

**Division 15: Jobs, Tourism, Science and Innovation — Service 1, Asian Engagement, \$100 059 000 —**

Ms L.L. Baker, Chair.

Mr W.J. Johnston, Minister for Asian Engagement.

Mr R. Sellers, Acting Director General.

Mr D. McCulloch, Acting Deputy Director General, International Education, Trade and Investment.

Mr S. Melville, Director, Corporate Services.

Mr R. Sao, Principal Adviser.

Mr N. Roberts, Chief of Staff, Minister for Asian Engagement.

[Witnesses introduced.]

**The CHAIR:** I do not have to read the chair's foreword. It is a bit tedious after the third day, so I will not.

I give the call to the Leader of the Opposition.

[10.20 am]

**Dr M.D. NAHAN:** Just to clarify, we are in division 15, service 1, Asian engagement, and nothing else. There is no line item, other than on page 176 of budget paper No 2, in which a resource agreement is mentioned. Maybe I can ask the minister to describe how Asian engagement fits in and what his gamut of responsibility is. Does it include, for instance, the sixth dot point on page 175, which refers to major global shifts in trading policy? It looks like that refers to the trading offices. In other words, what does the minister do?

**Mr W.J. JOHNSTON:** I thank the member for the question. That is a very similar question to the one he asked me last year. The role of the Minister for Asian Engagement is to work with the Premier in his capacity as the Minister for State Development, Jobs and Trade. Effectively, if you like, the Premier is the minister for trade and I am the junior minister for trade. In respect of the budget allocation, there is only a very small part. I think only \$2.5 million is my responsibility. It was included in the spending changes in last year's budget, so now, of course, it is embedded in the program of the agency, but it was all outlined in last year's budget. In terms of administrative responsibility, that is the only bit that I administer. I do not have administrative control over any aspect of the agency. The agency supports me in my work and, as I say, my work is in respect of the Premier's responsibility. I am effectively the minister assisting, if you want, for trade, with a focus on Asia.

**Dr M.D. NAHAN:** Since it is now embedded in the aggregates, can the minister give me an indication, over the forward estimates from 2018–19 to 2021–22 of the budget allocation for which he is responsible?

**Mr W.J. JOHNSTON:** Sure; I am happy to do that. For the 2018–19 budget estimate, \$1.15 million is allocated to Asian engagement activities. That is for a business dialogue conference, about which I am looking forward to making some comments, promoting Western Australia in Asia, and an Asian business house. The specific activities around each of those is yet to be signed off on, except for the dialogue conference, and I am looking forward to making some comments about that very soon—maybe in the next 10 minutes.

**Dr M.D. NAHAN:** In terms of the forward estimates, what are the allocations?

**Mr W.J. JOHNSTON:** It just rolls out. There are three activities, and they roll out over the forward estimates.

**Dr M.D. NAHAN:** So, about \$1.5 million each year?

**Mr W.J. JOHNSTON:** No, about \$1.1 million. It is not a huge amount of money.

**Dr M.D. NAHAN:** Because there is no transparency to it, I am trying to do that.

**Mr W.J. JOHNSTON:** No, there is complete transparency, because it was included in last year's budget as a spending change —

**Dr M.D. NAHAN:** But we are talking about this year's budget.

**Mr W.J. JOHNSTON:** Yes, certainly, but I will make the point to the member, as a former Treasurer, that the way the budget works is that when the government makes a decision to change the spending, that is included as a spending change and then, unless there is a future decision to change the spending, in which case it would be reported, it is then just included in the aggregate.

**Dr M.D. NAHAN:** As a general policy, I wanted to confirm that that was the case; that is all. I am just asking what the budget is. It is a very simple question, and the minister said it was embedded in there. If he had said that it was exactly the same as last year and read it out, we would not have this tit-for-tat. It is as simple as that. Could the minister go through and describe to us the three major functions and activities that he has mentioned?

