

# **STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**2018–19 BUDGET ESTIMATES**



**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
THURSDAY, 21 JUNE 2018**

**SESSION FIVE  
DEPARTMENT OF JOBS, TOURISM, SCIENCE AND INNOVATION**

## **Members**

**Hon Alanna Clohesy (Chair)  
Hon Tjorn Sibma (Deputy Chair)  
Hon Diane Evers  
Hon Aaron Stonehouse  
Hon Colin Tincknell**

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**Hearing commenced at 3.47 pm**

**Hon ALANNAH MacTIERNAN**

**Minister for Agriculture and Food representing the Minister for State Development, Jobs and Trade, examined:**

**Mr RICHARD SELLERS**

**Acting Director General, examined:**

**Mr JOE OSTOJICH**

**Deputy Director General, Policy, Planning and Science, examined:**

**Mr GEOFFREY WEDGWOOD**

**Deputy Director General, Resources, Development and Defence, examined:**

**Mr ROB DELANE**

**Deputy Director General, International Education, Trade and Investment, examined:**

**Ms FIONA ROCHE**

**Executive Director, Science and Innovation, examined:**

**Mr STEVE MELVILLE**

**Director, Corporate Services, examined:**

**Ms DERRYN BELFORD**

**Executive Director, Destination Development, Tourism Western Australia, examined:**

**Mr DAVID LOWE**

**Acting Managing Director, Tourism Western Australia, examined:**

**Mr COLE THURLEY**

**Chief of Staff, Minister Assisting the Minister for State Development, Jobs and Trade, examined:**

**The CHAIR:** Members, this is the 2018–19 budget estimates hearing with the Department of Jobs, Tourism, Science and Innovation. On behalf of the Legislative Council's Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can the witnesses confirm that they have read, understood and signed a document headed "Information for Witnesses"?

**The WITNESSES:** Yes.

**The CHAIR:** It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If for some reason you want to make a confidential statement during today's hearings, you should request that the evidence be taken in closed session before answering the

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question. Agencies have an important role and duty in assisting the committee to scrutinise the budget papers and the committee values your assistance with this.

Minister, do you have a brief opening statement?

**Hon ALANNAH MacTIERNAN:** Very brief; just to say that this is an agency which is really central to driving economic development of the state. We have combined the traditional concerns of resources and major projects with those of defence issues, really giving some centrality and focus on the importance of the defence industry. We have brought tourism into the fold as we see this as a prime economic driver. We have recognised our place in the world and incorporated Asian engagement as part of this and, of course, with the focus on science and innovation. Many of the fundamental economic drivers of the state are here under the purview of this department.

**Hon DIANE EVERS:** My first question refers to page 183 under the heading “Details of Controlled Grants and Subsidies”. The question is in relation to the New Industries Fund which is about halfway down the list. This fund, I believe, was set up in the previous budget with the total amount of \$16 746 000 and is shown in this current budget as \$2.81 million spent in 2016–17 and 2017–18, which is interesting because it happened before the fund was announced, I believe. In this current budget there is another \$13 213 000 for a total of \$15 294 000, if my calculations are correct. Rather than the \$16.7 million announced, it looks like there is only \$15.3 million. I am just wondering where I would find the remaining \$1.5 million?

[3.50 pm]

**Hon ALANNAH MacTIERNAN:** It is on page —

**Hon DIANE EVERS:** It is page 183 and the “New Industries Fund”.

**Hon ALANNAH MacTIERNAN:** In 2016–17, maybe we funded something out of that in the latter part of that year. Your question is where is —

**Hon DIANE EVERS:** There seems to be a missing \$1.5 million from the original announcement of \$16.7 million.

**Hon ALANNAH MacTIERNAN:** Ms Roche will answer.

**Ms ROCHE:** Thank you so much, member, for your question. We are working to a budget of \$16.7 million over the four years from last financial year. It may be some repositioning in funds that were spent last year, but I can get those details for you, because certainly I do not believe there is that missing funding. It is probably just a case of repositioning funds that were committed but not spent in one financial year. I can get that detail for you; I apologise I do not have it to hand. But certainly the announcement around the \$16.7 million is accurate and that is the budget we are working to under the new industries fund.

**The CHAIR:** Minister, are you prepared to take that on notice?

**Hon ALANNAH MacTIERNAN:** I am prepared to take that on notice. I will point out that \$4.5 million of that is for regional Western Australia.

