services sectors.¹⁷³⁰ Prior to the COVID-19 pandemic, the Pilbara Regional Council was also pursuing a DAMA in an attempt to address workforce shortages that the region experienced during economic peaks.¹⁷³¹

DAMAs are the responsibility of the Commonwealth Government, but DLGSC pointed out that the State provides input into the migration system ‘in terms of the skills needs of the State and advocating for the system to cater to the unique needs of the WA economy.’¹⁷³² Of course, the extent to which these DAMAs will assist WA’s economic relationship with India is dependent on factors largely beyond the control of state governments or the regional authorities that are parties to them. They rely on Indian applicants having not only the desired skills but a willingness to move to regional WA. Incentives and marketing of regional lifestyles and opportunities could assist, but the inquiry received no evidence about the efficacy of such initiatives in relation to India.

Finding 117

Designated Area Migration Agreements offer regional areas of Western Australia with access to more overseas workers than is offered through the standard skilled migration program. No evidence was provided about their impact on Indian immigration to regional Western Australia or their potential impact on Western Australia’s economic relationship with India.

1728 Western Australian Local Government Association, *Local economic development: Research findings and futures directions*, West Leederville, 2019, pp46–47.

1729 Department of Home Affairs, *Designated area migration agreements*, 1 October 2019, accessed 19 October 2020, <<https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-agreements/designated-area-migration-agreements>>.

1730 City of Kalgoorlie-Boulder, *FAQs*, accessed 10 July 2020, <<https://www.ckb.wa.gov.au/Doing-Business/Designated-Area-Migration-Agreement/Designated-Area-Migration-Agreement>>.

1731 Western Australian Local Government Association, *Local economic development: Research findings and futures directions*, West Leederville, 2019, p47; Pilbara Regional Council, *Migration agreement*, accessed 10 July 2020, <<http://www.prc.wa.gov.au/project/migration-agreement/>>; Alicia Perera, ‘New jobs migration plan could come to the Pilbara’, *Pilbara News* (web-based), 23 April 2019, accessed 19 October 2020, <<https://www.pilbaranews.com.au/news/pilbara-news/state-jobs-migration-plan-could-come-to-the-pilbara-ng-b881164300z>>.

1732 Submission 33, Department of Local Government, Sport and Cultural Industries, p3.

Chapter 13

The impact of the COVID-19 pandemic

Let us be very clear that it is only an internationally oriented Australia and Western Australia that will be a prosperous Australia and Western Australia.

Professor Ross Garnaut AC, Professor of Economics, University of Melbourne

Despite the volume of suggestions made to the Committee, evidence gathered and the range of findings and recommendations contained in this report, one finding is inescapable: the COVID-19 pandemic has wrought significant damage to the global economy and creates unprecedented uncertainty. This chapter provides a preliminary discussion on the impacts of the COVID-19 pandemic and the significant challenges it poses for the development of trade policy.

Impacts on the inquiry

The COVID-19 pandemic struck in the very early stages of this inquiry, affecting the Committee's capacity to gather information, hold hearings and interrogate much of the evidence presented to it. Hearings and meetings were delayed or cancelled and programs of work associated with specific terms of reference were not undertaken.

Moreover, whereas numerous organisations and entities have engaged positively with the Committee, there were understandable and entirely legitimate constraints on the capacity of State and Commonwealth government agencies to engage, given their immediate and intense focus on COVID-19 responses. This again has affected the Committee's capacity to test a range of potential findings and recommendations we might otherwise have made.

The COVID-19 pandemic is also ever-evolving. Whilst the Committee has gathered information on trade dynamics prior to the pandemic, the limited resources available to the Committee (including time to conduct the inquiry) rendered it impossible to reach firm conclusions on the impacts of COVID-19 on the bilateral relationship, nor make detailed recommendations on appropriate policy responses specific to the pandemic.

Economic impacts: preliminary observations

The global economic shut-down and restrictions on gatherings had an unprecedented impact on the WA economy. Prior to the emergence of the COVID-19 pandemic, the WA economy was gaining momentum, after years of lacklustre performance. The domestic economy was growing at its fastest rate in seven years; WA businesses were the most confident in the nation and business investment was accelerating. Over the three year

period preceding COVID-19, 77,000 jobs were created and unemployment had fallen to its lowest level in nearly five years.¹⁷³³

The COVID-19 pandemic brought WA's growth to an abrupt halt. Following the introduction of a range of restrictions to protect population health, WA's domestic economy contracted by six per cent in the June quarter, 103,000 Western Australians lost their jobs in the three months to May 2020 and consumer and business confidence fell to record lows.¹⁷³⁴

The COVID-19 pandemic also hit the Indian economy hard. The Indian Government introduced a three-week lockdown in April 2020. This was later extended until 30 June 2020 for certain areas of the country and, following this, state governments introduced their own containment measures.¹⁷³⁵ In its most recent analysis, the International Monetary Fund (IMF) forecast that India's economy would contract by 10.3 per cent in 2020.¹⁷³⁶

However, India still retains many of the structural drivers that underpin its economic promise.¹⁷³⁷ This includes its growing population—both working age and total population—which is unlikely to change dramatically post COVID-19. The IMF expects India's gross domestic product (GDP) to grow by 8.8 per cent in 2021, outstripping Australia by 5.8 percentage points.¹⁷³⁸ Ambassador Anil Wadhwa, lead author of the Indian

[The pandemic recession is a] temporary glitch and once there's some amount of normalcy, the India-Australia bilateral relationship should resume its natural growth path.

Ambassador Anil Wadhwa

Government's forthcoming Australian economic strategy, regards the pandemic recession as a 'temporary glitch' to the Australia–India bilateral relationship (see pull quote).¹⁷³⁹

In WA, the swift measures taken by the State Government have (thus far) prevented community transmission and allowed restrictions to be eased faster and to a greater extent than other Australian jurisdictions. Safe from community transmission, WA businesses and households have been able to progressively recommence their usual activity and support economic recovery.

1733 Government of Western Australia, *Western Australia State Budget 2020–21*, Budget paper no. 1, Department of Treasury, Perth, 2020, p2.

1734 Government of Western Australia, *Western Australia State Budget 2020–21*, Budget paper no. 3, Department of Treasury, Perth, 2020, pp10, 14.

1735 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p22.

1736 International Monetary Fund, *World economic outlook: A long and difficult ascent*, Washington, D.C., October 2020, p145.

1737 See Commonwealth of Australia, *An India Economic Strategy to 2035: Navigating from Potential to Delivery*, by Peter Varghese, Barton, 2018, p5.

1738 International Monetary Fund, *World economic outlook: A long and difficult ascent*, Washington, D.C., October 2020, pp145, 142; Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p23.

1739 Anil Wadhwa, *Hugo Seymour interviews Ambassador Anil Wadhwa*, 13 May 2020, accessed 20 July 2020, <www.youtube.com/watch?v=rFPcf4bl-kE>.

By August 2020, WA was leading the nation in the recovery of jobs lost, having regained three quarters of the employment lost between March and May.¹⁷⁴⁰ In the month to August 2020, WA experienced the second largest decrease in its unemployment rate—down 1.3 percentage points from July.¹⁷⁴¹ And in the period 8 to 22 August, WA had the second largest rise in payroll wages out of all Australian jurisdictions.¹⁷⁴² The October State Budget Papers reported that a number of indicators had recovered to pre-COVID levels, including consumer confidence, retail trade and job advertisements.¹⁷⁴³

The early signs are promising. However, as the following sections discuss, WA faces numerous challenges on the road to recovery. The State Government has indicated that it is cognisant of the need to prepare for potential subsequent waves of COVID-19. There are also trade and international relations dynamics that may present risks to the WA economy, related to the continuity of international supply chains and the State's exposure to discrete commodities and markets.

