

Western Australia's Overseas Trade and Investment Offices Review

October 2019



Ms Rebecca Brown
Director General
Department of Jobs, Tourism, Science and Innovation
Level 6, 1 Adelaide Terrace
EAST PERTH
WA 6004

Dear Ms Brown

WESTERN AUSTRALIA'S OVERSEAS TRADE AND INVESTMENT OFFICES REVIEW

In accordance with its Terms of Reference, the Overseas Trade and Investment Offices Review Panel (the Panel) has examined the impact of the overseas offices in the implementation of the State Government's international trade and investment agenda, with the aim of making practical recommendations to ensure that they undertake their functions efficiently, effectively and with integrity, taking account of the Government's policies and priorities.

In presenting its Report on Western Australia's Overseas Trade and Investment Offices, the Panel wishes to acknowledge the wide range of people who spoke to us from both within and outside the Department. In particular, we wish to thank members of the Review Secretariat, led by Dr Kristy Edmonds, for the very significant assistance they have provided throughout the Panel's deliberations.

Yours sincerely,



Helen Williams AC



Geoff Leeper PSM



Jane Madden

25 October 2019

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ACRONYMS AND ABBREVIATIONS

Acronym/Term	Meaning
A-based	Australia-based
AEDM	Accountable and Ethical Decision Making
ARC	Animal Resources Centre
Asian Engagement Strategy	<i>Western Australia's Asian Engagement Strategy 2019-2030</i>
BDM	Business Development Manager
CATS	Conference and Travel System
CCC	Corruption and Crime Commission
CEO	Chief Executive Officer
CIIC	China International Intellectech Corporation
CRM	Customer relationship management
DDG	Deputy Director General
DFAT	Department of Foreign Affairs and Trade
Diversify WA	<i>Diversify WA: Strong Economy, Creating Jobs, Diverse Industries</i>
DLGSCI	Department of Local Government, Sport and Cultural Industries
DMIRS	Department of Mines, Industry Regulation and Safety
DPC	Department of the Premier and Cabinet
DPIRD	Department of Primary Industries and Regional Development
DSD	Department of State Development
DTWD	Department of Training and Workforce Development
EBDM	Education Business Development Managers
ELICOS	English Language Intensive Courses for Overseas Students
FBT	Fringe benefits tax
FPC	Forest Products Commission
FTE	Full-time equivalent
Governance Review of the DPC	Public Sector Commission Governance Review of the Department of the Premier and Cabinet
ICG	Integrity Coordinating Group

International Education Strategy	<i>International Education Strategy for Western Australia 2018-2025</i>
JTSI	Department of Jobs, Tourism, Science and Innovation
JDF	Job Description Form
Joyce Review	<i>Review of the South Australian Government's International and Interstate Engagement Bodies and Functions</i>
KPI	Key performance indicator
LES	Locally engaged staff
LNG	Liquefied natural gas
MoG	Machinery of Government
MoU	Memoranda of Understanding Memorandum of Understanding
NSW	New South Wales
OEE	Overseas engaged employees
The Panel	The Overseas Trade and Investment Offices Review Panel
PID	Public Interest Disclosure
PSMA	<i>Public Sector Management Act 1994</i>
The Review	Western Australia's Overseas Trade and Investment Offices Review
SA	South Australia
SBDC	Small Business Development Corporation
SLA	Service Level Agreement
State Records Act	<i>State Records Act 2000</i>
TWA	Tourism Western Australia
UK	United Kingdom
US	United States
VET	Vocational Education and Training
VGTI	Victorian Government Trade and Investment
WA	Western Australia
YTD	Year to date

EXECUTIVE SUMMARY

The waning of the long resources boom in Western Australia (WA), and with it the confidence that capital would flood into the State with little or no requirement for promotional effort, has generated a new focus on the need for a dynamic, resilient and diverse economy to drive the creation of jobs. This in turn has highlighted the need for stronger and more sustained activity across the trade and investment attraction system to seek market advantage in an increasingly difficult competitive world.

In response, the State Government created the Department of Jobs, Tourism, Science and Innovation (the Department) as a new economic development portfolio, bringing the functions of science, innovation, industry development and tourism together with those of the former Department of State Development. It also brought all of the State's eight overseas trade and investment offices into one network within the Department to work with the Perth-based staff on trade and investment promotion.

Having brought the offices together for the first time, it became apparent that there were substantially different practices between the offices and that there could be an opportunity to raise their effectiveness in trade and investment promotion. In addition, a Crime and Corruption Commission (CCC) report into allegations of misconduct involving one of the offices suggested that there would be advantage in reviewing governance arrangements and workforce culture more generally.

This review of Western Australia's trade and investment offices (the Review) was therefore set up to examine the effectiveness of the eight offices in the implementation of the State Government's trade and investment agenda. It was tasked specifically with looking at the purpose and function, architecture, culture and performance of the offices, and their compliance with governing legislation and public sector policies. In doing so, it was to take the State Government's international trade and investment agenda into account. The Review was asked to make practical recommendations to ensure that the offices undertook their functions efficiently and effectively, and with integrity.

In parallel, the Director General of the Department commissioned an audit of the eight offices, a draft of which has been made available to the Review. This audit was later extended to cover the staff of Tourism Western Australia (TWA) working overseas except for those countries where TWA contracts companies for marketing and promotion purposes, although the output of this extension was not available within the timeframe of the Review. At the same time, the Director General has been moving to reform the Department including clarifying responsibility for overseas office functions to sharpen the focus on trade and investment, and preparing for a range of corporate and governance reform. She is also leading the introduction of Invest and Trade WA in the Department.