[*Supplementary Information No E1.*]

**Hon DIANE EVERS:** My second part of that question, which you might have to add into that response as well, is about the \$2 million that has been spent in this current year and the previous year. Could you give me an idea of where that has gone? How was that money applied for and how was it distributed? What was the decision-making process?

**Hon ALANNAH MacTIERNAN:** We are looking at the estimated actual from 2016–17. If I could ask Ms Roche to address those two issues. Looking at 2016–17, we have \$371 000 actual and in 2017–18, we have \$1.7 million actual. The member would like to know what they have been spent on.

**Ms ROCHE:** The expenditure to date—it is probably easiest to break it down into a number of areas. First, there is the allocation of funding to the regional innovation fund, as the minister mentioned a short time ago. This year \$500 000 per annum has been allocated to regional innovation to be managed through the minister's department and the Minister for Regional Development. There are a couple of other large items that we administer. One of those is the innovation vouchers program. We award a total of approximately \$400 000 per annum to the innovation vouchers program. Innovative start-ups and small businesses come to us with proposals for support in their emerging industries of up to a maximum of \$20 000 each. We are just finalising those voucher program details, but we anticipate spending around that \$400 000 mark.

We have also allocated some money for innovation hubs to support researchers and industry working together. The innovation hub that we announced in November of last year was around cybersecurity as an important sector to government. That was the launch of the Joondalup Innovation Hub.

They were the three probably largest items of funding in terms of the breakdown of funding spent. There are also some flagship programs such as WA Innovator of the Year, which has been going for 11 years now; \$150 000 goes to that program. We also run other programs and so forth. All information around how to apply for grants is available on our website, which is a New Industries WA website. All the eligibility criteria are transparent and open, as are our decision-making processes. That is probably the detail that I can give you now. As I said, there is other information available should the member wish to receive it.

**Hon DIANE EVERS:** I refer to page 176 and the service summary. My question is about "Tourism Destination Development". Through a question asked prior to the hearing, I understand the reduction of that line item from 2017–18 to 2018–19 is explained; however, I understand the drop in that tourism destination development from 2018–19 to 2019–20 and forward is due to the end of the Aboriginal Tourism Development Program. Given the recent Auditor General report highlighting that we are not meeting our targets with regard to Aboriginal tourism, is there any expectation for the continuation of that Aboriginal Tourism Development Program?

**Hon ALANNAH MacTIERNAN:** I will ask Ms Belford to comment first on this question.

**Ms BELFORD:** You are absolutely right on the funding arrangement for the Aboriginal Tourism Development Program is an RforR-funded program. This is the last year of funding and it is to be completed on 30 June 2019. We are in the process of putting together an action plan of the types of Aboriginal tourism projects, which is a well-consulted program across government and across Aboriginal communities, to look at what we can be doing into the future, and then we will be looking for how to fund that.

**Hon DIANE EVERS:** Will it be to the same extent? Is there funding set aside specifically for that?

**Hon ALANNAH MacTIERNAN:** Can I say that we will be looking at this as part of an overall program that we have in terms of Aboriginal development and the development of Aboriginal businesses. You will know that we have projects around ensuring that Aboriginal people can be engaged in government procurement, but we are also working to strengthen the capabilities of Aboriginal people in terms of Indigenous business. We will be moving on all those fronts, but we cannot until we have some approvals in place. I am talking about a quantum fund for a tourism project. You can rest assured that our government absolutely understands a number of things; that is, the economic development of many regional areas really does require engagement with the Aboriginal community, and we also see the development of Aboriginal tourism as a great economic opportunity, but also as a great cultural and reconciliation activity.

[4.00 pm]

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**Hon TJORN SIBMA:** Minister, my interest is around, broadly, the first service of the department, “Development of Industry Sectors and Facilitate Investment”. It more clearly appears on page 178. This is a question that I asked last year. I did not get an answer to it then. I am hoping to get something this year. The net cost of service 1 is approximately \$95 million. Could I get an indication of what actual investment you are intending to attract or the value of public infrastructure you are aiming to achieve that would justify that expenditure?

**Hon ALANNAH MacTIERNAN:** I understand that this heading also includes much of the work that is done in traditional state development, which attracts programs of many billions of dollars. This department has a critical role to play in all those major iron ore and gas projects, which are fuelling not only the economy of Western Australia, but also the economy of Australia. I am wondering if —

**Hon TJORN SIBMA:** I appreciate the facilitation. What I am more interested in, I suppose, is the attraction of new private sector investment. I note that note (b) says that efficiency indicators are under review and might be developed. Are they being developed in a way that might provide targets for investment attraction, for example?