Supply chains

International border restrictions and reduced flights have significantly disrupted WA's supply chains. Prior to the pandemic, a considerable proportion of WA exports were transported as cargo in passenger aeroplanes.¹⁷⁴⁴ In 2018–19, for example, 10 per cent of WA's agrifoods and fisheries exports were exported in this way.¹⁷⁴⁵ The removal of most passenger services therefore not only limited the number of travellers to WA, impacting the international education and tourism sectors (see below), but also affected exporters' ability to get products to market.

Disrupted supply chains threaten the long-term viability of export businesses. As Perth Airport Chief Executive Officer (CEO) Kevin Brown pointed out:

The danger is if it cannot get to market, someone else will find their way into the market and they may never come back to us again, and we have lost that opportunity.¹⁷⁴⁶

Where air freight space is available, the costs have increased and are unlikely to reduce in the near term. The Department of Primary Industries and Regional Development (DPIRD) reported that, due to international travel restrictions, 'international freight cost is unlikely to return to pre-COVID19 [sic] levels in the medium term.'¹⁷⁴⁷

1740 Bankwest Curtin Economics Centre, *Labour market Update: August 2020*, by Alan Duncan, Rebecca Cassells and Michael Dockery, Western Australia, September 2020, p2.

1741 *ibid.*, p3.

1742 *ibid.*, p5.

1743 Government of Western Australia, *Western Australia State Budget 2020–21*, Budget paper no. 3, Department of Treasury, Perth, 2020, p8.

1744 Richard Sellers, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p12.

1745 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p1.

1746 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p9.

1747 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p1.

In April 2020, the State Government committed up to \$624,000 to offset increased air freight costs and support dedicated freight services.¹⁷⁴⁸ Once the Commonwealth International Freight Assistance Mechanism (IFAM) commenced, state government departments then engaged with the Australian Trade and Investment Commission (Austrade) to ensure it supported WA exporters.¹⁷⁴⁹ IFAM helps exporters to secure freight space on aeroplanes. Priority is given to high-value and perishable goods, such as agricultural and fisheries products.¹⁷⁵⁰ As at September 2020, 14 freighters were operating from Perth Airport each week.¹⁷⁵¹

Finding 118

The COVID-19 pandemic has disrupted supply chains and increased export costs for Western Australian businesses.

Sectoral impacts of the COVID-19 pandemic

As outlined above, this inquiry was severely affected by the COVID-19 pandemic, limiting the Committee's ability to gather evidence on trade dynamics in a range of sectors identified in the terms of reference. It also prevented the Committee from testing much of the evidence and recommendations put to us. Nonetheless, some evidence has been available on sectoral impacts and several high level observations are outlined below.

The early signs indicate that the pandemic has had different impacts across the economy—and the experience of the mining and agribusiness sectors shows that, even within sectors, there is considerable variation.

International education

Witnesses told the Committee that the COVID-19 pandemic has 'catastrophically impacted' the international education sector.¹⁷⁵² As at September 2020, there were just over 5,400 Indian students remaining in Western Australia.¹⁷⁵³ In comparison, 8,879 students enrolled in WA in 2019.¹⁷⁵⁴

As discussed further in chapter 6, during the early stages of the pandemic, the University of Western Australia (UWA) predicted a shortfall in core revenue of around \$64 million for 2020. Curtin University estimated that its revenue would be around \$60 million lower than

1748 Hon Alannah MacTiernan, Minister for Agriculture and Food, *Supporting air freight to Singapore*, media release, 22 April 2020.

1749 Ralph Addis, Department of Primary Industries and Regional Development, Letter, 25 August 2020, p1; Richard Sellers, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p12.

1750 Australian Trade and Investment Commission, *International Freight Assistance Mechanism*, 2020, accessed 30 September, <<https://www.austrade.gov.au/news/news/international-freight-assistance-mechanism#7>>.

1751 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p9.

1752 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p26.

1753 *ibid.*, p25.

1754 Department of Education, Skills and Employment, *Basic pivot table 2002 onwards*, 2020, accessed 22 October 2020, <<https://internationaleducation.gov.au/research/International-Student-Data/Pages/InternationalStudentData2020.aspx>>.

budgeted. The University of Notre Dame, which reportedly does not have a significant international student population, meanwhile estimated a loss of around \$25.5 million.¹⁷⁵⁵ Philip Payne, CEO of StudyPerth, observed in March 2020 that the impact on the international education sector would be 'devastating', adding that while the universities have sufficient reserves and resilience to survive COVID-19, many private providers in WA would cease to exist.¹⁷⁵⁶

The Department of Jobs, Tourism, Science and Innovation (JTSI) has assisted Indian international students who have remained in WA and been impacted by COVID-19 by channelling support through community groups, such as the Indian Society of Western Australia (ISWA). JTSI supported ISWA to access a \$188,000 grant from the Lotterywest COVID-19 Relief Fund.¹⁷⁵⁷ The State Government, through Lotterywest, developed this fund in response to the COVID-19 pandemic. All profits of the lottery, up to \$159 million, have been allocated to the fund.¹⁷⁵⁸ ISWA has assisted over 200 Indian students to access:

- financial assistance for living expenses;
- crisis accommodation;
- food and groceries;
- employment assistance; and
- mental health and wellbeing services.¹⁷⁵⁹

ISWA President Supriya Guha said that the Lotterywest grant would help it to continue its efforts.¹⁷⁶⁰

JTSI said that it also provides funding for the StudyPerth Crisis Relief (SPCR) Program. This program is outlined in box 6.3.

Tourism

The State Government has reported that, prior to the pandemic, WA's tourism industry was experiencing record growth. In the year ending December 2019, the number of international holiday visitors increased by 10.1 per cent to 536,400. This was the highest number of international holiday visitors to WA on record and the strongest growth rate in international holiday visitors and spend of all states and territories.

Overall, a total of 995,700 international visitors travelled to WA, representing a 3.3 per cent increase on 2018 figures. According to the International Visitor Survey, these visitors spent

1755 Eliza Borrello, 'WA universities suffer huge coronavirus income losses as international students stay away', *ABC News* (web-based), 27 May 2020, accessed 28 May 2020, <<https://www.abc.net.au/news/2020-05-27/uwa-curtin-big-covid-losses-as-international-students-stay-away/12291722>>.

1756 Philip Payne, StudyPerth, *Transcript of Evidence*, 20 March 2020, p5.

1757 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 9 October 2020, p2.

1758 Hon Mark McGowan, Premier, *First Lotterywest COVID-19 Relief Fund grants approved*, media release, 12 May 2020; Lotterywest, *COVID-19 Relief Fund*, accessed 9 October 2020, <<https://www.lotterywest.wa.gov.au/grants/our-role-in-the-community/covid-19-relief-fund>>.

1759 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p2; Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 9 October 2020, p2.