**Mr W.J. JOHNSTON:** They were all election commitments that the Labor Party took to the last election. We promised to create an Association of South East Asian Nations business dialogue conference. We promised to allocate resources for promoting Western Australia's capacities in the metals, petroleum and renewable energy sector into Asia, and we promised to create an Asian business house. My work is also, as I say, assisting the Premier in our relationships in Asia. As the member knows, I have been fortunate enough to support the Premier's work in that regard a number of times, and one way I do that, of course, is to maintain good relationships with all the business councils here in Western Australia, and the diaspora chambers, because we are trying to get a more coordinated approach to our Asian relationships. We are trying to embed in the activities of government Asian relationships beyond just transactional relationships. I think I said last year to the estimates committee that the best thing that can happen in this space is that it just becomes part of the functioning of government that we are always considering how we can deal ourselves into the exciting opportunities in our region.

**Dr M.D. NAHAN:** When the minister says Asia, is he focusing personally on the ASEAN countries, as opposed to China, Korea and Japan?

**Mr W.J. JOHNSTON:** That is a very good question, member. We had a specific election commitment to the ASEAN business dialogue, but we are not restricting ourselves to that. There are two points here. Firstly, we are a sub-national government. We do not have diplomatic relationships, and therefore it is more complicated for Western Australia to build relationships in Asia. We also have only limited resources, although we have some very good people in our regional offices who do excellent work. We therefore need to husband our resources towards good outcomes, and that necessarily means that we have to think about which countries are more important to our future than others. If I asked everybody in this room to write down the names of seven countries in the Asian region that they thought would be the most important countries to us in 20 years' time, I imagine that all those lists of seven would contain the same six names—Japan, Korea, China, India, Indonesia and Vietnam. That would allow people to think of one other country; I am not restricting it, but I am making the point that those six would be on everybody's list. Therefore, they are clearly going to be the countries that we pay most attention to. That is not to say that other countries are not important and that we do not need to make efforts with other countries. We have to do all those things, but where would people suggest that the government needs to go for the best likely return for any investment? I would say that those six countries would be on everybody's list, so they are clearly on the top of my mind when I think of these things, but that does not exclude other areas. It is not saying that we are going to get rid of the Singapore office or move anybody from the Middle East, because they are all important markets, but where do we put our best efforts? Clearly, those six are where our best efforts have to go.

[10.30 am]

**Dr M.D. NAHAN:** To follow up on that, I could not hear the minister. Did he include India as one of those?

**Mr W.J. JOHNSTON:** Yes. If you like, there are three established relationships that everyone knows about—Japan, Korea and China. I think about 95 per cent of our iron ore exports go to those three markets; there is a bit that goes to Taiwan, but they are basically the three. On top of that, where are the next three mega-economies going to be in Asia? I do not think anyone would argue that India is at the top of that list. The analysis from people around the world is that Indonesia will end up being the fourth-largest economy in the world, and Vietnam is probably the other country that has a large population that is emerging into a more dynamic space. Some people argue that the Philippines should be included; some people argue for Thailand. One could go on and on. It is not that there are not opportunities everywhere, but given that we are only a state government and we have only limited resources, where are we going to get our best return? I argue that it is those six countries.

**Dr M.D. NAHAN:** What about Singapore?

**Mr W.J. JOHNSTON:** We have an office in Singapore and there is no question that Singapore is going to be important to our relationships in the future. One of the challenges, of course, is that Singapore is our big rival, if you think about it, because we want to have more companies headquartered here for their Asian operations. One of the pitches we make to visiting delegations is that they should consider Perth rather than Singapore as their Asian hub. I was pleased that when the Leader of the Opposition was Minister for Energy, Sumitomo Group based its South-East Asian regional headquarters here in Perth. That is an example of a company that has seen Perth as an ideal opportunity. I was recently at a breakfast co-sponsored by the Chamber of Commerce and Industry of Western Australia and the Perth USAsia Centre, and Jemma Green from Power Ledger put the case for why Perth would be a preferred location over Hong Kong or Singapore for people in cryptocurrency and blockchain businesses. One of our great advantages over Singapore is that it is cheaper to base an executive here than in Singapore.