The eight trade and investment offices (China (Shanghai), India (Mumbai), Indonesia (Jakarta), Japan (Tokyo), the Middle East and Africa (Dubai), Singapore, South Korea

(Seoul), and the United Kingdom (UK) and Europe (London)) are the focus of the State Government's trade and investment presence overseas. They also include five Education Business Development Managers (in Hanoi, Jakarta, Mumbai, Shanghai and Tokyo) to promote WA as a preferred international education destination, and are co-located with TWA in three of the five countries where it has directly engaged staff overseas (China, Indonesia and India). The offices also manage the four active Sister-State agreements (Hyogo Prefecture, Japan; Zhejiang Province, China; East Java, Indonesia; and Andhra Pradesh, India), and can assist State agencies that work, but do not have staff resident, in the respective regions. The Panel sees advantage in co-located arrangements involving the State's agencies wherever possible to give WA a more coordinated presence and brand in the country concerned.

As the Panel began its work, it quickly became apparent that there were problems across the Department's trade and investment attraction system. The critical alignment between the offices overseas and central office in Perth was not strong and the information flow in both directions was inadequate. In particular, central office lacked a coordinated governance framework that could guide the system as a whole and operating arrangements of the offices varied widely as a result. Altogether there was a lack of clear process and proper accountability across the system.

Although the overseas offices are the focus of the Review, their success is highly dependent on their alignment with the Department in Perth and with the State public sector more generally.

Success is also highly dependent on the development of a strong, strategic intelligence base, with research and planning capability that can provide an in-depth analysis of market potential. The Panel believes that this should be led by the Department but should draw in expertise outside government, in particular from academia and academic think-tanks.

Allied to this is the need for coordinated advice from a wide range of stakeholders including from State agencies, the relevant Commonwealth departments, business and academia, building on the linkages with industry that are already underway or being planned. Again, as the lead agency for economic development, international trade and investment, and tourism, the Department should play a major role in the implementation and ongoing support of this work.

Coordination between the onshore and offshore elements of the trade and investment effort, however, is highly dependent on fit-for-purpose information systems, both for information transfer and operational efficiency. The Panel found that information communications technology systems across the Department were poor, impacting on base corporate activities and proper accountability. Connectivity between central office in Perth and its offices overseas is particularly deficient and, in some cases, virtually non-existent. While correcting this situation will require additional resourcing, the Panel believes that it should be given high priority in view of its value in enhancing overall operational capability.

Turning to the operation of the offices in-country, a basic need is to ensure that the registration of the office is in line with the particular requirements of the region concerned, as errors in registration can be damaging to the trade and investment relationship as well as possibly incurring financial and other penalties. The Panel identified a number of potential issues in this area and recommends a careful review of the registration of all offices overseas.

Secondly, decisions must be made on the best operating model for the offices. Deciding, for example, whether the State stand-alone model or the Austrade state specialist embedded model is preferred in each location should desirably take into account Government decisions on country and sector priorities as part of a State trade and investment business plan. These priorities would not only guide decisions on the location of offices but on resources to be provided, including taking into account whether an emerging market requires more support than one that is fully developed.

The employment framework for the Agent General and Commissioners also needs close attention as the current contracts vary considerably and seem to have been developed on a piecemeal basis. There is currently no overall framework for the legislative basis on which appointments are made, the classification of the positions, the obligations of the role, whether appointments should be made from Australia or overseas, the length of tenure, or the suite of employment allowances. Consideration must also be given to the requirements for the role and an improved basis for performance assessment.

In addition, there is a wide range of employment practices applying to the 41 staff that are locally engaged in-country. To some extent this results from specific requirements in some locations and the provisions of local labour laws. It is important, however, that, to the extent possible, the Department set a firm policy both for the future employment of locally engaged staff that includes the legal framework governing the basis of employment, and for the ongoing employment arrangements.

Significant effort is currently involved, both overseas and in Perth, in collecting trade and investment information and integrating the information into reports for government. The Panel came to the conclusion that the process is both unnecessarily resource intensive and insufficiently useful in providing information for Ministers and departments that is sufficiently strategic and accessible. A more efficient and effective system would add significantly to the value of information on overseas developments and potential opportunities.

In considering the financial management of the offices, the absence of a fit-for-purpose financial management system is immediately apparent. The offices have no ability to access the core financial system of the Department and, unless they keep their own spreadsheets, must contact central office in Perth for information on expenditure to date. In addition, the lack of involvement of the Agent General and Commissioners in business planning has been an ongoing bone of contention. Building greater capability in budget control and management in the offices is also critical. Travel systems and processing are another source of angst for the Agent General and

Commissioners as travel is a key enabler for the role, but the current approval systems and processes can be lengthy and counterproductive.

Strong and consistent governance is an essential element of any well-functioning system and the Panel found that basic corporate governance requirements have been lacking in the Department and, to some extent, in TWA. Policies and plans for the management of fraud and corruption, misconduct management, recordkeeping, personal interests and conflict of interest, and gifts, benefits and hospitality all need attention. Not only are policies and plans in these areas fundamental requirements, especially for those working in the public sector, but also they are particularly important for the staff in the offices offshore in view of the distance from Australia and the highly commercial environment in which they operate. In this context, it is especially important that the policies of both the Department and TWA are fit-for-purpose for the staff resident overseas and that training is provided in each area.

Finally, the Panel has been considering the proper balance between devolved and central management of the Department's overseas offices. It is aware that a combination of devolution and risk management is preferred in some circumstances. It is also conscious, however, that devolution requires a clear framework of policies and practices that are not only in place but clearly understood and absorbed into the culture, as well as proper accountability and performance management. The Director General of the Department has a significant range of corporate governance reform underway or in planning, some of which touches on issues also identified by the Panel, that will require both time and resources to put in place. The Panel cautions against making significant changes too quickly before these reforms are bedded down.

The Panel is aware that some of its recommendations will require additional resources, particularly at the front end. It believes, however, that its recommendations taken as a whole will enable the overseas offices to play a significantly enhanced role in the successful promotion of the State's trade and investment agenda with flow-on benefits to the economy of WA.