**Hon ALANNAH MacTIERNAN:** We do not apologise at all for the language that we have used, which is talking about facilitating private sector investment and referencing that to the major resource projects of this state, because that is a critical part. But we are also driving forward, and this agency is participating, for example, in the work that we are doing with lithium and the development of a lithium industry. We do not want to see our spodumene simply carted off to China so we are doing very detailed work developing refining hubs for the next stage of production. We are then working on what we might need to do to move to cathode production and, beyond that, to battery production. Likewise, we are working —

**Hon TJORN SIBMA:** Do you ascribe certain monetary values to this work? I understand this work is going on. I am not criticising you. I am not seeking an apology for the way you have framed it. What I am trying to get a sense of is the quantification—the value you are attempting to capture or the return on the investment on the expenditure of salaries and people’s effort. Are there dollar amounts that you work to? Do they feature in internal KPIs, for example?

**Hon ALANNAH MacTIERNAN:** Your question, if I understand, is you are wanting to say: can you say that we have attracted this amount of investment?

**Hon TJORN SIBMA:** Yes, that would be a good start.

**Hon ALANNAH MacTIERNAN:** But it is not as clear-cut as that. This is about attraction and facilitation. Both those things are very important for us to be able to maintain a very high ranking in the —

**Hon TJORN SIBMA:** The Fraser Institute—I know the one you are talking about.

**Hon ALANNAH MacTIERNAN:** That facilitation and these things are often over the long term. The work that we are doing in terms of lithium, dysprosium and graphite are projects that will emerge over the long term. I do not know whether or not it is possible to say that. We can certainly talk in any year about the amount of new investment that has occurred in the state in the relevant sectors, and those figures are often produced.

**Hon TJORN SIBMA:** I do not mean to be rude or to interrupt your flow, but we are not talking about a business development function attempting to ascribe some kind of private sector discipline to the allocation of resources in a department, are we? If you cannot give me a dollar figure, fair enough. Might I then, though, take your theme through to another industry that is mentioned in these papers. It concerns the ramping up of Defence West, as it appears on page 175 of the budget papers under significant issues. Can I get a sense of what the focus of that office might be—it is important

work and I am not criticising the work—beyond attempting to seek parts of the defence department's procurement program or development program, be it for offshore patrol vessels and the like? What is meant by using the Indo-Pacific Defence Conference to upskill local industry? Could you indicate where there might be a skill deficiency or capability gap that local industry needs to jump over or make good before they can participate in accessing defence opportunities?

**Hon ALANNAH MacTIERNAN:** There are some interesting suppositions in your question. One is that we need to look beyond what is on offer in the national defence spend. I think this morning there was some figure being cited that over time the submarine contract, taken in its total, would amount to something in the order of \$257 billion. Please believe that getting a fair share of Australia's defence—that is important.

**Hon TJORN SIBMA:** One of my first jobs, minister, was as a defence capability programmer. I do not need to be lectured on —

**Hon ALANNAH MacTIERNAN:** You made that —

**Hon TJORN SIBMA:** You are implying a criticism. You are suggesting that I have suppositions in my question. There is an underlying defensiveness in the response. I am saying that is good work. Maybe we can concentrate more productively on —

**Hon ALANNAH MacTIERNAN:** I do not think you —

**Hon TJORN SIBMA:** Could we just —

**The CHAIR:** Order!

**Hon TJORN SIBMA:** Could we just concentrate on one aspect of that? Could you please explain to us what capability or skills gap presently exists in local industry that the Indo-Pacific Defence Conference being held in Western Australia—that is a good thing to do, but what is our capability gap and how might you make up the difference?

**Hon ALANNAH MacTIERNAN:** I am going to comment on the question that was originally raised. I think it is important for us to understand that this is a very significant development for this state. We do have extraordinary defence capability, much of which has flown below the public radar with companies such as Hofmann Engineering, which have been doing amazing work over many years. We need to ensure that those companies get a fair share of this operation. I am very proud of the work that Minister Papalia is doing here to match the endeavour that has been put in by the other states for many years and only now we are embracing with some rigour.

Mr Wedgwood will comment on the specific skills capabilities that we see being enhanced by the defence conference.

[4.10 pm]

**Mr WEDGWOOD:** I will start with the conference and perhaps work backwards from there. The purpose of the conference was to generate debate and discussion on this side of the country around the Indo-Pacific theme. Perth is rather unique in that we are the capital city gateway to the Indian Ocean. For a long time most of the debate, discussion and knowledge transfer has been on the other side of the country.