1760 Supriya Guha, Indian Society of Western Australia, *Transcript of Evidence*, 9 September 2020, p2.

\$870 million—an increase of 13.7 per cent. Interstate visitation was also high and had risen by 21.4 per cent to 501,100, with interstate holiday spend increasing 30.4 per cent to \$857 million. Tourism Research Australia (TRA), a branch within Austrade, valued WA's tourism industry at a record \$11 billion in 2019.¹⁷⁶¹

As at September 2020, international and interstate passenger numbers into Perth had dropped by 99 per cent and 97 per cent respectively.¹⁷⁶² According to data available in April 2020, bookings to WA from India for the April to September period were down 85 per cent compared to the same time in 2019.¹⁷⁶³

Looking forward, the number of seats available for future air travel are likely to decline. Virgin's fleet, for example, has reportedly been cut in half. Perth Airport suggested that, even when passenger services resume, airlines will use aeroplanes that are 60 or 70 per cent of the size of the larger aircraft used before the pandemic.¹⁷⁶⁴

The effect of lower international visitors on WA's tourism industry has not (as at the time of publishing) been quantified. Tourism Western Australia (Tourism WA) relies on data from TRA for tourism employment statistics in Australia. Data for 2020 is not available until May 2021 and Tourism WA was consequently unable to confirm how many jobs had been lost as a result of the pandemic. At the business-level, around 22 tourism operators had closed by the end of September 2020, although Tourism WA said that they could possibly re-open for the 2021 tourism season.¹⁷⁶⁵

Given the parlous state of international travel and the continued significant impact of the COVID-19 pandemic around the globe, there is no certainty about when visitor numbers might return to pre-pandemic levels. Outgoing Tourism WA Managing Director, Brodie Carr, said 'we do not know when it will be back or how it will come back.'¹⁷⁶⁶ Mr Brown predicted that WA could return to 'where we were last Christmas in four years', but this relied on 'hard, focused strategic intent' and State Government and Perth Airport investment.¹⁷⁶⁷ Mr Brown's support for a fund to reinvigorate the aviation industry is discussed in chapter 7.

Minerals and energy

The COVID-19 pandemic has impacted the mining sector less than other sectors.¹⁷⁶⁸ In the September quarter, iron ore prices were at a six-year high and gold prices were at an all-time high.¹⁷⁶⁹ The rising price of these commodities has, in turn, driven increased exploration activities:

1761 Hon Paul Papalia, Minister for Tourism, *WA's tourism numbers reach record high before COVID-19 pandemic*, media release, 8 April 2020.

1762 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p1.

1763 Nathan Harding, Tourism Western Australia, Letter, 25 May 2020, p2.

1764 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p7.

1765 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p7.

1766 Brodie Carr, Tourism Western Australia, *Transcript of Evidence*, 11 September 2020, p7.

1767 Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, pp8, 2.

1768 Department of Jobs, Tourism, Science and Innovation, *Economy*, 2020, accessed 20 October 2020, <<https://itsi.wa.gov.au/about-the-state/quality-of-life/economy>>.

1769 Department of Industry, Science, Energy and Resources, *Resources and Energy Quarterly September 2020*, Commonwealth of Australia, Canberra, 2020, p7.

- In the June quarter, almost \$100 million was invested in iron ore exploration in Australia, the 'overwhelming majority' in WA.¹⁷⁷⁰
- In 2019–20, Australia's gold exploration expenditure reached a record high with WA accounting for 68 per cent (or \$786 million).¹⁷⁷¹

This growth is not shared uniformly across the mining sector, however. The price of liquefied natural gas (LNG), for example, has dropped considerably. LNG prices are generally tied to oil prices and these reached multi-decade lows in April 2020. This compounded an ongoing global LNG supply glut and a drop in demand brought on by COVID-19 containment measures.¹⁷⁷² LNG, along with crude oil, condensate and LPG, makes up WA's largest export commodity to India, petroleum.¹⁷⁷³

The Bankwest Curtin Economics Centre (BCEC) is also concerned that while the strength of iron ore prices and the mining sector more generally will provide 'somewhat of a buffer' for the WA economy, it reinforces the State's heavy reliance on the mining sector. In its quarterly economic commentary, BCEC wrote:

geopolitical tensions are increasing and global economic uncertainties with murmurs of lower levels of globalisation as some economies look to having greater self-sufficiency and supply chain risks, all pointing to an even greater risk of having most of our eggs in one basket.¹⁷⁷⁴

Agribusiness

The COVID-19 pandemic has had a variable impact on agricultural commodities. While demand for essential food products has generally been stable, seafood exports experienced a significant decline due to the peak export period for some species coinciding with the spread of the pandemic, together with the challenges associated with securing an air route to market.¹⁷⁷⁵ A June 2020 analysis from the Commonwealth Department of Agriculture, Water and the Environment (DAWE) also found that live animal trade was declining, driven by a softening demand in Indonesia and Vietnam.¹⁷⁷⁶ While the export levels for other commodities had also declined, the DAWE attributed this to reasons other than COVID-19; for example, the impact of drought on the domestic production of grains and the impact of bushfires on east coast wine grape production.¹⁷⁷⁷

Interestingly, the pandemic also appears to have increased the importance that customers place on safety when purchasing their food. Simone Spencer, Acting Deputy Director General of Strategy and International Engagement, JTSI, said this places WA in a good position. Not

1770 *ibid.*, p36.

1771 *ibid.*, p101.

1772 *ibid.*, p67.

1773 Department of Jobs, Tourism, Science and Innovation, *Western Australia India trade profile*, Government of Western Australia, Perth, April 2020, p1.

1774 Bankwest Curtin Economics Centre, *BCEC quarterly economic commentary*, by Rebecca Cassells, Daniel Kiely and Silvia Salazar, Western Australia, July 2020, p2.

1775 Jared Greenville, Heather McGilvray and Stephanie Black, 'Australian agricultural trade and the COVID-19 pandemic', *ABARES Insights*, no. 5, 2020, p3.

1776 *ibid.*

1777 *ibid.*, p5.

only is WA regarded as having a safe supply chain, but it is 'a jurisdiction that is deemed safe.'¹⁷⁷⁸ Ms Spencer continued:

I think the more we hear about people's sort of uncertainty about the virus and food chains and how it can potentially penetrate, or not, those supply chains, the more important that becomes for us.¹⁷⁷⁹

Some commentary suggests that difficulties lie ahead for agrifoods. In June 2020, a publication by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) stated that, although global demand for essential food products is unlikely to be significantly affected, demand is likely to reduce for 'non-essential' food products and prices are likely to soften. Food products previously used in the food service sector (i.e. cafes) are particularly exposed, as they will likely have to transition to supermarket and other retail sectors, leading to a decline in prices received.¹⁷⁸⁰

Wool—WA's largest agricultural export to India—is less affected by interruptions in supply chains because it can be stored. But it is used exclusively in manufacturing, and may be impacted by the closure of manufacturing businesses and falling consumer incomes as consumers delay the purchase of wool-based products such as clothes.¹⁷⁸¹ A WoolProducers Australia survey in June 2020 found that the average financial loss to Australian wool producers' businesses was 32.6 per cent due to COVID-19, with over half not offering wool for sale to any market.¹⁷⁸²

WA farmers have expressed concerns about labour shortages, following state and national border restrictions. Traditionally, farmers have employed workers from overseas or interstate for the harvest season. Farmers are able to apply for exemptions for employees coming from outside of WA, but some reports suggest this can be a difficult process and exemption is not guaranteed.¹⁷⁸³ Premier Hon Mark McGowan has said '[t]he only solution in light of the fact that we cannot bring in farm labour from overseas, is for Western Australians to undertake that work.'¹⁷⁸⁴ The State Government is offering travel and accommodation allowances for Western Australians to relocate to the regions for work. However, the WA Premier has noted that the Commonwealth JobSeeker or JobKeeper programs may disincentivise seasonal work through qualification and payment conditions.