RECOMMENDATIONS

The Panel recommends that:

Achievement Framework

6. The Department should give priority to the work that is currently underway to identify trade and investment objectives and strategies as part of a Western Australian trade and investment business plan for approval by the Government.

Trade and Investment Offices

- 7.1 In light of the Government's trade and investment priorities, the Department should undertake detailed work to decide priority office locations and resourcing across the network overseas, avoiding any significant expansion or change in focus of the offices until that work is complete.
- 7.2 While noting the relatively high proportion of resources devoted to the United Kingdom and Europe trade and investment office, the Department should defer consideration of the resourcing and staffing of that office pending decisions on the future of the United Kingdom in relation to Europe.

Sister-State Relationships

- 8.1 The Department, including its relevant offices overseas, should work to give ongoing attention and support to current Sister-State relationships to ensure that they are achieving maximum value for Western Australia.
- 8.2 Future Sister-State Agreements should be entered into only after careful assessment of their benefits, governance arrangements and resourcing, including by the relevant office overseas which would be involved in implementing the agreement.

International Education

- 9.3.1 The Department's offices overseas (including the Education Business Development Managers) and Tourism Western Australia's staff offshore should work more closely together in promoting the benefits of Western Australia in attracting incoming visitors and international students.
- 9.3.2 To take advantage of their on-the-ground knowledge, the relevant Commissioners and the Education Business Development Managers should be drawn into the work currently underway to develop and review the operational plan to support in-country international education activities.

Tourism

- 10.2** As part of the strategy review being undertaken by Tourism Western Australia, consultation should occur with the trade and investment Agent General and Commissioners, both from the perspective of their individual markets and on key elements such as international education and business events.
- 10.3** The Department and Tourism Western Australia should strengthen their collaboration in promoting the interests of Western Australia overseas, including giving consideration to co-location of offices wherever possible.

Other WA Presence Overseas

- 11.5** The Department should ensure that all State Government agencies are aware of the role and geographical location of the trade and investment offices overseas, and the services and assistance that they may be able to provide.

A Strong Strategic Intelligence Base

- 12.** A unit should be set up in the Department 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.

Close Partnership Across Stakeholders

- 13.** The Department should provide strong ongoing support for the partnerships that are already underway or in the planning phase with industry, public sector leaders in both Western Australia and the Commonwealth, and academic think tanks, to advise on the State's trade and investment strategies.

The Role of the Department in Coordination

- 14.** In working to implement Invest and Trade WA, the Department should pay particular attention to ensuring that there is an effective flow of information between the offices overseas and the work underway in central office, and that channels are provided to enable participation by the Agent General and Commissioners on proposals relevant to their geographical area of responsibility.

Information Systems

- 15.** The Department should give priority to developing a business case for additional funding to support the provision of improved information communications technology systems that provide connectivity between the central Department and the offices overseas, a finance and human resources system, a travel system, and improved records management, as crucial to the effectiveness of the overseas offices in support of the State's trade and investment agenda.

Registration Issues

- 16.1** The Department should clearly establish the basis on which each office has been registered, including the legal and regulatory requirements in the relevant country and the local taxation and employment obligations, to ensure that registration remains valid and its provisions are being met.
- 16.2** The Department should confirm that the required deregistration actions have been completed for those locations where an overseas office has been closed.

The Right Model for WA?

- 20.1** In considering the model for the operation of the trade and investment offices overseas, the Department should consider each on its merits rather than deciding on a uniform approach for all offices.
- 20.2** If the Government were to decide that the Department should establish a new presence in another location prior to the finalisation of country and sector plans, consideration should be given to using the hub and spoke model in the interim where a smaller presence is attached to an already established office.

Characteristics for the Role

- 22.** In the selection of future Commissioners, most weight should be given to in-depth knowledge of Western Australia's industry and market opportunities, as well as trade and investment expertise.

Legislative Basis of Appointment

- 23.1** As a priority, the Department should undertake a major review of contract provisions for the employment of the Agent General and Commissioners to clarify the current basis of employment and determine the preferred provisions for future employment.

- 23.2** All future offers of employment to the Agent General and Commissioners should specify their obligations under the Department's Code of Conduct, the Western Australian public sector Code of Ethics and other Departmental policies.
- 23.3** The Agent General and Commissioners should be considered senior officers for the purposes of the annual disclosure by the Director General to the Parliament.

Contract Provisions

- 24.1** The Department should undertake a classification review of the positions of the Agent General and Commissioners to establish a more objective and consistent basis for their Western Australian public sector classification level and associated salary for the future.
- 24.2** A common suite of entitlements for the Agent General and Commissioners should be established with consideration being given to capped allowances for education and rental costs, taking into account the cost of living and conditions in the location concerned.

Commissioner Appointment and Tenure

- 25.1** Noting the importance of the Agent General and Commissioner roles, wide searches should be undertaken for strong candidates, including canvassing the possibility of secondment arrangements from relevant government, including Commonwealth, agencies.
- 25.2** Commissioners should in future be appointed as Australia-based officers of the Department, with salary paid in Australian dollars and having the status of Australian residents for taxation purposes.
- 25.3** In deciding the length of contracts for the Agent General and Commissioners, preference should be given to contracts of no more than five years, made up of an initial term of three years with an option for extension of up to two further years.

Commissioner Role Requirements

- 26.1** At the appropriate time, Job Description Forms for the Agent General and Commissioners should be revised to recognise their supervisory, management and leadership roles.
- 26.2** Newly appointed Agents General and Commissioners should be given comprehensive briefings prior to departure, including from business and

industry, public sector stakeholders, and the outgoing Commissioner or Agent General.

- 26.3** Formal performance assessment discussions should take place with the relevant Deputy Director General each six months, where possible taking advantage of visits to Perth to allow them to take place face-to-face.