We have a fairly strong defence position here, particularly in Navy through a long history of naval sustainment activities on vessels and submarines. We have developed the skills to undertake that work. In addition, Austal is building Pacific patrol boats for the commonwealth government. In, I think, 2020, we will start building the offshore patrol vessels for the commonwealth government here. We have undertaken a capability survey of the local industry. There are 100-odd companies that are doing work in the defence space at the moment, and there is a number equal to that or slightly larger than that that either desire to or have expressed an interest in it. Part of the reason

for the defence conference is to provide an opportunity for the local industry, particularly the SMEs, to understand the geostrategic and geopolitical events that are rapidly occurring in the Indo-Pacific region, partly to leverage or recognise the fact that we have a long-established trading history as an exporter in that region, that the defence space is moving along quite quickly and there are significant implications for national defence regional security, and to distil that down to what that means in terms of opportunities in Australia and over here in the west. The third element is to use that as a showcase of local capability. Companies like the one the minister mentioned, Hofman Engineering—you cannot really call them an SME, but a non-corporation—and others provide the opportunity for local industry to see what it takes to become a world-class supplier in the very competitive international defence arena.

**The CHAIR:** I would ask witnesses to keep their answers as short as possible, given the short time frame, please.

**Hon PETER COLLIER:** I have quite a lot of questions, so I can put some on notice. With regard to the question asked by Hon Diane Evers on the Aboriginal tourism development program, I want to clarify that that will cease in its current format. Is it correct that it will cease? It is all well and good that we can have this in other areas, but is that program, in its current form, going to cease?

**Hon ALANNAH MacTIERNAN:** That particular bunch of funding was agreed for three or four years. That particular program is coming to an end. That is not to say that we will not have another program in its place, but that particular one, which was started some years ago with a particular time frame in mind, comes to an end. We are obviously working on a new program.

**Hon PETER COLLIER:** That is not the response we got earlier. The response we got earlier was that it was going to be morphed into other areas. If it is going to be replaced by another program, I am more comfortable with that, if that is where we are going. Can I get clarification that even though in its current form it will not remain, it will be replaced by another program that will basically have the same ideology with regard to promoting Aboriginal culture, history, heritage and tourism all coupled into one?

**Hon ALANNAH MacTIERNAN:** That is under active consideration.

**Hon PETER COLLIER:** Good. I refer to page 175 of budget paper No 2. I just want some clarification on some of the figures that have been bandied about recently. In particular, the Tourism WA “Domestic Visitation—Fast Facts” for the year ending March 2018 indicated that business visitors have increased by 20.3 per cent. However, in the same period, Tourism Research Australia indicated that there had been a 19.2 per cent decrease in business day visitors and only a 2.6 per cent increase in overnight visitors. Can you just explain the contradiction between those two figures?

**Hon ALANNAH MacTIERNAN:** Sorry, which two figures?

**Hon PETER COLLIER:** The Tourism WA “Domestic Visitation—Fast Facts” of March 2018 showed that there has been an increase of 20.3 per cent.

**Hon ALANNAH MacTIERNAN:** In visitor numbers?

**Hon PETER COLLIER:** Yes.

**Hon ALANNAH MacTIERNAN:** Which page are you looking at in that document?

**Hon PETER COLLIER:** Tourism Research Australia indicates that there has been a 19.2 per cent decrease in business numbers. I can give you those figures if you would like.

**The CHAIR:** The minister asked for which page in that document you are looking at, member. Could you please advise?

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**Hon PETER COLLIER:** No, it is from the fast facts. I am referring to page 175 of budget paper No 2, which highlights that tourism is a major focus. All I want to know is: with regard to the actual figures, has there been a 20.3 per cent increase or not?

**Hon ALANNAH MacTIERNAN:** Where did you get that figure from?

**Hon PETER COLLIER:** That is from the Tourism WA “Domestic Visitation—Fast Facts” from March 2018.

**Hon ALANNAH MacTIERNAN:** I have that document in front of me and I am just trying to find where it actually gives that figure.

**Hon PETER COLLIER:** It is 20.3 per cent. You advisers will know, I am sure.

**Hon ALANNAH MacTIERNAN:** I am looking at the fast facts and I am just trying to find where in the fast facts it says that.

**Hon PETER COLLIER:** I have the figure in front of me; I can show you this if you like.

**Hon ALANNAH MacTIERNAN:** You do not have a page number?

**The CHAIR:** Can I just call a halt to this? It is getting really quite ridiculous. What is your question, member, please?