1778 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p22.

1779 *ibid.*

1780 Jared Greenville, Heather McGilvray and Stephanie Black, 'Australian agricultural trade and the COVID-19 pandemic', *ABARES Insights*, no. 5, 2020, p3.

1781 *ibid.*

1782 WoolProducers Australia, *WoolProducers: COVID-19 impacting wool growers*, media release, 29 June 2020.

1783 Bridget Fitzgerald, 'Farmers in Western Australia nervous about harvest labour shortages', *ABC: The World Today* (web-based), 8 September 2020, accessed 30 September 2020, <<https://www.abc.net.au/radio/programs/worldtoday/wa-farmers-worry-about-labour-shortages/12641228>>; Toby Hussey, 'WA worker shortage threatens harvest, farmers say, predicting "catastrophic" year', *ABC Great Southern* (web-based), 11 August 2020, accessed 30 September 2020, <<https://www.abc.net.au/news/2020-08-11/wa-worker-shortage-threatens-harvest-say-farmers/12547420>>.

1784 Mark McGowan, Premier, Legislative Assembly, *Hansard*, 17 September 2020, p6162.

The Committee understands that discussions between the State and Commonwealth governments are ongoing on this issue.¹⁷⁸⁵

Finding 119

The COVID-19 pandemic and associated restrictions have had significant effects across the Western Australian economy. However, these effects have not been equally experienced and even within single sectors, demand and supply dynamics vary between services and commodities.

Where to from here for Western Australia?

The COVID-19 pandemic represents a punctuation mark in the story of the world economy. As Perth Airport CEO Kevin Brown said, ‘COVID has almost provided an element of reset.’¹⁷⁸⁶

The State Government has outlined aspects of WA’s COVID-19 recovery strategy, aimed primarily at stimulating the domestic economy. The State Government’s multi-billion dollar *WA Recovery Plan*, aims at lifting the WA economy and generating jobs. It focuses on 21 ‘priority streams’ (see table 13.1). Each stream has a range of initiatives, such as capital works, grants, programs and projects, that feed into their respective priorities.¹⁷⁸⁷

Table 13.1: WA recovery priorities¹⁷⁸⁸

Driving industry development	Housing construction
Boosting local manufacturing	Supporting small businesses
Building infrastructure	Buying local
Investing in renewable energy and new technologies	Growing WA’s food industries
Rebuilding TAFE and reskilling our workforce	Green jobs and environmental protection
Maintenance blitz	Investing in our tourism sector
Building schools for the future	Revitalising culture and the arts
Building METRONET	Supporting our most vulnerable
Major road construction	Putting patients first
Building community infrastructure	Unlocking barriers to investment
Unlocking future mining opportunities	

As the dynamics of the pandemic evolve, so too can policy settings be expected to evolve over time.

The importance of economic diversification and trade

This report highlights throughout that diversification was an important aspect of the State Government’s economic strategy, even prior to the pandemic.

¹⁷⁸⁵ *ibid.*

¹⁷⁸⁶ Kevin Brown, Perth Airport, *Transcript of Evidence*, 11 September 2020, p8.

¹⁷⁸⁷ Government of Western Australia, [WA Recovery Plan](#), Perth, 2020, p13.

¹⁷⁸⁸ *ibid.*, p15.

Last year, half of WA's exports went to one market: China. Iron ore dominated the trade relationship, making up 82 per cent of the State's merchandise exports to the Chinese market (see chapter 2).¹⁷⁸⁹

The State Government has recognised that in order to add balance and spread risk, greater diversity is required across sectors (as captured in the economic development framework *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*) and markets (as demonstrated by *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* (Asian Engagement Strategy)).

I like the idea that we have to start local and think global.

Karthik Pasumarthy

The risks inherent in WA's concentrated export market were highlighted during the pandemic, when China introduced import controls on selected Australian agricultural products and issued warnings about travelling to, or studying in, Australia. These actions reverberated through the agricultural, tourism and international education sectors.

The Committee also received evidence underscoring the need for the State to remain export focused and trade oriented. Economist Ross Garnaut, appearing before the Committee as part of stand-alone hearings on the pandemic's impact on WA, warned against what he termed 'an inward-oriented, highly protected economy'. He recognised that one consequence of the pandemic was a desire to reduce countries' reliance on international supply chains. But, in his view, '[t]hat is very bad for the standard of living of ordinary people everywhere, and especially bad in a country of Australia's economic size and resource endowments.' To quote Professor Garnaut in full:

If an increase in protection is a sentiment everywhere, that is bad for global development; it is terrible for Australian and especially Western Australian development. We want new industries, but they have to be global in their horizons. If we became the type of economy like we used to be—I was Bob Hawke's economic adviser and what we were cleaning up was an inward-oriented, highly protected economy—and if we went back to that, we would not get the huge gains from trade that we get from many industries. We could have a steel industry, but it would be a steel industry producing four or five or six million tonnes a year. We might be able to supply a higher proportion of Australia's steel consumption than now, but we would miss out on a global opportunity. That is a big opportunity. So that is a choice we have to make.

Let us be very clear that it is only an internationally oriented Australia and Western Australia that will be a prosperous Australia and Western Australia [emphasis added].¹⁷⁹⁰

1789 Department of Jobs, Tourism, Science and Innovation, *Western Australia China trade profile*, Government of Western Australia, Perth, April 2020, p1.

1790 Professor Ross Garnaut, University of Melbourne, *Transcript of Evidence*, 12 August 2020, p8.

WA's economic recovery will require a sustained focus on trade. It is crucial that the State Government continues to emphasise our role in global supply lines and status as a dependable partner.

The State Government has recognised the importance of trade to its COVID-19 recovery strategy. Treasurer Hon Ben Wyatt noted in his 2020–21 Budget speech of the need to learn from history and recognise that recovery cannot take place without international cooperation:

As the world climbed out of World War II, the co-operation that gave us Bretton Woods, the International Monetary Fund and the World Bank was based on the belief that economic stability was the key to political stability. Governments accepted the responsibility to keep employment high, but also that global trade was the driver of this aim for our international neighbours. People learnt from the fallout of World War I that the 'beggar thy neighbour' policies simply made another global war inevitable. Today, these lessons are no less valid. We are the leading State of a great trading nation. While we are correctly experiencing Government intervention unseen in our lifetimes, we must keep a keen eye on the fact that increasing living standards and opportunity are no less guaranteed than they were when the Second World War came to an end. And our living standards are intrinsically connected to a world of commerce and social exchange. This must not be forgotten.¹⁷⁹¹

Bipartisan approach

As the COVID-19 pandemic's impact on global and regional trade dynamics become clearer, Western Australia's trade-related initiatives are more likely to meet with success if they enjoy broad-based political support.

Throughout this report, the Committee notes the importance of long-term, consistent and sustained engagement to foster opportunities and enhance the WA–India economic relationship. With multi-partisan agreement on the importance of trade policy and support for initiatives aimed at diversification, engagement with an important trading partner like India is less likely to fluctuate according to the governing party. Perth USAsia Centre Board Member Professor Stephen Smith explained:

“Reset” is a good word—the opportunity for that post-COVID is really strong, but it involves, obviously, a lot of cooperation between Canberra and the states.