LES Engagement and Employment

- 27.1** The Department should set a clear policy for the form of engagement of locally engaged staff in the offices overseas that specifies the basis of the employment relationship, the legal framework for employment and the head of power for engagement, taking into account local requirements.
- 27.2** Locally engaged staff should be contractually required to observe any relevant Departmental Code of Conduct or similar requirements as a condition of employment.
- 27.3** Pre-employment suitability checks (such as police and character checks) should be undertaken prior to the future employment of a locally engaged staff member.

The Reporting Framework

- 29.1** Consideration should be given to ways in which information can be shared more widely across the public sector without impacting adversely on commercial-in-confidence details that should remain protected.
- 29.2** As a priority, the Department should develop, in consultation with the Agent General and Commissioners, an appropriate mix of quantitative and qualitative key performance indicators to assess performance, including consideration of whether an element of peer assessment should be added to the process.

Budget Planning and Oversight

- 31.1** Pending the provision of systems and processes to give the offices overseas ongoing data on their budgets and expenditure, the Department should provide offices with a monthly summary of their financial position to assist oversight and planning.
- 31.2** To avoid the risk of incorrect coding and therefore a faulty understanding of resource availability and expenditure, the Department should review the naming and clarity of attribution of expense categories and provide training in their use.

- 31.3** Contractual arrangements and funding for the salaries and related allowances of the Agent General and Commissioners, as well as office leases, should be managed from, and held in, Perth, and the terms of and budgets for local hire staff should be supervised from Perth.

Governance Requirements

- 32.** The Department and Tourism Western Australia should ensure that all relevant governance policies and plans reflect the specific risks and conditions under which the overseas offices operate, including those on fraud and corruption control, gifts and hospitality, travel and conflict of interest.

Travel

- 33.1** The Department should ensure that the overseas offices are required to submit travel plans for the coming year to be considered in the budget context, including details of how the proposed travel will facilitate the achievement of business outcomes.
- 33.2** To facilitate planning by overseas offices, and recognising that there will always be exceptions where Ministers' travel could not be forecast in advance, 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.
- 33.3** *Premier's Circular 2014-02 - Guidelines for Official Air Travel* should be reviewed by the Department of the Premier and Cabinet and the Department in consultation, with particular reference to officers stationed overseas, to enable decisions to be made more quickly and efficiently.

Corporate Memberships

- 34.** To ensure their ongoing value in the promotion of Western Australian trade and investment, there should be a review of both current and proposed corporate memberships as part of the annual budget process, with final endorsement by the relevant Deputy Director General, rather than embedding these in individual contracts.

Fraud and Corruption Control

- 35.1** The Department should draw its policies and practices on fraud and corruption control into an integrated plan, working with Tourism Western Australia to align their policies and plans in this area under one framework.

- 35.2** The Department and Tourism Western Australia should develop a training program for locally engaged staff to manage ethical behaviour and misconduct, factoring in the norms and barriers associated with each market such as the acceptance of gifts and notions of seniority and respect.
- 35.3** The Department should consider implementing scheduled visits by senior staff to the offices overseas, with the objective of ensuring that the office staff remain connected to the Department's mission and values.

Audit and Risk

- 36.1** The Department and Tourism Western Australia should work to factor into their internal audit planning and prioritisation the particular financial and conformance risks represented by the offices overseas.
- 36.2** The Department and Tourism Western Australia should review their risk registers to ensure they identify all risks including those specific to the offices overseas such as the understanding of local labour laws, registration conditions, and records management and disposal overseas.

Misconduct Management Framework

- 37.** The Department should build an appropriate misconduct management framework, including procedures for reporting and managing misconduct and training to assist staff.

Records Management

- 38.** The Department should review its plan for the management of records in its offices overseas, including procedures for the storage and disposal of records and document security, and a provision for mandatory training in records management.

Personal Interests and Conflicts of Interest

- 39.** The Department and Tourism Western Australia should work to review conflict of interest policies and procedures, including processes for managing conflict of interest declarations and the provision of fit-for-purpose training, paying particular attention to the needs of staff overseas.

Gifts, Benefits and Hospitality

- 40.** In reviewing the policies and practices to be followed on the offer of gifts, benefits and hospitality, the Department and Tourism Western Australia should take into account the needs of all staff resident overseas including

the provision of training to assist them to act appropriately if such offers are made.

Central Control or Devolution

- 41.** The Department should delay devolving greater day-to-day management to the offices overseas pending the introduction of clear governance provisions, financial reporting systems, records management processes and performance management; and until a full understanding of ethical conduct has been embedded into the culture of the offices.

Oversight and Review

- 42.** To ensure continuing momentum and maintenance of focus on the desired outcomes, a date should be set now for a formal review of progress on the Review's recommendations in two years' time.

BACKGROUND

1. Background to Review

The Western Australian (WA) State Government has a stated commitment to creating a more dynamic economic profile and a strong, diverse and resilient economy that drives job creation across a range of industries. Achieving these objectives will require robust and sustained trade and investment activity.

The Government is facing this challenge at a time when the economic environment in which it operates is undergoing substantial change, including the continued growth in the world's population and increasing global food demand and supply. At the same time, demand for renewable energy resources is rising significantly. Exponential growth in technology is also shaping the way industries operate and the products and services they deliver, with greater reliance on digital services and the rise of the knowledge driven economy.

This focus became more evident with the waning of the long resources boom that transformed the State economy. It became clear that there was a need to plan more carefully for economic diversification if the boom and bust cycle was to be managed effectively. WA Labor's *Plan for Jobs* policy, launched in 2015, commits the present Government, inter alia, to focus on innovation as the future driver of the economy and to develop a comprehensive strategy to foster growth of the business sector into Asia.