**Hon PETER COLLIER:** I have asked the question three times. I think the advisers probably know.

**The CHAIR:** The question is: what is the difference between —

**Hon PETER COLLIER:** Why does one figure show a 20.3 per cent increase —

**Hon ALANNAH MacTIERNAN:** So you are not talking about changes in the budget; you are talking about two external documents.

**Hon PETER COLLIER:** I referred to the dot point, which you can do in budget estimates; that is why we are here.

**The CHAIR:** Correct. Just ask the question again.

**Hon PETER COLLIER:** I have asked it three times.

**The CHAIR:** Member, could you please just ask the question.

**Hon PETER COLLIER:** Okay! Why do the fast facts show a 20.3 per cent increase and yet Tourism Research Australia shows there has been a 19.2 per cent decrease? I am not being difficult. I am asking why there is that disparity.

**Hon ALANNAH MacTIERNAN:** I was just trying to establish—it is 20.3 per cent what?

**Hon PETER COLLIER:** Business visitors have increased by 20.3 per cent.

**Hon ALANNAH MacTIERNAN:** Business visitors. Okay. I will ask Mr Lowe to respond.

**Mr LOWE:** The fast facts figures, which the minister has in front of her, will refer to the data that we have analysed from the Tourism Research Australia data—that is the source material. We have published, through our professional researchers, those figures. You are referring to the actual raw data. If you are looking to get a comparison comment on that, we will have to take that on notice.

**Hon PETER COLLIER:** Okay. That is fine.

**Hon ALANNAH MacTIERNAN:** But we are talking about business visitors.

**Hon PETER COLLIER:** Yes. I made that quite clear from the start. I am quite willing to take that on notice; that is fine. I just wanted some clarification.

**The CHAIR:** Member, please! Minister, are you willing to take that on notice?

**Hon ALANNAH MacTIERNAN:** Yes.



[*Supplementary Information No E2.*]

**Hon PETER COLLIER:** She has already said that.

**The CHAIR:** She had not already said that.

**Hon PETER COLLIER:** Yes, she did, actually. Check *Hansard*.

**Hon ALANNAH MacTIERNAN:** I did say I would do it.

**The CHAIR:** You have one minute left, member.

**Hon PETER COLLIER:** I have a number of questions on the flights to Broome, so I might actually put them on notice because that is going to take a little time. Can I just ask a question with regard to page 175, “International Education, Trade and Investment”. The fifth dot point on that page states —

The Department will finalise the development of an International Education Strategy for Western Australia ...

That is good; that is what we were pursuing. How many are in that department, specific to international education?

**Hon ALANNAH MacTIERNAN:** How many people in the department are working on international education, trade and investment?

**Hon PETER COLLIER:** Yes.

**Hon ALANNAH MacTIERNAN:** Mr Delane, could you answer that?

**Mr DELANE:** In terms of current staffing within the department since the machinery of government changes, there was one full-time officer transferred from education services, approximately half of my time goes into this sector, and we have recently reallocated an additional staff member. Overseas, we have a staff member in Mumbai and a staff member in Shanghai who are directly allocated to this area. There is also work done in all the overseas offices. That is the direct staff allocation.

[4.20 pm]

**Hon PETER COLLIER:** Where is the line item for the \$2 million over five years?

**Hon ALANNAH MacTIERNAN:** I think all those people might amount to \$2 million.

**Hon PETER COLLIER:** I hope it is not staff.

**Hon ALANNAH MacTIERNAN:** Mr Melville, can you shed any light? We have a budget item that says we are spending \$2 million. Mr Delane has listed the number of people who are working on that exclusively. Does that come to \$2 million?

**Mr MELVILLE:** The \$2 million is the department’s allocation to international education. The primary area of that is to services related to the StudyPerth operation, which is where the main allocation of funds goes to.

**Hon PETER COLLIER:** It goes to StudyPerth. It is nothing to do with the staffing then, as the minister said.

**Mr MELVILLE:** Yes.

**Hon PETER COLLIER:** What is the relationship with DOE—the Department of Education?

**Hon ALANNAH MacTIERNAN:** I understand that Mr Delane has said that one staff member has been removed from Education over into your —

**Hon PETER COLLIER:** No, he said DES.

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**Mr DELANE:** The Department of Education, of course, is the state's public provider of education; principally their role also has a number of regulatory functions, including curriculum standards et cetera. The international education portfolio sits with the Premier. Then, of course, there is also the education and training portfolio with Minister Ellery. We have a close working relationship with them in a whole range of different ways, but in principle our focus is international. We work very closely with TAFE International WA, which is part of the Department of Training and Workforce Development. We intersect with Education—for example, at Canning College. We intersect with the department in its executive on how to improve the international opportunity for government schools. That is a matter for the Department of Education and the Minister for Education. A lot of our work is with universities and with private sector providers in the vocational sector and with private providers in the schools education sector.