Alan Langford, Bankwest

I think what drives the Australia–India economic relationship is neither political change nor political stability, it is essentially a parliamentary bipartisan and multi-party commitment that this is absolutely essential to our economic interests, both state and national and we all have to put our shoulder to the wheel and we all have to do it.¹⁷⁹²

1791 Hon Ben Wyatt, Treasurer, Legislative Assembly, *Hansard*, 8 October 2020, p6564.

1792 Professor Stephen Smith, Perth USAsia Centre, *Transcript of Evidence*, 19 February 2020, p13.

Professor Smith noted that this was the approach that WA took after World War II, enabling the State to evolve from ‘an agribusiness-based economy to a minerals resources, petroleum resources, agribusiness economy’.¹⁷⁹³ He was positive that, with bipartisanship, the State could again evolve, adding service exports to its international trade relationship with India and other parts of Asia.¹⁷⁹⁴

A long-term view

The COVID-19 pandemic is the most significant global shock in a century. Recovery will take many years and will be heavily dependent on a range of factors beyond the State Government’s control. The Government will need a long-term and sustained focus on trade policy.

The Asian Engagement Strategy committed the State Government to developing a 10-year economic outlook to ‘assess priority Asian markets and identify trade and investment opportunities, key infrastructure developments, supply and value chain creation, and trade and investment barriers’.¹⁷⁹⁵ JTSI told the Committee in October 2020 that the ‘economic outlook work’ is ‘part of JTSI’s core business, and is used to inform various streams of work, including supply chain policy development and investment and trade policy’.¹⁷⁹⁶ JTSI advised the Committee that since the outbreak of the pandemic, many officers had returned to WA and, in light of their new-found confinement within WA, actually had space to undertake the type of detailed policy work required to craft trade policy responses.

[Due to COVID-19] there has been a bit of a pause to kind of rethink what that engage[ment] might look like ... What we did was we brought forward the program of works around market plans. They had previously been planned to be developed in stages, because they are quite intensive pieces of work, over the next two years. We will now have all of our market plans completed by the end of October.¹⁷⁹⁷

It will be virtually impossible to develop a 10-year outlook on regional trade dynamics, given the extraordinary impacts of COVID-19 and the general level of global uncertainty. Nonetheless, the importance of adopting a long-term approach to building relationships and markets is discussed in chapter 4. There, the Committee notes that India is not the type of market where sporadic government-to-government, business-to-business, and people-to-people contact will result in economic growth. Instead, broadening and deepening the relationship will rely on sustained and consistent engagement.

Manufacturing partnerships

A heightened awareness of WA’s role in (and exposure to) international supply chains has seen a concomitant increase in support for domestic manufacturing. ‘Boosting local manufacturing’ is one of the 21 priority streams in the *WA Recovery Plan*, and includes the

1793 *ibid.*

1794 *ibid.*

1795 Government of Western Australia, *Western Australia’s Asian Engagement Strategy 2019–2030: Our future with Asia*, Perth, 2019, p13.

1796 Department of Jobs, Tourism, Science and Innovation, Attachment to Email, 6 October 2020, p2.

1797 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p18.

aim of establishing ‘better ways for the work to be done in this State.’¹⁷⁹⁸ According to the plan, this will

broaden the State’s economic base and activate new industries, laying a foundation for future jobs growth. Gearing up for more local manufacturing will also help businesses establish or expand their operations, keep local money in WA and build a pipeline of new jobs.¹⁷⁹⁹

For many products, however, Australia’s manufacturing costs are higher than our trading partners. As one inquiry participant said, ‘we cannot compete against cheap imported goods.’¹⁸⁰⁰ Most of WA’s trading partners also share the same idea about reviving their domestic manufacturing sectors. As JTSI’s Simone Spencer said:

it is going to be a really interesting discussion, because, obviously, we are seeking investment from other countries into our local jobs, local capability and manufacturing, and other countries are rightly seeking our investment into their local jobs and local capability.¹⁸⁰¹

Even before the pandemic, India had its Make in India initiative, encouraging national and international businesses to manufacture their products in India (see box 11.1).

Some evidence to the inquiry suggested that the future prosperity of WA’s manufacturing sector may hinge on its ability to integrate into international manufacturing supply lines and processes. One participant suggested, for example, that WA could buy ‘semi-finished high-quality goods from India’ and then complete them in WA. This would partially overcome the price differential between goods manufactured in WA and those manufactured overseas, reduce the cost of imports and increase local employment.¹⁸⁰² Such collaboration appears to be supported by some of our trade partners. For example, although India is seeking to boost local manufacturing, Make in India aims to attract overseas investment to do so, and Ambassador Wadhwa said the Indian Government recognises that becoming self-reliant ‘does not work on the basis of isolation. It works on the basis of collaboration.’¹⁸⁰³

Pursuing trade relationships

The COVID-19 pandemic has reinforced the need for WA to alter its approach to trade—essentially requiring that it now undertake an international ‘charm offensive’. As discussed in chapter 2, WA cannot rely on the approach it adopted to develop the State’s trade relationship with Japan, Korea and China. Success in those markets was underpinned by their demand for, and our supply of, mineral and energy resources. To secure a reliable supply of these commodities, the markets tended to make significant capital investments in WA.

1798 Government of Western Australia, [WA Recovery Plan](#), Perth, 2020, p16.

1799 *ibid.*

1800 Jay Vora, Aviva Energy Solutions, *Transcript of Evidence*, 9 September 2020, p5.

1801 Simone Spencer, Department of Jobs, Tourism, Science and Innovation, *Transcript of Evidence*, 11 September 2020, p15.

1802 Jay Vora, Aviva Energy Solutions, *Transcript of Evidence*, 9 September 2020, p5.

1803 Ambassador Anil Wadhwa, *Transcript of Evidence*, 17 August 2020, p8.

Going forward, we cannot expect international trade partners to come to us. The growing interest in self-reliance and recognition of the weaknesses of international supply chains will likely cause other governments and international businesses to invest closer to home. To succeed in this environment, WA needs to adjust its model. We need to proactively sell our goods and services to our trade partners, including India. We should position ourselves so that we are viewed internationally as a dependable partner in an increasingly challenging economic and geopolitical environment.

The importance of the India Market Plan

Policy making in the COVID-19 environment is fraught with uncertainty. Information about immediate and long-term economic impacts is limited, governments around the world are struggling to suppress the virus's spread and muster the resources required to support their populations' health requirements. Nations are reacting in increasingly unpredictable ways, adopting unusual and destabilising positions on global security and international trade. In such a challenging and changeable environment, it is difficult to make detailed recommendations about the trade positions the State Government might adopt. There are, however, a range of general observations the Committee can offer.

First, the State Government should continue to develop the Market Plans it undertook to produce under the auspices of the Asian Engagement Strategy. The content and complexion of those plans has no doubt changed considerably as the dynamics of the pandemic have unfolded (and will continue to change), but they will be vital tools to assist government to understand the environment it faces. The Committee has stated in chapter 4 of this report that publicly available content from the India Market Plan should:

- signal to the public and businesses the importance of India to WA, and the State Government's long-term commitment to India;
- set out the State Government's vision and strategic objectives in India, and actions to achieve the vision;
- ensure a nuanced and tailored approach to the Indian market, reflecting WA's competitive strengths and the unique trade dynamic of the WA–India economic relationship; and
- include measures of success and targets.

The plans should be flexible, adaptable documents, capable of being updated as circumstances demand.

It may be necessary for the State Government to adopt a more focused program of activity. The Asian Engagement Strategy lists a number of nations and JTSI is developing market plans for key markets. Given the extraordinary drain that COVID-19 response will place on the State's resources, it may be appropriate for the Government to identify target markets for sustained focus and additional resourcing. It will be extremely challenging to fully resource 'charm offenses' in all 15 markets and engagement with some partners may be extremely difficult if they are struggling to manage the impacts of COVID-19 themselves.

