



LEGISLATIVE COUNCIL STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

RESPONSES TO QUESTIONS PRIOR TO HEARING,

Department of Jobs, Tourism, Science and Innovation

Page No.

The Committee asked:

1. What are some of the implications for your agency from the Commonwealth Budget released on 8 May 2018?

Answer:

There is very little in the 2018-19 Commonwealth Budget that directly impacts on the operations of the Department of Jobs, Tourism, Science and Innovation.

There are some measures in the Budget that are broadly consistent with the aims of the Department; for example, the measures under the Australian Technology and Science Growth Plan and a range of measures aimed at improving export opportunities. There are other expenditure and revenue measures that do not directly impact the Department, but may have an impact on companies the Department deals with.

Otherwise, the Commonwealth Budget – as it is any year – is of interest to the Department in that it outlines Australia's macroeconomic and fiscal circumstances, which is one input into the Department's understanding of the Western Australian economy and labour market.

Public / Internet

13/06/18

Hon Peter Collier MLC asked:

1. How many Aboriginal people were employed by the agency/department on July 1st 2017 and April 30th 2018?

Answer: July 2017 (1) April 2018 (1)

2. How many Aboriginal people employed by the agency/department were Level 8 and above (including Senior Executive Service positions) on July 1st 2017 and April 30th 2018?

Answer: July 2017 (0) April 2018 (0)

Hon Robin Chapple MLC asked:

- 1 I refer to the Burrup Peninsula and the two proposed industrial developments - namely, a \$4.3 billion urea plant and a \$1.3 billion petrochemicals plant and as I seen no infrastructure budget I ask:
- a) is any infrastructure or assistance via expenditure being provided by the WA government;
Answer: The projects are in pre-feasibility and therefore it is too early to assess any request for infrastructure or assistance. However, the \$183 million Burrup Infrastructure Package, completed in 2005, included the Bulk Liquids Jetty (\$75.6 million), seawater pipelines (\$66.2 million) and infrastructure services corridors to support prospective gas processing projects. This infrastructure now supports Yara Pilbara's ammonia export operations, but it is still underutilised. Additional proponents utilising this infrastructure would provide return to the State on this investment. New projects of this scale in the Pilbara will underpin a fresh wave of investment in the region and support economic diversification to build on the State's strengths.
- b) please provide a breakdown of any infrastructure costs to establish the two proposed industrial developments;
Answer: Unknown at this early stage.
- c) has a cost analysis comparison been undertaken for placing the two proposed developments on the Burrup Peninsula as opposed to placing them on the Maitland Strategic Industrial Area for either the WA government or the earthworks cost components of these proponents;
Answer: Maitland Industrial Estate does not have the infrastructure that exists on the Burrup that was provided by Government at significant cost. Location is a significant factor for consideration by a proponent and is a commercial decision for them.
- d) if no to (c), why not;
Answer: Location is a matter for the proponent.
- e) if yes to (c), will the Minister table the information;
Answer: N/A
- f) what level of assistance has been supplied to either of the proponents to date;
Answer: The Department has met with the proponents and provided available information.
- g) in respect of (f), what has been the cost of this assistance to date;
Answer: Approximately \$7900
- h) in respect of (f), what will be the cost of assistance in the forward estimates; and
Answer: The Department will continue to provide assistance to proponents seeking to develop major projects within existing resources.
- i) in respect of (f), what is the assistance for?
Answer: The Department has accompanied the proponents on site visits on 3 occasions, the costs therefore include travel costs for Department officers.

2. I refer to the statement in Budget Paper 1, Page 11: '...the McGowan Government has invested heavily in tourism destination marketing and events, with \$425 million over five years allocated to Tourism WA in last year's Budget'; the government's plan to create jobs, provide small business opportunities for Western Australians and strengthen and diversify the economy; and the Tourism WA Corporate Plan 2017-18, and ask:
- a) what cost benefit evaluation has been undertaken in attracting direct flights from major centres in China, Japan and India to regional economies beyond hotel occupancy that will provide for small business economic opportunities;
 - b) will the department provide any modelling that shows significant economic benefit to regional economies beyond hotel occupancy for the international visitor sectors from China, Japan and India; and
 - c) if no modelling has been done, why not?