**Hon PETER COLLIER:** There is a direct connection, though, because it does talk about school students here as well.

**Mr DELANE:** In very approximate terms, two-thirds of the state's students are educated in government schools and one-third in non-government schools, so one-third of the international opportunity exists in the non-government schools.

**Hon PETER COLLIER:** You work with AISWA and Catholic Education?

**Mr DELANE:** We are engaging with Catholic ed every opportunity we get. We do that partly directly, but most of our work, as has been mentioned before, is working through StudyPerth, which has been recently reformed and we use that as the hub for this. The majority of the department's funding was not addressed in a question and, therefore, not in an answer, but approximately \$1.5 million was transferred in machinery-of-government changes and \$1.3 million of that flows to StudyPerth. The other funds the only staff that we have in this area. The international education strategy is additional to that.

**Hon PETER COLLIER:** The \$2 million.

**Mr DELANE:** Yes; the \$2 million is additional to that.

**Hon JACQUI BOYDELL:** On page 174, under the heading "Western Australian Jobs", the fourth dot point refers to a skilled work agreement to be implemented on all major resource projects. Can you just explain what that means? How does that apply to FIFO employees and local jobs and residential workforces?

**Hon ALANNAH MacTIERNAN:** We had an election commitment that we would be requiring a local content provisions and job skills program in all major resource projects. Over the last year, obviously we have focused on getting the Western Australian Jobs Act, which was about the local government procurement, up. Now, having achieved that and put the architecture in place to implement the jobs act, we are going to focus on this other commitment, which was for a skilled local jobs bill. There will be requirements placed on all major resource projects. Who is working on this one? Mr Wedgwood, would you like to comment on where you are up to with that?

**Mr WEDGWOOD:** Work will start on that bill shortly. The focus, as the minister pointed out, has been on bedding down the jobs act and the WA industry participation strategy. Everything is due to come together for final implementation on 1 October. In the coming months, the department will start preparing the skilled jobs bill.

**Hon ALANNAH MacTIERNAN:** I think the member would like to know the key components of that skilled jobs bill.

**Mr WEDGWOOD:** It is too early to highlight the elements of that. That work is due to commence.

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**Hon JACQUI BOYDELL:** Also on page 174, under the heading “Significant Issues Impacting the Agency”, the first dot point states that the department is responsible for creating jobs. What reporting mechanisms are you using to ensure that you track how many jobs are being created? How often does the department report to the minister on job creation? Are they being recorded in regional Western Australia?

**Hon ALANNAH MacTIERNAN:** Yes. We do have a jobs and economic development cabinet subcommittee, and we get regular reports on the levels of jobs, the employment rate and the total number of jobs and we do get that from time to time broken down into regions. Are you able to add to that, Mr Wedgwood?

**Mr WEDGWOOD:** No. Sorry, minister.

**Hon ALANNAH MacTIERNAN:** I am happy to provide some more information on supplementary because we should have that.

*[Supplementary Information No E3.]*

**Hon TIM CLIFFORD:** I refer to budget paper No 2, volume 1, page 183, and the new industries fund. How much in total will be allocated to innovation hubs and what criteria will the government use to determine which industries will benefit from this investment?

**Hon ALANNAH MacTIERNAN:** The question is what would it be allocated to. You probably were not here when we discussed that fund earlier, but \$4.5 million over the four years will be for regional innovation centres, which will include two tranches. One is a process where within each region there will be around \$500 000 available for the development of start-ups and transformation of SMEs into the digital age. Then there will be another part of that fund that will be a competitive fund but based on submissions that have an interregional cooperation. There are some proposals—for example, for a particular telecommunications network to be established throughout a range of hubs. That will be one of those projects that will be considered in the second part. Ms Roche could talk about the rest of the fund. We have spoken already about the voucher system, so perhaps we will leave that one and the other elements.

**Ms ROCHE:** In relation to the sectors that we wish to support through funding through innovation hubs, we have been looking at what some of the priority areas are that we are hearing from by consulting with relevant stakeholders in, particularly, the innovation sector. Cyber was the first one, as I mentioned earlier, in November and we are looking at a range of other industries such as life sciences and data sciences, where we believe, based on the information we have received, that it has the best potential to drive new industries and job growth, particularly through that SME sector.