At a time where it will be extremely difficult for State Government personnel to travel to India, there has never been a more important time to engage the Indian diaspora, to reinforce relationships between our nations, maintain informal and formal pathways to market, gain an understanding of opportunities for re-engagement and gather market intelligence. Research and development relationships can and will also continue. It will be vital to tap into and develop the networks and partnerships between universities, research institutions and academic communities. Research teams are used to collaborating across borders and can reinforce international links and help maintain pathways to the Indian market.

The 'pause' in global trade offers an opportunity to train and build business and government capacity in readiness for reopening. This report has discussed the collection and publication of information and opportunity identification across a range of sectors. In addition to the work underway to develop the India Market Plan, now is an ideal time to also roll-out initiatives aimed at improving business capability and increasing India literacy.

Finding 120

Prior to the COVID-19 pandemic, the State Government's major policy documents *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* and *Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia* signalled its intent to broaden the State's economic base, markets and trading partners.

In its response to the pandemic, the State Government has acknowledged the centrality of trade to COVID-19 recovery.

The path forward is uncertain—many factors affecting recovery will be beyond the State Government's control. However, recovery will require:

- a sustained and elevated focus on trade: it is crucial that the State Government continue to emphasise Western Australia's role in global supply lines and its status as a dependable partner;
- broad-based political consensus: as COVID-19's impact on global and regional trade dynamics becomes clearer, Western Australia's trade-related initiatives are more likely to meet with success if they enjoy broad-based political support;
- a long-term view: the Western Australia–India economic relationship in particular will require consistent and sustained engagement;
- the formation of strategic partnerships: some evidence to the inquiry suggested that the future prosperity of Western Australia's manufacturing sector may hinge on its ability to integrate into international manufacturing supply lines and processes with trusted partners; and
- a 'charm offensive': Western Australia cannot rely on its historical approach to trade relationships, based on meeting our neighbour's demand for minerals and energy. Our relationships with new partners will be conducted on very different terms. We will need to work harder and smarter to attract new markets and opportunities.

Finding 121

Policy making in the COVID-19 environment is fraught with uncertainty. The Market Plans the State Government has committed to develop under the Asian Engagement Strategy will be vital tools to assist government to understand and respond to challenges and opportunities in the regional trading environment.

The India Market Plan should:

- signal to the public and businesses the importance of India to Western Australia, and the State Government's long-term commitment to India;
- set out the State Government's vision and strategic objectives in India, and actions to achieve the vision;
- ensure a nuanced and tailored approach to the Indian market, reflecting Western Australia's competitive strengths and the unique trade dynamic of the Western Australia–India economic relationship;
- identify discreet initiatives and develop resource plans to pursue opportunities in target sectors and markets; and
- include measures of success and targets.

Finding 122

The Asian Engagement Strategy lists a number of nations and the State Government is developing market plans for key markets. Given the extraordinary drain that the COVID-19 response will place on the State's resources, it may be appropriate for the Government to identify and prioritise target markets for sustained focus and additional resourcing.

Finding 123

Given that international travel is extremely difficult, there has never been a more important time to engage the Indian diaspora to reinforce relationships between our nations, maintain formal and informal pathways to market, understand opportunities for re-engagement and gather market intelligence.

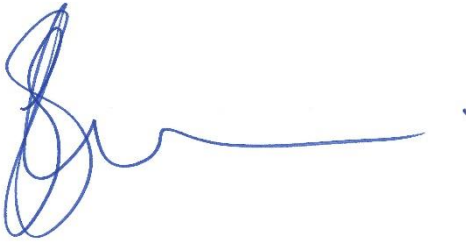
Research and development relationships can and will also continue. It will be vital to tap into and develop the networks and partnerships between universities, research institutions and academic communities. Research teams are used to collaborating across borders and can reinforce international links and help maintain pathways to the Indian market.

The State Government should ensure that the development and implementation of its India Market Plan leverages the considerable capacity in the Indian diaspora and research community.

Finding 124

The 'pause' in global trade offers opportunity to train and build business and government capacity in readiness for reopening. In addition to the work underway to develop the India Market Plan, now is an ideal time to roll-out initiatives aimed at improving business capability and increasing India literacy.

As the title of this report suggests, it is only by investing time, effort and appropriate resources into WA's economic and cultural relationship with India that WA will be in a position to realise the great potential of India for the future benefit of all Western Australians.

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke extending to the right.

MS JESSICA SHAW, MLA
CHAIR

Appendix 1

Committee's functions and powers

The functions of the Committee are to review and report to the Assembly on: -

- a) the outcomes and administration of the departments within the Committee's portfolio responsibilities;
- b) annual reports of government departments laid on the Table of the House;
- c) the adequacy of legislation and regulations within its jurisdiction; and
- d) any matters referred to it by the Assembly including a bill, motion, petition, vote or expenditure, other financial matter, report or paper.

At the commencement of each Parliament and as often thereafter as the Speaker considers necessary, the Speaker will determine and table a schedule showing the portfolio responsibilities for each committee. Annual reports of government departments and authorities tabled in the Assembly will stand referred to the relevant committee for any inquiry the committee may make.

Whenever a committee receives or determines for itself fresh or amended terms of reference, the committee will forward them to each standing and select committee of the Assembly and Joint Committee of the Assembly and Council. The Speaker will announce them to the Assembly at the next opportunity and arrange for them to be placed on the notice boards of the Assembly.

Appendix 2

Inquiry terms of reference

The Economics and Industry Standing Committee will inquire into and report on matters relating to Western Australia's economic relationship with the Republic of India. In particular, the Committee will evaluate:

- 1) Economic developments in India over the last decade and their implications for the bilateral trading relationship;
- 2) Current status of India's trading relationship with Western Australia;
- 3) Existing barriers or impediments to trade; and
- 4) Opportunities to strengthen the trading relationship, including:
 - a) the Sister State Relationship between the State Government of Western Australia and the State Government of Andhra Pradesh;
 - b) the role of the Indian diaspora business and entrepreneur community;
 - c) strategies to attract inbound investment to Western Australia; and
 - d) developing existing and new export markets in India in target sectors, including:
 - i) international education;
 - ii) tourism;
 - iii) minerals and energy;
 - iv) advanced manufacturing; and
 - v) agribusiness.

The Committee will report to the House by 27 August 2020
[extended to 19 November 2020]

Appendix 3

Submissions

No.	Organisation
1	Peter Why
2	The University of Western Australia, UWA Public Policy Institute
3	Aranak
4	Department of Transport
5	Perth USAsia Centre
6	Karthik Pasumarthu
7	Federation of Indian Associations of WA
8	School Curriculum and Standards Authority
9	Closed submission
10	Asialink Business
11	Department of Primary Industries and Regional Development
12	Events Industry Association
13	Pastoralists & Graziers Association of Western Australia
14	Australia India Business Council: WA Chapter
15	Department of Foreign Affairs and Trade
16	Dr Om Dubey
17	Paramount Events
18	Sarvesh Mali
19	Manoj Kasare
20	Chamber of Commerce and Industry of Western Australia
21	Avenewz News
22	Sanjeev Saran
23	Raveesh John
24	Department of Jobs, Tourism, Science and Innovation (JTSI)
25	Mohamed Zoheb Maqsood Ahmed Siddiqui
26	Sanjeev Gupta
27	Avid Resources
28	Jagpreet Walia
29	Aviva Energy Solutions
30	Fletcher International Exports
31	Perdaman Global Services
32	International Business Council of Australia
33	Department of Local Government, Sport and Cultural Industries