To further this aim, following the 2017 State election, the Government formed the Department of Jobs, Tourism, Science and Innovation (the Department or JTSI) as a new economic development portfolio. JTSI brought together the functions of a number of agencies including the former Department of State Development (DSD), the Office of Science from the Department of the Premier and Cabinet (DPC), the Innovation Division from the Office of the Government Chief Information Officer, the Industry Development Division of the former Department of Commerce, the International Education function of the Department of Education Services, and Tourism WA (TWA), a State Government statutory authority.

This merger also brought together into one network the State Government's eight overseas trade and investment offices, three from the DPC (London, Dubai and Tokyo) and five from the former DSD (Mumbai, Jakarta, Seoul, Singapore and Shanghai). The London Office is led by an Agent General while the remaining offices are led by Commissioners. These offices, together with the JTSI office in Perth, are clearly crucial to the successful prosecution of the Government's trade and investment agenda.

Having brought these offices together for the first time, it became clear that they were not achieving their potential in meeting the Government's objectives and priorities. The offices had over time developed substantially different practices and methods of operation, the connection between the overseas offices and the office in Perth had

generally been inadequate, and there were significant opportunities for greater efficiency and effectiveness.

REVIEW SCOPE

2. Terms of Reference

The Director General of the Department therefore set up an independent review (the Review) to examine the role and impact of the eight overseas trade and investment offices in the implementation of the State Government's international trade and investment agenda.

Specifically, in examining these issues, the Review was to consider:

- the objectives and priorities of the State Government's international trade and investment agenda;
- the purpose and function, architecture and governing legislation, workforce and culture, performance and management framework of the overseas trade and investment offices;
- the compliance of overseas trade and investment offices with governing legislation and public sector policies and procedures; and
- the performance of overseas trade and investment offices.

The Review was to consult widely both within and outside the Department and make practical recommendations to ensure that the eight overseas trade and investment offices undertake their functions efficiently and effectively, with integrity and due regard for government policies and priorities and the public interest.

The Terms of Reference of the Review are set out in full at Appendix A.

During the progress of the Review, the Panel was also asked to take into account the work of TWA as it related to the work of the overseas offices. Noting that TWA has its own legislation, a statutory board and its own Audit and Risk Committee, but also that the corporate policies of these two parts of the portfolio are gradually being brought into alignment, the Panel focused its attention on matters where this was important or where TWA activities could potentially align with the work of the JTSI offices overseas to support the State's trade and investment agenda.

In addition, the Panel was asked to review the nature and extent of the State Government's presence overseas that was additional to that of JTSI and TWA.

3. Concurrent Work

In parallel, the Director General commissioned an audit of the eight overseas trade and investment offices to assess the efficiency and effectiveness of the internal controls, and the compliance of each office with legislation, policy and good practice. The audit includes an expense audit of each office over the last six years, a review of existing controls to detect and prevent fraudulent transactions, and an audit of the remuneration, entitlements and travel of the Agent General and Commissioners over the last ten years.

The audit, which is being carried out by KPMG at the eight offices overseas, is not due to be finalised until early October but the Panel had access to a draft report to assist in its deliberations.

The scope of this audit has more recently been extended to cover officers and staff of TWA working overseas except for those locations where TWA contracts companies to handle marketing and promotion purposes. This audit is in progress but will not be available within the timeframe of this report.

Other work of relevance of the Review has been underway concurrently with its deliberations.

The Public Sector Commissioner engaged KPMG to consider the adequacy of the governance arrangements in place in the DPC to administer expense claims, entitlements and asset management in the three overseas offices attached to that Department (London, Tokyo and Dubai) over the period 2008 to 2017 (the Governance Review of the DPC). This followed the 12 March 2019 report of the CCC that dealt with allegations of misconduct against the Commissioner within the Tokyo Office from 2002 until his employment was terminated in 2019.¹ The Governance Review of the DPC is now complete and has been made available to the Panel.

At the same time, the Director General has been moving to implement reform on other fronts. She has reorganised the divisional structure of the Department, taking effect from 1 July this year, to clarify the responsibility within the central office of JTSI for monitoring overseas office functions, to improve the efficiency and effectiveness of its focus on trade and investment overall, and to lift the profile of these activities across government and with stakeholders. The details of this reorganisation are currently being bedded down.

The Department is also leading the development of a whole-of-government Invest and Trade WA Business Plan for 2019-2020, including introducing the Invest and Trade WA single government entry point in the Department for all WA trade and investment enquiries.

Finally, and importantly, the Government launched its *Western Australia's Asian Engagement Strategy 2019-2030* (Asian Engagement Strategy) on 30 August 2019.

¹ Corruption and Crime Commission, *Report on the WA Commissioner in Japan*, 12 March 2019.

APPROACH

4. Review Methodology

While the focus of the Review is on the eight overseas trade and investment offices themselves, their success is highly dependent on the effective alignment with, and co-operation between, the offices and central office in Perth. Working relationships with other relevant parts of the WA Government, as well as with other State agencies, the Commonwealth Department of Foreign Affairs and Trade (DFAT) and Austrade, are also essential, as are links with business, and with academia and like institutions.

The KPMG audits of JTSI and TWA, and the Governance Review of the DPC, were to look at the processes of the offices at a detailed transactional level including, in the case of JTSI itself, on the ground in the countries concerned. Once finalised, these studies were to provide input into the Panel's deliberations although, as noted above, the audit of TWA will not be available in the timeframe of the Review.

The deliberations of the Panel have therefore concentrated on background documents, related research including the analysis of practice in other jurisdictions, and stakeholder consultation in its consideration of the matters under review.

In this context, the Panel has spoken to a wide range of people both from the relevant parts of the Department (including the Agent General and all Commissioners), and from other relevant agencies in the WA public sector, the States and the Commonwealth, from business, and from research and academic bodies. A list of those consulted is at Appendix B.