[4.30 pm]

**Hon TIM CLIFFORD:** Have any games developers approached you in regard to starting up a hub?

**Ms ROCHE:** We have had discussions with the games industry about how we can best support that particular sector, which is a small and burgeoning one with lots of potential. We have not talked about an innovation hub in the same way we have with cyber where we have been talking about industry, researchers and academia coming together to drive problem solving. It has been more about what other support might be to help that sector, whether it is through business development, expertise, pitch training or participation in international expos and events. We are looking at a range of ways to support that sector in consultation with them, but it would not be particularly through an innovation hub model.

**Hon TIM CLIFFORD:** It is not necessarily innovation. It is an established industry. Is it more difficult for them to access the funds because they would not meet the criteria?

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**Hon ALANNAH MacTIERNAN:** If a particular industry or group has an idea about how government could assist them, then we would urge them to come forward and put that to us because we do not develop these proposals in isolation. We need input from the industry as to what would work and what would be the thing that could transform their industry. We would be more than happy to engage with this sector or to take ideas from you about what it is that we could do to advance that particular industry. Mr Sellers would like to add to that—a noted gamer.

**Mr SELLERS:** Just to flesh it out a touch more, quite often when we are talking with industry itself, so developers for example, the conversation gets onto what can we do to make an area ready for a node like this. Without naming the actual developer, recently I was in a discussion where we are looking at a potential area where they are thinking of putting in some redundancy fibre cables. These sorts of sectors could get in there with a backup system in case one of the telcos or whatever goes down. It de-risks the site for them. Those conversations are going on within industry at the same time as we are approached by others to get it going.

**Hon TIM CLIFFORD:** You mentioned the voucher system. Out of the vouchers allocated, how many were allocated to games developers?

**Hon ALANNAH MacTIERNAN:** I think we discussed this earlier, but Ms Roche can very quickly give an answer.

**Ms ROCHE:** We do not allocate any particular number of vouchers per sector. We invite all to apply and they are considered on merit based on the eligibility criteria. We certainly would encourage the gaming sector to put in through that program.

**Hon TIM CLIFFORD:** How many in total will be allocated to Start IT Up WA Challenge; and what criteria will the government use to determine which industries will benefit from the investment?

**Ms ROCHE:** It is a small amount of funding for the Start IT Up WA Challenge. It is really about connecting small, start-up technology firms to the government sector. I believe the funding is \$40 000 for this financial year, but I can provide that information on notice just to make sure it is 100 per cent accurate.

*[Supplementary Information No E4.]*

**Hon KEN BASTON:** My question is on budget paper No 2, volume 1, page 174 in reference to October 2017 when the government agreed to participate in the commonwealth's \$5 billion Northern Australia Infrastructure Facility—better known as NAIF. My question is: how many projects has the department recommended as suitable for a NAIF program and to what value?

**Hon ALANNAH MacTIERNAN:** We have been working very cooperatively with the commonwealth on NAIF. We have signed off, I believe, on one agreement, which is the Onslow marine supply base. I am not sure that that has gone through all its final stages yet. I am told that it has and it is valued at \$16.5 million. We have been working actively with the commonwealth on other projects such as Balla Balla, which has, I think, a NAIF application. We obviously have Sea Dragon, which is another project that has got up. There have been a number of difficulties with NAIF not from our point of view, but with the way in which it was conceptualised. Work has been done to look at changing the eligibility criteria. Originally, it was supposed to be a minimum of \$50 million and then you had to demonstrate that the project could have gone ahead in any event, which in a sense undermines the purpose of it. There was also an issue about the leverage that NAIF could constitute. Changes have been constantly negotiated in order to get more projects up, but there is certainly no impediment in terms of the state working cooperatively with the commonwealth to facilitate those agreements.

**Hon KEN BASTON:** I am aware of the two programs. I thought there might have been some new ones since then. They are still the old ones that have been hanging around for a while.

**Hon ALANNAH MacTIERNAN:** Everyone talks about NAIF for every project in the north. Are you aware of any others, Mr Ostojich?

**Mr OSTOJICH:** There are in the order of about 10 projects of a serious nature that are currently in the pipeline. One of the things that was standing in the way of developing some of these projects and therefore releasing the funding was the fact that it originally had a floor of about \$50 million. That was proved to be prohibitive. The purpose of that floor was ultimately to allow the banks to participate in it as well. Originally it was a 50–50 split. That was found to be wanting and it did not work. The most recent changes are that the floor has been removed, so there is no lower level for the loan. As a result, the particular loan that the minister referred to, which was for the Onslow marine supply base, has been put in place. There are several others now that are of a similar size that can be looked at.