Answer: 2a)-c)

Considerable analysis and evaluation has occurred regarding the prospect of additional or new flights from the Government's priority markets such as China and Japan for the State. Tourism Western Australia undertakes rigorous, and conservative, economic modelling to assess the benefit of a flight and continues to review how best to undertake and improve this. To date, this is currently restricted to visitor expenditure: capturing the extent of a visitor's spend in Western Australia such as accommodation, food and beverage, tourism product and activities, car hire, to name but a few.

Most recent modelling on the China and Japan market has estimated that the uplift in visitor spend from targeted new aviation capacity as \$542.32 million over three years. Noting that this accounts for visitor spend only from these two prime leisure tourism markets for Western Australia.

It is anticipated that wider direct and in-direct benefits such as freight would increase this substantially. The agency is currently reviewing the India market and will seek to undertake economic modelling in the near future.

The details of economic modelling are commercial in confidence and not available to the public given the level of confidential information contained within, which would potentially disadvantage the State if provided to competitors or made available publicly during the course of negotiations with an airline.

The State's economic modelling reviews the total economic benefit via visitor expenditure to the State of Western Australia. Visitor expenditure by region and by visitor market is undertaken by Tourism Western Australia's Research team in its quarterly analysis of the International and National Visitor Surveys released by Tourism Research Australia.

- 2 I refer to the Gorgon Gas CO₂ Injection Project listed in Budget Paper No 2, Volume 1 in Details of Controlled Grants and Subsidies on page 183, and the Net Appropriation on page 186, and ask:

- a) what is this \$100,000 allocation each year in the forward estimated for in detail;

Answer: The Gorgon Joint Venturers (GJV) are required by the terms of their carbon dioxide injection approval under section 13 of the *Barrow Island Act 2003* (Section 13 Approval) to pay \$100,000 annually to the State to cover the State's anticipated annual costs of administering the Section 13 Approval and regulating the CO₂ injection operations. This money is passed to the Department of Mines, Industry Regulation and Safety.

- b) is there a liability to the State if the Gorgon CO₂ Gas Injection Project fails to eventuate;

Answer: No. The GJV is contractually obliged to implement the CO₂ injection operations in accordance with proposals that have been approved under the *Gorgon Gas Processing and*

Infrastructure Project Agreement 2003 (Gorgon State Agreement). The GJV's will be in breach of the State Agreement and its environmental approval if it does not implement the CO₂ injection operations or if it does not seek and obtain variations of its approved proposals under the Gorgon State Agreement and of its environmental approval.

c) is there a liability to the State if the Gorgon CO₂ Gas Injection Project fails to function as described;

Answer: If the GJV's CO₂ injection operations do not function as expected or in accordance with the CO₂ Disposal Management Plan under the Section 13 Approval, then the GJV will need to modify its injection operations in accordance with revisions to the Management Plan as required by the Minister responsible for the *Barrow Island Act 2003*. Further, as part of the Section 13 Approval the GJV are contractually obliged to indemnify the State against claims brought by third parties due to any loss relating to the CO₂ injection operations.

d) in relation to (b) and (c), what is the liability?

Answer: Not applicable.

Hon Tim Clifford MLC asked:

1. With regard to the New Industries Fund which is mentioned on page 175, Budget Paper 2, Volume 1 and for which an allocation of \$17.8 million has been allocated over four years:

a) To date, what has been the total the total number of applications for grants?

Answer:

	Innovator of the Year 2017	Innovation Vouchers 2017	Innovator of the Year 2018	Innovation Vouchers 2018	Total to date
Total number of applications	44	179	TBD	106	329

b) What is the percentage of applications that has been successful?

Answer:

	Innovator of the Year 2017	Innovation Vouchers 2017	Innovator of the Year 2018	Innovation Vouchers 2018
% of successful applications	13.6%	12.29%	TBD	TBD

c) Of these successful applications, on average, what is the net amount that has been granted to each applicant?

Answer:

	Innovator of the Year 2017	Innovation Vouchers 2017	Innovator of the Year 2018	Innovation Vouchers 2018
	5 awards: \$10,000 \$10,000 \$25,000 \$25,000 \$75,000	22 vouchers awarded: Ranging between: \$8,509 - \$20,000	TBD	TBD
Average Grant amount:	\$29,000	\$17,681		

d) Following on, what are the industries that these successful applicants will be operating in?