**Dr M.D. NAHAN:** Except for tax.

**Mr W.J. JOHNSTON:** No, the cost of living for an executive is lower in Perth than it is in Singapore. Housing is cheaper here and it is cheaper for them to have their kids at school here. It is just a cheaper location, and given our connectivity, our high technology and the great connections to our region, it is a great place to base businesses.

**Mr W.R. MARMION:** This is a new question, but still on Asian engagement; obviously it is an important area. My question relates to the operations, governance and structure of how everything works. The minister mentioned the important Asian countries where we have a regional office and some where we do not. I guess one advantage of having an Asian engagement person or department, whatever it is, is to link them up. Can the minister outline how it works, how the department avoids treading on toes and how the coordination works? That is the concern.

**Mr W.J. JOHNSTON:** I am very happy to do that. I do not tread on the Premier's toes, because he is the boss! As I said, I am Minister for Asian Engagement. I am not the Minister for State Development, Jobs and Trade; the Premier is. In terms of budget allocation, I have a small budget that I am trying to spend on useful work. I do not have administrative responsibility with the agency; I have a separate communication agreement with the agency. I work through the agency with Rob Delane, who is not with us today—not because he does not want to be here!—and he is the deputy director general; I forget his proper title. He is the DDG that I work with and we have a good working relationship. But as I say, in terms of the administration of the department, that is the Premier. He runs the administration through the director general. I have a bit of cash that we are going to spend on that useful work. Otherwise, when I travel or whatever, I am coordinating with the Premier because I am doing it on his behalf, if you like.

**Mr W.R. MARMION:** With regard to reporting, does anyone report directly to the minister, or do they report directly to the Premier and the money is just parked in the minister's budget—is that the answer?

**Mr W.J. JOHNSTON:** As I said, it is a small amount of cash; we are not talking about sheep stations. I get to spend that, and obviously I do not spend it without approval and I would not ever think to do so. It has to be done in accordance with proper procedures. With regard to the agency, I liaise with the deputy director general. For example, if I am doing a speech, he coordinates the speech. If I am travelling, he coordinates the travel. He does not answer to me; he simply services my needs.

**Mr W.R. MARMION:** With regard to that service, has the minister thought of any performance indicators for the evaluation of its activities?

**Mr W.J. JOHNSTON:** That is an excellent question. The member should have a read of the transcript from last year's estimates committee hearings, because I made the point then that the sort of outcomes we are looking for here are for long-term proposals. The great thing about having long-term targets is that perhaps I will not be here to be held to account for them! With regard to the Asian engagement space, as I said, I am not the Minister for State Development, Jobs and Trade; it is about trying to grow our connectivity to our region beyond just trade. We cannot just have a trading relationship with Asia. Of course, my job is about trade and investment, but it cannot only be about trade and investment, it has to be about other measures. I look forward to making some more detailed remarks about that, but I am not going to be measured on a key performance indicator about how many new projects kick off under the Asian engagement space, because we are talking about changing the nature of the government of Western Australia over time.

**Dr M.D. NAHAN:** What is Asian Business House, and how is it progressing?

**Mr W.J. JOHNSTON:** Asian Business House is currently in development and the department has just put forward a proposal for a way in which we can work it. The election commitment was that a McGowan Labor government would develop formal networks that would link businesses with people and resources to enable and support success in regional markets, including the establishment of Asian Business House. Asian Business House is an initiative designed for the government to systematically and formally engage with key Asian business associations in order to improve Western Australia's business connectivity to Asia. Funding of \$250 000 annually was approved this year and we are consulting key stakeholders at the moment and talking about the model that we are going to implement. We are not seeking to lease a premises; the intention is to have what you might call a virtual Asian Business House within the department so that we have facilities that can be accessed on an as-needed basis by diaspora business associations. It will also be accessible to outbound investment councils, such as the Australia India Business Council and the Australia Indonesia Business Council et cetera. The plan is to have a secretariat within the agency that can support the work of those diaspora organisations. I have had many discussions with the diaspora organisations about how that might work because obviously we are very keen to make sure we can harness the power of that diaspora. We also want to consider how we can harness the power of the Western Australian alumni within our region. Along with the outbound investment councils, they are the three activities that we would see the virtual Asian Business House undertaking.