Appendix 3

34	Rajesh Koul
35	Anurag Saxena
36	Annalakshmi Holdings, AUSIND International Trade Consulting
37	Murdoch University
38	Dr Papori Barua
39	StudyPerth
40	Grover Projects
41	AICA International
42	EasyMigrate Consultancy
43	Melvyn Gilbert
44	Perth Airport
45	Terry Mohn
46	Atul Garg JP
47	Bimal Kaul
48	Eipe Chundamannil
49	Firoz Pestonji

Appendix 4

Public hearings and depositions

Public hearings

Date	Name	Position	Organisation
19 February 2020	Professor Stephen Smith	Board Member	Perth USAsia Centre
	Professor Gordon Flake	Chief Executive Officer	
	Hugo Seymour	Research Analyst	
11 March 2020	Christopher Rodwell	Chief Executive Officer	Chamber of Commerce and Industry of Western Australia
	Aaron Morey	Chief Economist	
	Michael Carter	Manager, International Trade and Investment	
18 March 2020	Peter Fear	Vice President	Australia India Business Council: WA Chapter
	Niegel Grazia	Deputy Director General, Industry and Economic Development	Department of Primary Industries and Regional Development
	Liam O'Connell	Executive Director	
	I-Lyn Loo	Primary Industries Trade Manager	
	Richard Simonaitis	Chief Executive Officer	Australian Export Grains Innovation Centre (AEGIC)
20 March 2020	Jennifer Mathews	Acting Deputy Director General	Department of Jobs, Tourism, Science and Innovation (JTSI)
	David McCulloch	General Manager	
	Paul Everingham	Chief Executive Officer	Chamber of Minerals and Energy of Western Australia
	Professor Patrick Garnett	Board Chair	School Curriculum and Standards Authority
	Allan Blagaich	Executive Director	
	Juanita Healy	Assistant Executive Director	
	Roshan Perera	Manager	
	Philip Payne	Chief Executive Officer	StudyPerth
	Professor Kadambot Siddique	Director, Institute of Agriculture	University of Western Australia
	David Norman	Senior Policy Adviser to the Vice Chancellor	

Appendix 4

Date	Name	Position	Organisation
	Professor Abhijit Mukherjee	Dean International, South Asia	Curtin University
24 June 2020	Terry Mohn	Chief Executive Officer	National Energy Simulators
	Reena Suri	Executive Director	India Smart Grid Forum
18 August 2020	Ambassador Anil Wadhwa	Lead author of the Government of India, <i>Australia Economic Strategy</i>	
9 September 2020	Supriya Guha	President	Indian Society of Western Australia (ISWA)
	Dr Papori Barua	Secretary	
	Deepak Sharma	Management Committee Member	
11 September 2020	Richard Sellers	Acting Director General	Department of Jobs, Tourism, Science and Innovation (JTSI)
	Simone Spencer	Acting Deputy Director General, Strategy and International Engagement	
	Peter Baldwin	Commissioner for India	
	Edmund O'Halloran	Acting Director, Economic Analysis	
	Brodie Carr	Managing Director	Tourism Western Australia
	Kevin Brown	Chief Executive Officer	Perth Airport
	Stephanie Juskiewicz	Vice President, Aviation Business Development	

Public depositions

Each participant spoke to the Committee for five minutes

Date	Name	Position	Organisation
9 September 2020	Prashant Singh	Secretary	Federation of Indian Associations of WA
	Bimal Kaul	IT professional	
	Eipe Chundamannil	Vice Chair	Federation of Indian Associations of WA
	Atul Garg	Chairperson	Federation of Indian Associations of WA
		Chairperson	Institution of Electronics and Telecommunications Engineers Australia
	Firoz Pestonji	Managing Director	Aussie Perth Tours
	Dr Om Dubey	Director	Arnowa
	Harsh Grover	Business owner	Grover Projects
	Jay Vora	Director	Aviva Energy Solutions

Date	Name	Position	Organisation
	Melvyn Gilbert		
	Raveesh John	Community spokesperson	
	Karthik Pasumarthu	Engineer and business owner	
	Manoj Kasare	President	Ambedkarite Buddhist Community
	Anurag Saxena	Business analyst	
	Jagpreet Walia	Private citizen	
	Sarvesh Mali	Community service partner	Ambedkarite Buddhist Community

Appendix 5

Western Australia's service exports to all markets

Department of Foreign Affairs and Trade, *Trade Services in Australia 2018*, 2019, p110. Figures in A\$ million.

	2016	2017	2018	% growth	
				2017 to 2018	5 year trend
Manufacturing services on physical inputs owned by others	21	12	2	-83.3	-25.8
Maintenance & repair services nie	1	4	3	-25.0	19.3
Transport	1,047	946	928	-1.9	-1.7
Passenger (b)	282	280	267	-4.6	1.3
Freight	159	127	135	6.3	-4.2
Other	398	353	351	-0.6	-2.6
Postal & courier services (c)	208	186	175	-5.9	-1.8
Travel	4,741	4,490	4,496	0.1	3.2
Business	408	368	287	-22.0	-11.7
Personal	4,333	4,122	4,209	2.1	5.0
Education-related	1,808	1,874	1,922	2.6	8.2
Other	2,525	2,248	2,287	1.7	2.7
Construction	11	17	np	..	..
Insurance & Pension services	91	91	106	16.5	-1.4
Direct insurance	66	68	82	20.6	-2.2
Reinsurance	0	0	0	..	..
Auxiliary services	21	20	21	5.0	1.9
Pension services	4	3	3	0.0	-2.4
Standardised guarantee services	0	0	0	..	..
Financial Services	10	14	3	-78.6	13.7
Charges for the use of intellectual property nie	46	34	37	8.8	14.1
Licences to reproduce/distribute computer services	17	18	17	-5.6	20.3
Licences to reproduce/distribute audiovisual services	0	0	0	..	..
Outcomes of research & development	0	1	1	0.0	..
Franchise & trademarks licensing fees	1	0	0	..	..
Other charges for the use of intellectual property	28	15	19	26.7	23.1
Telecommunication, computer & information	98	278	187	-32.7	13.1
Telecommunication services	45	40	42	5.0	10.9
Computer & Information services	53	238	145	-39.1	13.2
Computer services	48	234	141	-39.7	17.7
Information services	1	0	1	..	..
Other services	4	4	3	-25.0	10.7
Other business services	473	438	461	5.3	-10.8
Research & development services	26	21	25	19.0	-5.9
Professional & management consulting services	44	139	163	17.3	-5.3
Legal, accounting, management consulting, public relations & other professional services	43	139	162	16.5	-5.3
Advertising, market research & public opinion polling	1	0	1	..	..
Technical, trade-related & other business services	403	278	273	-1.8	-13.7
Architectural, engineering, scientific & other technical services	295	175	146	-16.6	-18.8
Waste treatment & de-pollution, agricultural & mining services	np	np	36	..	..
Operational leasing services	np	np	0	..	..
Trade-related commission services	0	0	0	..	..
Other business services nie	32	64	91	42.2	..
Personal, cultural, & recreation services	55	54	np	..	..
Audiovisual & related services	0	0	np	..	..
Other personal, cultural & recreational services	55	54	np	..	..
Government goods & services nie	358	365	372	1.9	1.7
Total services exports	6,952	6,743	6,704	-0.6	1.3

(a) Cells in this table may have been perturbed to protect confidentiality. (b) Passenger services includes Agency fees & commissions for air transport. (c) Postal & courier services includes Indirect commissions for sea transport.