Answer:

	Innovator of the Year 2017	Innovation Vouchers 2017	Innovator of the Year 2018	Innovation Vouchers 2018
Industries that successful applicants are operating in	Mining Oil and gas Life sciences Agriculture	Mining Manufacture Agriculture ICT Education Life sciences Renewables	TBD	TBD

e) When establishing the New Industries Fund, what stakeholders did the Government engage with during this process?

Answer:

WA Innovation Summit, 2016

The previous Government's Innovation Summit was designed to inform a unified approach to innovation in WA, to help co-ordinate the State's existing strengths through the development of a State Innovation Strategy. 200 business leaders and local innovators were brought together for consultation.

The advice received was used to inform the McGowan Labor Government's New Industries Fund.

Innovation Industry Consortium, 2017

Leaders from across the WA innovation community and representing start-ups, innovators, entrepreneurs, investors and established businesses, were invited to the Innovation Consortium. Attendees participated in a facilitated discussion based around how innovation can deliver Western Australian jobs.

The discussion refined the initiatives of the New Industries Fund.

Hon Colin de-Grussa MLCA asked:

1. I refer to Budget Paper 2 Volume 1, page 183 the line item titled 'Science Grants':
 - a) How will the recipients of this grant funding be identified?
Answer: Science Grants funding has been allocated to ongoing existing individual projects or existing projects within ongoing Programs.
 - b) What projects/programmes will be funded through this money?
Answer:

Projects
Busselton Population Medical Research Institute
International Centre for Radio Astronomy Research
Pawsey Supercomputing Centre
Peel Harvey Estuary Project
Science on the Swan sponsorship
Scitech
WA Ambassador for Life Science
WA Biodiversity Science Institute
WA Marine Science Institution

Programs
Applied Research Programs – Shark Hazard Mitigation
Cooperative Research Centre Support Program
Innovation Co-investment Program
Premier's Science Fellowship Program
Science and Community Engagement Program
WA Fellowships Program
 - c) What will the recipients of this funding do to acquit the funding?
Answer: Each grant recipient enters into a Financial Assistance Agreement (FAA) or Memorandum of Understanding (MoU) with the State, these documents define the acquittal process. Typically, State funding is provided in tranches and tranche payment is triggered by the Recipient's completion of set milestones (defined in the FAA and/or MoU). Most commonly, tranches are provided on the State's approval of each Annual Report.

Hon Diane Evers MLC asked:

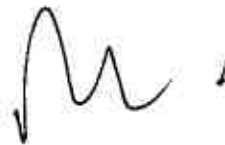
1. I refer to the State Science Technology Engineering and Mathematics Strategy spending changes outlined in Budget Paper 2, volume 1, page 173. An additional \$970,000 will be spent in 2018-19; \$1,263,000 in 2019-20; and \$563,000 in 2020-21 and 2021-22: What is the reason for the spending changes?

Answer: \$1m over four years was allocated to establish the STEM Advisory Panel in the 2017 State Budget. As panel members have participated without a fee and development of the strategy is being undertaken in-house, \$970,000 of the original \$1m is now allocated to fund new initiatives in the State STEM Strategy.

\$1,263,000 in 2019-20 and \$563,000 in each of 2020-21 and 2021-22 has been reprioritised from other budget savings to fund new initiatives in the State STEM Strategy.

2 I refer to the line item "Tourism Destination Development" in the Service Summary table in Budget Paper 2, volume 1, page 176: On page 180 it is explained that a budget decrease is forecast in 2018-19 primarily as a result of three finite programs ceasing in 2017-18: the Caravan and Camping program (\$2.2 million), Regional Visitor Centres program (\$1.4 million) and the Tourism Demand Driver Infrastructure grant program (\$1.8 million). What is the reason for subsequent budget decreases for Tourism Destination Development in the forward estimates for 2019-20; 2020-21; and 2021-22?

Answer: This is primarily due to 2018-19 currently being the final year of Royalties for Regions funding for the Aboriginal Tourism Development Program. The budget remains stable in the following years at approximately \$4.8 million per annum.

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