[10.40 am]

**Dr M.D. NAHAN:** This is \$250 000, so it is not bricks and mortar; I assume it is for a small organisational body, a small group of people. Is this mainly being used to provide funds to the diaspora organisations, as the minister calls them?

**Mr W.J. JOHNSTON:** It is not to provide funds. It is about providing resourcing so they can improve their coordination. As an example, if a diaspora organisation was assisting a visiting delegation and it wanted to coordinate with government for input, who would it go to? Many of these organisations, both outbound councils and diaspora organisations, are run by volunteers, so how do they coordinate with government? Who do they talk to at a university? What business organisations do they need to meet? It is a way to coordinate and get them to work better, rather than the organisation doing the running round itself. They are all great organisations, but they have only limited resources.

**Dr M.D. NAHAN:** How do we deal with the reality that in particularly larger diaspora groups there is a multitude of organisations—cultural, trade, diversity—and some do all of those things? How do we choose between one or the other?

**Mr W.J. JOHNSTON:** The great thing about this is that we do not have to. This is not about choosing one over another. I will let the member know that in most parts of the United States there are these visitor councils. They are not funded by the State Department, but they are related to it. In 2002 when I went to the US as a guest of the State Department, I was very impressed with the coordination they were able to provide. This is sort of modelled on that structure, if you like, so there is a single point for people to come to so they can get access to government. As we all know, one of the big problems with government is that it is so large, it is hard to work out where to go and talk, so it is about having a single point of contact. As I say, I have been discussing this with a range of diaspora organisations and universities. They are all very interested in it. As the member says, it is \$250 000; it is not a huge program, but we think it will make a difference. Over time it might attract further investment from government. In our current situation, this is the first good step.

**Dr M.D. NAHAN:** Has the appointment of the person managing this been made?

**Mr W.J. JOHNSTON:** No. As I say, the deputy director general, Rob Delane, is responsible, and at some time when we have finished consultation and have had a proper internal sign-off, there will be an appointment by the agency. It will not be a political appointment in any way.

**Dr M.D. NAHAN:** In many communities there is a diversity of views. There are organisations that serve the same diaspora, but there are differences in the diaspora. Will the minister confirm that he will be independent between them—that is, he will not choose one or the other necessarily?

**Mr W.J. JOHNSTON:** That is correct, absolutely. We are interested only in helping. Organisations will have their own capacities. We all know that the WA Chinese Chamber of Commerce is very effective; it has a lot of resources and a very long history of success. It may not use us particularly much. Last week, Mr Sao and I went to the launch of the Asian Business Alliance, which has brought together six of the diaspora organisations. This is an example of the opportunities that this will provide. All those organisations are part time, and none of them have a full-time secretariat, so this will help in the coordination of that trade facilitation. Our diaspora is an essential part of our future. I know that the Leader of the Opposition agrees that we are a successful multicultural society, so to the extent that we are able to build on that successful multicultural society to leverage broader connections and therefore greater economic activity, it is a great thing to do. I know the Leader of the Opposition agrees with that; that is not a political statement.

**Mr C.J. TALLENTIRE:** In the service summary on page 176 of budget paper No 2 there is an allocation for facilitating investment. Can the minister give us a specific example of how he has facilitated investment into Western Australia?