Based on ABS catalogue 5368.0.55.003/4. Refer to the section on Data sources in the Explanatory notes.

Appendix 6

Western Australian ministerial visits to India: 2000 to 2019

Date	Minister/s	Location/s	Principal purpose/s
February 2000	Deputy Premier, Commerce and Trade	Mumbai, Chennai, New Delhi	Trade and investment
November 2002	State development, Tourism, Small Business	Chennai, Bangalore, New Delhi	Trade and investment, energy and minerals, agribusiness
April 2004	Sport and Recreation, tourism	New Delhi	Sports, tourism
October 2005	Premier Dr Geoff Gallop (the first official visit by a WA Premier to India)	New Delhi, Bangalore, Mumbai, Chennai	Trade and investment, energy and minerals, direct flights
February 2007	Premier Alan Carpenter, Trade	Mumbai, Coimbatore, Chennai, Hyderabad, New Delhi	Trade and investment, energy and minerals, international education
November 2007	Small Business	New Delhi, Mumbai	Skilled migration
July 2008	Deputy Premier, State Development	Hyderabad, Chennai, Mumbai, New Delhi?	Trade and investment, energy and minerals?
September 2009	Minister for Regional Development, Minister Assisting the Minister for State Development	New Delhi, Agra	Trade and investment, energy and minerals
April 2015	Premier Colin Barnett, State Development	Mumbai, New Delhi	Trade and investment, energy and minerals
November 2015	Treasurer	Hyderabad, Vijayawada, Mumbai	Sister state agreement
December 2016	Treasurer	New Delhi	Sister state agreement with Andhra Pradesh
August 2017	Deputy Premier, Health	New Delhi, Hyderabad, Vijayawada	Health, sister state agreement
August 2018	Tourism	New Delhi, Mumbai	Direct flights, tourism
October 2018	Tourism	Mumbai, New Delhi	Direct flights, tourism
January 2019	Education and Training	Mumbai, New Delhi, Ahmedabad	International education
March 2019	Tourism	Mumbai, New Delhi	Direct flights, tourism
August 2019	Tourism	New Delhi	Direct flights
November 2019	Premier Mark McGowan, State Development, Jobs and Trade	New Delhi, Mumbai	Tourism, international education, energy and minerals

Appendix 7

Glossary

ABS	Australian Bureau of Statistics
Action Plan	<i>International Education Action Plan 2019–2025</i> , accompanying the International Education Strategy
AEGIC	Australian Export Grains Innovation Centre
AIBC	Australia India Business Council: Western Australia Chapter
AICC	Australia India Chamber of Commerce
ASEAN	The Association of Southeast Asian Nations
Asian Engagement Strategy	Government of Western Australia, <i>Western Australia's Asian Engagement Strategy 2019–2030: Our future with Asia</i> , Perth, 2019
ATAR	Australian Tertiary Admissions Ranking
Austrade	Commonwealth of Australia, Australian Trade and Investment Commission
BDMs	Business Development Managers (employed by Government of Western Australia's India office in Mumbai (GoWA India))
CCIWA	The Chamber of Commerce and Industry of Western Australia
CECA	Comprehensive Economic Cooperation Agreement: Australia and India have been negotiating a since May 2011
CEDA	Committee for Economic Development Australia
CEO	Chief Executive Officer
CME	Chamber of Minerals and Energy of Western Australia
Committee	Legislative Assembly of Western Australia, Economics and Industry Standing Committee
CRC	Western Australia's Future Battery Industries Cooperative Research Centre
CRCWSC	Cooperative Research Centre for Water Sensitive Cities
DAMA	Designated Area Migration Agreement
DFAT	Commonwealth of Australia, Department of Foreign Affairs and Trade
Diversify WA	Government of Western Australia, <i>Diversify WA: Strong Economy, Creating Jobs, Diverse Industries</i> , Perth, 2019
DLGSC	Department of Local Government, Sport and Cultural Industries
DPIRD	Department of Primary Industries and Regional Development
DTWD	Department of Training and Workforce Development
ELICOS	English Language Intensive Courses for Overseas Students
EOI	expression of interest
ETA	Electronic Travel Authority
EV	electric vehicle
FCCI	Federation of Indian Chambers of Commerce and Industry

FDI	foreign direct investment
FII	Food Industry Innovation team of the Department of Primary Industries and Regional Development (DPIRD)
GDP	gross domestic product (see box 2.1)
GFC	global financial crisis
GGA	Grower Group Alliance
GIS	geographic information systems
GIWA	Grains Industry of WA
GoWA India	Government of Western Australia's India office in Mumbai (also known as the Western Australian Trade Office (WATO))
GSP	gross state product
GTE	Government trading enterprise
GVA	gross value added
HDR	higher degree by research
HNWI	high net worth individuals
ICRISAT	International Crops Research Institute for Semi-Arid Tropics
IEP	The International Education Program delivered by the School Curriculum and Standards Authority (SCSA)
IIT	Indian Institute of Technology
IIT-ISM	Indian School of Mines at IIT Dhanbad (Jharkhand)
IMF	International Monetary Fund
Inquiry	Economics and Industry Standing Committee's inquiry into Western Australia's economic relationship with the Republic of India
International Education Strategy	Government of Western Australia and StudyPerth, <i>Where bright futures begin: International education in Perth, Western Australia 2018–2025</i> , Perth, 2018
Investment and Trade Plan	Government of Western Australia, <i>Western Australia Investment and Trade Plan 2019–20</i> , Perth, 2019
ISWA	Indian Society of Western Australia
IT / ICT	information technology / information and communications technology
ITIO Implementation Plan	Department of Jobs, Tourism, Science and Innovation, <i>Reform of International Trade and Investment Office Network: Implementation Plan</i> , Government of Western Australia, Perth, 2020
JTSI	Department of Jobs, Tourism, Science and Innovation
LNG	liquefied natural gas
METS	mining equipment, technology and services
Microgrids Report	Economics and Industry Standing Committee, <i>Taking Charge: Western Australia's transition to a distributed energy future</i> , Report 8, tabled on 20 February 2020
MOU	Memorandum of Understanding
NCERT	The Republic of India, National Council of Education Research and Training
OECD	Organisation for Economic Co-operation and Development

OMI	Office of Multicultural Interests of the Department of Local Government, Sport and Cultural Industries
PETS	petroleum equipment, technology and services
PGA	Pastoralists and Graziers Association of Western Australia
PPP	purchasing power parity (see box 2.1)
RAN	Royal Australian Navy
RCEP	Regional Comprehensive Economic Partnership: a free trade agreement among 15 countries (ASEAN member states and ASEAN Free Trade Area partners)
SBDC	Small Business Development Corporation
SCSA	School Curriculum and Standards Authority
SMEs	small and medium-sized enterprises
SPCR	StudyPerth Crisis Relief program
UWA	University of Western Australia
Varghese Report	<i>An India Economic Strategy to 2035: Navigating from Potential to Delivery</i> , by Peter Varghese AO, Barton, 2018; commissioned by the Commonwealth of Australia
VET	vocational education and training
VFR	visiting friends and relatives
WACA	Western Australian Cricket Association sports stadium
WACE	Western Australian Certificate of Education
Wadhwa Report	<i>Australia Economic Strategy</i> , by Ambassador Anil Wadhwa; commissioned by the Government of the Republic of India
WALGA	Western Australian Local Government Association
WTO	World Trade Organization



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