THE GOVERNMENT'S TRADE AND INVESTMENT AGENDA

5. Trade and Investment Overview

As noted above, the political, technical, demographic and social landscape in which WA is operating is undergoing substantial change. Population growth, increasing demand for renewable energy, technological advances, and shifts and conflicts in the geopolitical climate have combined to focus the Government's attention on ways to strengthen the State economy, in particular through greater attention to its trade and investment opportunities.

While the mining boom may have waned, around 70% of the State's increase in exports to Asia between 2004 and 2018 was based on the export of iron ore and petroleum (mainly liquefied natural gas (LNG)) to China and Japan. Latest data for WA's exports show that the major commodities exported in 2017-18 continue to be in the resources sector, namely iron ore and concentrates (\$60.7 billion), gold (\$17.7 billion), crude petroleum (\$4.5 billion), wheat (\$1.9 billion), and copper ores and concentrates (\$1.6 billion). Major import commodities were also linked to resource

development, including ships, boats and floating structures (\$14.3 billion), gold (\$6.1 billion), crude petroleum (\$4.4 billion), refined petroleum (\$2.8 billion) and passenger motor vehicles (\$1.8 billion).

The concentration on resources exposes the WA economy to risks beyond its control such as commodity price fluctuations, supplier competition and diversification, and product substitution. As pointed out in the Government's economic development framework, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries* (Diversify WA):

While natural resources and primary industries have underpinned our success, one thing is clear: the world is changing and if we take success for granted we will fall behind.²

In this context, and as highlighted in the Government's Asian Engagement Strategy, the greatest opportunity lies with the rise of Asia. In 2018, Asia had a population of around four billion and accounted for 42% of the world economy. Within the coming decades, Asia's population is estimated to increase by approximately one billion and Asian economies will represent over half of the world's economy.³ The Asian Engagement Strategy draws attention to the fact that that WA can both contribute to, and benefit from, the unprecedented growth in Asia and the Indo-Pacific. Perth shares a time zone (plus or minus two hours) with 60% of the world's population including the largest economies of Asia, such as China, Japan and Indonesia.

In the current unpredictable and competitive environment, the State Government's concentration on diversifying the market and taking advantage of the potential presented by emerging industries is highly important.

One of these emerging industries is lithium. With the rapid uptake of electric vehicles and battery-based energy storage systems, smart consumer devices and other electric modes of transport, global consumption of lithium batteries is forecast to increase rapidly. The Panel heard that there are opportunities for WA to become a key player in the future global battery supply chain. The State is home to the world's largest single lithium reserve and industry foundations have been built with seven lithium mines in operation, two lithium processing plants under construction and a third in planning. Hydrogen appears to be another emerging energy market advantage for WA and the hydrogen market is predicted to grow substantially in coming years, with the major export markets of Japan and South Korea shifting towards a hydrogen-focused economy.

As a State with a relatively high demand for capital and a small population, the need to attract foreign investment to finance new industries, enhance existing industries, boost infrastructure and productivity, and create employment opportunities is a high priority. Mining and resources investment has traditionally been the most important

² Department of the Premier and Cabinet, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, July 2019, p. 4.

³ PWC, *The long view: how will the global economic order change by 2050?*, February 2017.

to the economy, although the Government's economic development framework, *Diversify WA*, notes:

As more developing countries seek to attract foreign investment to their mining sectors, it is essential that we leverage our strengths to ensure sustainability of the sector and development of new projects.⁴

Oil and gas developments, and tourism infrastructure are also examples where investment has played an important role, and the Government's Asian Engagement Strategy argues that the State's established mining energy and agriculture industries, productive infrastructure and highly-skilled workforce are all enormously favourable to attracting investment.⁵ The need to attract investment continues in sectors such as energy, agriculture, international education, tourism infrastructure, gas and wealth management. The Asian Engagement Strategy argues that key growth source markets include Hong Kong, China, Singapore, Malaysia and Indonesia.

Finally, the further expansion of the services sector is important for WA's future and the areas of international education and tourism, both of which have dedicated officers overseas, are discussed in more detail below.

6. Achievement Framework

WA's wealth of natural resources and its long resources boom, which has meant that capital has flowed into the State with less dependence on the active attraction of trade and investment, is most probably the cause of a lower focus on the work of the overseas offices and the processes under which they have operated. The length of the boom may also have contributed to something of a mindset of complacency about the State's future growth path, leading to insufficient planning for the post-boom period.

At the same time, some stakeholders have argued that the boom helped to erode the capability of the core public sector itself in this area, as the competition for talent played out in jobs and remuneration that the public sector could not match.

Whatever the cause, as noted above, it quickly became evident to the Panel that there were problems across the trade and investment attraction system. The alignment and co-operation between central office and its overseas offices, as well as the overall coordination of all relevant parties that is crucial to their effective operation, was clearly open to improvement.

To achieve a high level of effectiveness in the changing economic climate, a strong and coordinated intelligence base is a fundamental requirement. This must be built on a combination of research and the knowledge of the broad WA public sector, and

⁴ Department of the Premier and Cabinet, *Diversify WA: Strong Economy, Creating Jobs, Diverse Industries*, July 2019, p. 39.

⁵ Department of Jobs, Tourism, Science and Innovation, *Western Australia's Asian Engagement Strategy 2019-2030*, 30 August 2019, p. 1.

developed in close cooperation with the Commonwealth (DFAT and Austrade in particular), the States, industry itself, and the universities and like institutions.

Diversify WA has identified six priority sectors for development (Energy; Tourism, Events and Creative Industries; International Education; Mining and Mining Engineering and Technical Services; Technology and Advanced Manufacturing; and Primary Industries), and the Asian Engagement Strategy has built on that by linking each sector to a range of current and potential markets in Asia.