**Mr W.J. JOHNSTON:** I thank the member; that is a very good question. Last year I was privileged to visit South Korea on behalf of the government of Western Australia. I accompanied the Premier to China, and, before I came back to Australia, I spent 48 hours in Seoul. We were specifically there to talk about liquefied natural gas; however, at all the business meetings we held with government and business in Korea we found they were determined to talk about lithium and the opportunities for battery materials. Arising from that, I arranged for the deputy director general of the Department of Mines, Industry Regulation and Safety, Phil Gorey, to go to Korea to attend a seminar put on by the government of Korea. One of the problems we had is that the Koreans thought that all of our lithium opportunities had already been taken up and there was no opportunity for additional offtake, so we were very keen to make sure they understood that there was plenty of opportunity in our lithium industry. Arising from my and Dr Gorey's visits, I can tell the member that there has been a transaction. It is obviously a commercial transaction, but it arose directly out of that connection and I was very pleased to receive a very nice thank you letter from the junior minister I had met with in Korea who facilitated that outcome. That is an example.

When we were in Indonesia last year, we coordinated across government. One of our tasks was to try to urge Garuda Indonesia to move to daily flights, and arising out of our visit there are now five direct flights a week, up from four, between Jakarta–Perth. We are still keenly talking to Garuda both here and in Jakarta through the Department of Jobs, Tourism, Science and Innovation's office there and Jenny Matthews, our country

commissioner, about opportunities. One thing Garuda is concerned about is filling its flights to London, so we talked about whether there was any opportunity for retiming, and that obviously gets us to a daily direct flight to Jakarta. We also pointed out the opportunity to market in third countries for holidays in Australia. One of the points we made was that now that there are one million Chinese visitors to Bali every year, Garuda could market the continuation of those flights to Australia as part of the same package, and that would get more bums on seats and more tourists to Western Australia. That is some work we are doing.

Last year, we visited Singapore for the Singapore International Energy Week and we highlighted our capacity in decommissioning offshore infrastructure. This is a major issue across the Asia–Pacific region. I think about 500 fields in the Asia–Pacific will require decommissioning over the next 10 or 20 years, and Western Australia is at the forefront of technology relating to decommissioning offshore structure, so we made sure we were able to highlight all that work. I was very pleased to see that each of those three visits produced specific outcomes.

**Dr M.D. NAHAN:** The minister mentioned the Asian–ASEAN dialogue. Could he describe what that is?

[10.50 am]

**Mr W.J. JOHNSTON:** Absolutely; what an excellent question. I am pleased to announce that the government of Western Australia has entered into a heads of agreement with the Perth USAsia Centre for it to run over the next four years the ASEAN business dialogue. The centre is giving it the title, “The Power of Proximity: Annual WA ASEAN Trade and Investment Dialogue”. The plan is for the Perth USAsia Centre to use \$200 000 of annual funding from the state government to convene a dialogue.

They will facilitate the attendance of senior business and government representatives from ASEAN to come to Perth to highlight our capacity. The plan is for them to have a full day private conference with business and government representatives here in Western Australia. That would be followed by a public one-day trade and investment dialogue that they would host and facilitate. That would include them arranging the key speakers for our event. Over the four years, we would expect an increasing number of visiting delegates and to develop the conference to be a highlight of our business relationships into Asia. Their plan is obviously to start in a small way this year in the last quarter of the year and develop that program over time. We have a specific proposal from the Perth USAsia Centre and specific approval to proceed with the project but we are in the final throes of negotiating the exact terms. It is a great and exciting opportunity. It is about leveraging our existing capacities. I know that the Leader of the Opposition engages with the Perth USAsia Centre as well. It is an excellent body for us to work with. Other universities will be included in the program. The member made a comment earlier about picking favourites. We are not trying to do that at all. There is an expectation and commitment from the Perth USAsia Centre that in addition to the University of Western Australia, the other public universities and the private university in Western Australia will also be given an opportunity to participate.

**Dr M.D. NAHAN:** The centre has had a long program with Indonesia; the dialogue rotates between here and there. Will this be on top of that?

**Mr W.J. JOHNSTON:** Yes, that is correct. This is new work on behalf of the government of Western Australia and the Perth USAsia Centre will continue its own program of work. I do not remember the exact number but it does a huge body of work in the engagement space and we are not expecting any setting aside of that effort. This is something new and exciting and fulfils an election commitment.

**The appropriation was recommended.**