**Hon MARTIN PRITCHARD:** I refer to budget paper No 2, volume 1, page 173 and the very last line item, “State Science, Technology, Engineering and Mathematics Strategy”. Can you just explain what that is?

**Ms ROCHE:** The state government has been working with the Chief Scientist and a STEM panel of experts to develop the state’s first STEM strategy. On 20 May, Ministers Kelly and Ellery jointly announced the first stage of that strategy through the announcement of \$3.3 million of new funding to kickstart the strategy. It is essentially a strategy around preparing for our future jobs and the future skills that both schoolchildren and in fact the whole pipeline right through to the existing workforce may need as jobs change in relation to the advances in technology and the like. There is a considerable amount of research around the types of skills that will be needed for those jobs and our panel of experts from education, industry, government and the like have been working together to identify a range of initiatives to help address those needs.

[4.40 pm]

**Hon MARTIN PRITCHARD:** What would that money be spent on then?

**Ms ROCHE:** The funding announcement in May was principally around five key initiatives. The first of those is around PD training for teachers as part of a centrepiece of that strategy, also mentoring for teachers, a small amount for digital technology and digital transformation, and some work around reviewing how we can best incentivise schoolchildren in years 9 and 10 to choose science and maths as a subject in years 11 and 12. That is principally what the funding will be used for from 1 July.

**Hon Dr SALLY TALBOT:** I would like to go to page 173 and the spending changes at the bottom, and the final item, which relates to the state science, technology, engineering and mathematics strategy. I wonder whether the minister could just take us through those spending changes on that bottom line, please.

**Hon ALANNAH MacTIERNAN:** I think Ms Roche just outlined what that strategy was and all of the elements that formed part of that strategy and its link with the encouragement of STEM generally. Again, I think this is a very positive new direction for government that comes out of an election commitment that we made. Ms Roche has just outlined all of the various elements.

**Hon Dr SALLY TALBOT:** There is \$1.2 million in 2019–20 compared with the following two years.

**Ms ROCHE:** We had some repositioning of funding in order to provide the funding for the STEM strategy. One source of that funding was that last year we had \$900 000 for the development of the strategy and I am pleased to say that we largely develop the strategy in-house; we did not require that funding, and I must say that is partly because of the generosity of those members on the panel who gave up their time and expertise at no cost. So, we were able to make some savings and

reposition from other budget sources to identify the funding needed for the STEM strategy that I went through a short while ago.

**Hon Dr SALLY TALBOT:** If I could go to page 183. In case you have not had the opportunity to wax lyrically enough on space, can I ask you about the item “Science Grants”, which is about eight from the bottom of that table and ask you whether any of those grants have focused on space and astronomy? If you want to weave into your answer something about the federal government’s recent \$50 million budget announcement about the establishment of the national space agency, you can.

**Hon ALANNAH MacTIERNAN:** I represented the Premier at the first meeting of the first COAG meeting on industry and skills after we got into government and I was appalled to find that all these other states had been writing papers and positioning themselves for space stations and to discover that WA to date had not engaged at a federal level on this, notwithstanding the fact that we have got some amazing assets as well as the advantages of our geography and occupying one-third of our continent, and the diversity of that. That gives us the SKA, the Pawsey Supercomputing Centre and the New Norcia space complex, the European space station—all of these things really did position us very well. After that, the Premier and Minister Dave Kelly have absolutely got in the case to make it really clear that WA wants to be a part of this. We see that we are well placed. It brings us back to this notion that is the same with defence and other areas. One of WA’s disadvantages over the last few years has been that we have not been actively advocating in the federal space for us to be considered seriously as partners in these projects. As I said, when you look at our geography, you look at the skill set and you look at things like the Pawsey Supercomputing Centre and the Square Kilometre Array, we have got some real capability here that we want to leveraged off. As I said, with Minister Kelly in the lead, we have made some real progress in this regard.

**The CHAIR:** That concludes this hearing. On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, within seven days of the hearing. If members have any unasked questions, I ask you to submit these via the electronic lodgement system on the POWAnet site by 5.00 pm on Wednesday, 27 June. For the department, responses to these questions and any questions taken on notice are due by 12 noon, Friday, 13 July. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. Your advice is to include specific reasons as to why the due date cannot be met. Once again, I thank you for your attendance today.

**Hearing concluded at 4.47 pm**

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