The need now is to refine these potential sectors and markets into a whole-of-government trade and investment business plan for WA, setting out country and sector priorities, and market plans for each key region, to enable the State's trade and investment resources to be directed to best effect. In this context, the Panel understands that the Department is currently working to identify trade and investment objectives and strategies to achieve these objectives for approval by Government.

The Panel recommends that:

- 6.** The Department should give priority to the work that is currently underway to identify trade and investment objectives and strategies as part of a Western Australian trade and investment business plan for approval by the Government.

The Panel found that the operating arrangements across the offices varied widely and appear to have been developed piecemeal with too little overall guidance or administrative oversight. Central office itself often seemed to lack the clear processes that could guide the operation and accountability of the system as a whole. Information flows and feedback in both directions were inadequate, impacting on the effectiveness of both the governance systems and the exchange of intelligence on trade and investment.

Feedback to the Review was that oversight of, and engagement with, the overseas offices was patchy and to a significant extent they were left to run their own race. From information provided to the Panel as well as the findings of the Governance Review of the DPC, these issues seem to have been more evident in relation to the three offices (London, Tokyo and Dubai) that were formerly under the DPC's control prior to 2017.

Understandably, the impact of the CCC findings on the problems within the Tokyo Office led to a substantial tightening of control across the system as a whole in an attempt to minimise risk. While greater focus on accountability was generally agreed to be necessary, this has also had the unintended consequence of causing delays in approvals, for example of travel, that have made planning difficult and have frequently led to increased expenditure. The need to achieve a proper balance between devolved management and proper accountability is one of the issues that has faced the Review in its deliberations.

From its discussion with stakeholders, both within and outside the Department, the Panel drew up a picture of the characteristics of a system that would bolster and facilitate the role of the eight overseas offices in implementing the State Government's international trade and investment agenda:

- **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.**
- **A close partnership across the stakeholder group, including WA Government entities, Commonwealth agencies, educational players, research institutions and business to ensure that all views are taken into account.**
- **A WA Government trade and investment business plan that sets out country and sector priorities for attention and market plans for each key region.**
- **A high level of information sharing across the WA Government network and between central JTSI and its overseas offices, supported by strong system connectivity, to ensure that both the offices and the centre in Perth are operating on the basis of the most recent information.**
- **An office operating model that is fit-for-purpose and established in line with operating rules and practices in the country concerned.**
- **A strong appointment and employment architecture for staff at the offices overseas, particularly for the Agent General and Commissioners.**
- **A clear performance management framework both for the offices and the Agent General and Commissioners, flowing from the Government's objectives.**
- **Strong governance structures, policies and processes that facilitate the operations of the overseas offices in line with public sector procedures, governing legislation and the public interest, combined with efficient and effective oversight and monitoring.**

WA TRADE AND INVESTMENT NETWORKS OVERSEAS

7. Trade and Investment Offices

The primary functions of the offices overseas are to provide support services to WA businesses looking to trade and invest abroad, and foreign businesses looking to trade and invest in WA. The offices also support WA Ministers on overseas visits and coordinate government and business delegations, as well as collaborating with Australian Government diplomatic missions and Austrade offices overseas.

The WA Government has eight trade and investment offices overseas and, since the July 2017 departmental rearrangements, all now report to the Director General of JTSI. Except for the Agent General in London, the offices are run by Commissioners, mostly appointed from Australia, who are assisted in the day-to-day work of the office by staff who are engaged locally.

The offices, their geographical placement, their current staffing provision (noting that not all of these positions are filled pending finalisation of this Review) and the length of operation in the particular country are set out below:

- **China (Shanghai)**
The office has operated for 23 years, is led by a Commissioner and there is provision for ten other staff, which includes a staff member from TWA. The Shanghai Office covers China, Hong Kong and Taiwan.
- **India (Mumbai)**
The office has operated for 22 years, is led by a Commissioner and there is provision for seven other staff. The Mumbai Office covers the South Asia area, including Sri Lanka, Bangladesh and Nepal.
- **Indonesia (Jakarta)**
The office has operated for 25 years, is led by a Commissioner and there is provision for four other staff.
- **Japan (Tokyo)**
The office has operated for over 50 years, is led by a Commissioner and there is provision for seven other staff. Until July 2017, this office reported to the DPC. The staffing includes an employee in Kobe who works from home.
- **Middle East and Africa (Dubai)**
The office has operated for over 16 years, is led by a Commissioner and there is provision for three other staff. The Gulf, the Middle East and Africa are within scope for this office. Until July 2017, it reported to the DPC.
- **Singapore**
The office has operated for seven years, is led by a Commissioner and there is provision for four other staff, including one staff member in Hanoi, Vietnam.

- **South Korea (Seoul)**

The office has operated for over 15 years, is led by a Commissioner and there is provision for two other staff.

- **United Kingdom and Europe (London)**

The office has operated for 125 years, is led by an Agent General who is appointed under the *Agent General Act 1895* (WA) and there is provision for six other staff. Until July 2017, this office reported to the DPC.

Altogether, therefore, including the Agent General and the seven Commissioners, the eight offices have provision for 51 staff offshore, although some of the positions are currently vacant.

Comparisons with the other States can be confusing because of the different operating systems, and New South Wales (NSW) is currently reviewing its operations overseas and its position may change. Taking note of these issues, however, the Panel understands that:

- NSW operates from 11 locations (including two in China) and currently has 20 staff overseas.
- Queensland has 15 offices (including four in China) and 66 staff overseas.
- Victoria has 22 offices (including six in the United States (US), five in China and three in Europe) and 90 staff overseas.

South Australia (SA) is moving to the embedded Austrade model (see section 17) and the Panel understands that its geographical presence is not finally decided.

Some of those who spoke to the Panel questioned whether the WA offices were situated to best effect geographically and, as can be seen, the majority have been in place for some time. Others, however, saw this as an advantage in building a presence in, and showing loyalty to, the country concerned. This has not always been the case and the Perth USAsia Centre has drawn attention in particular to some lack of focus over the last 30 years with regard to South and Southeast Asia where:

WA trade and representative offices in Bangkok, Calcutta, Chennai, Hangzhou, Hong Kong, Kuala Lumpur, Los Angeles, Manila, Surabaya and Taipei have all been opened and then closed. Six of these ten offices were in the growth cities in South and Southeast Asia.⁶

The Government's Asian Engagement Strategy sets out its objective to deepen the State's economic ties and relationships with the countries in the region. In this context, the Asian Engagement Strategy includes mention of all of the areas in Asia

⁶ Seymour, H., *The State Government and WA's Economic Future in the Indo-Pacific*, November 2018, p. 12.

where offices are currently situated as important for trade and investment opportunities.

Under its energy policy, for example, Japan, South Korea and Taiwan are mature markets for LNG and will remain important, with China and India as the two fastest growing markets. Singapore is an important market for crude oil and condensate exports, while China, Japan, South Korea and Singapore are the main sources of future demand for hydrogen. Opportunities are seen for the export of mining equipment, technologies and services to a number of countries including China, India, Vietnam and Indonesia.

Asia is identified as an important market for international education, with a focus on increasing student numbers from China and India as well as countries with relatively high incomes and young populations such as Indonesia and Vietnam. For tourism, China and Singapore ranked highest for visitor spend, with Indonesia and India also showing significant growth potential.

The question, of course, is the priority and resources that should be accorded to each of the offices and whether coverage should be extended to other markets that are growing in importance such as Malaysia, the Philippines, Pakistan, Thailand and Bangladesh. These countries could warrant an office in the future or could be supported as an offshoot to one of the offices on a hub and spoke model in the way that the one-person presence in Vietnam is supported by the office in Singapore.

In considering the resources to be provided to each office, consideration should also be given to the degree to which an established market, although still needing to be nurtured, may need less resource support than an emerging market that needs concentrated effort to develop the potential offered and where a strong State presence would make a greater impact.

In addition to those mentioned in the Asian Engagement Strategy, the offices in Dubai and London have also been active. Dubai, as a hub for the Middle East, the Gulf and Africa, offers investment opportunities for WA in the agriculture, mining, maritime and infrastructure sectors and trade opportunities including in resources and energy, food and agriculture. World Expo 2020 is to be held in Dubai. The United Kingdom (UK)/Europe is a major investor in WA, including in energy, infrastructure and resources. This region provides trade opportunities for WA companies in sectors such as marine and defence, oil and gas, renewable energy, battery technology, science and space. In 2018, the UK was WA's largest market for international visitors and the 11th largest market for merchandise exports.

The office most frequently questioned by those who spoke to the Panel was that of London, particularly as it has the highest budget of any of the WA offices overseas (see section 30). In particular, it was argued that London is a long-standing and sophisticated market with highly developed investment linkages that has less need for support.

On the other hand, all Australian States have an Agent General in London except for NSW, and the Panel understands that NSW is currently considering whether it should work to reverse its previous decision to discontinue the role. Importantly, with the result of Brexit still in the balance, it would seem that no decisions should be made on its resourcing until the future relationship between the UK and Europe becomes clearer.

Finally, many of those who spoke to the Panel argued that WA was missing opportunities for both trade and investment without a presence in North America, pointing out that Victoria, NSW and Queensland were represented in the US.

Decisions on the size and shape of the State's overseas network need careful consideration in the light of the Government's detailed assessment of its trade and investment priorities, particularly in Asia but also across the rest of the world. It is an area where additional investment could produce significant economic benefit and the Panel suggests that detailed work be undertaken to decide these priorities as an important base for the future achievement of the overseas office network. The Panel cautions against any significant expansion or change in the geographical focus of the overseas offices until this work has been completed.

The Panel recommends that:

7.1 In light of the Government's trade and investment priorities, the Department should undertake detailed work to decide priority office locations and resourcing across the network overseas, avoiding any significant expansion or change in focus of the offices until that work is complete.

7.2 While noting the relatively high proportion of resources devoted to the United Kingdom and Europe trade and investment office, the Department should defer consideration of the resourcing and staffing of that office pending decisions on the future of the United Kingdom in relation to Europe.

8. Sister-State Relationships

Sister-State Agreements can be another valuable tool for international engagement but only if they are carefully chosen and nourished. JTSI's overseas offices have an important role in working to see that such relationships are successful and achieve tangible outcomes.

The agreements are made at the sub-national level and provide a broad framework for cooperation across areas of mutual interest. The initiative for an agreement is varied and may originate from a request by a foreign jurisdiction, a departmental recommendation or a desire by a government to engage more closely in a priority market.

The State currently has four such agreements that are currently active, all of which are in the Indo-Pacific area, as set out below.

- **Hyogo Prefecture, Japan** (established in 1981)
Areas of collaboration include education and research, trade in resources, mutual development of local industries, tourism, and sister school and city exchanges. The agreement is revised every five years with the most recent agreement being signed in 2017.
- **Zhejiang Province, China** (established in 1987)
Areas of collaboration include education and research, Chinese chambers and business councils, fisheries, land resources, business migration and culture, and sister school and city exchanges.
- **East Java, Indonesia** (established in 1990)
Areas of collaboration include trade and investment, tourism, mining and energy, maritime, fisheries and agricultural industries, scientific research and environmental management, disability and health services, and student and teacher exchanges. The agreement was re-signed most recently in 2017.
- **Andhra Pradesh, India** (established in 2016)
Areas of cooperation include mining and mining services, energy production and distribution, and higher and vocational education and training (VET). The Andhra Pradesh Partnership Summit is held annually and a WA delegation, led by a State Minister or senior officer, attended it both in 2017 and 2018.

The State Government and its departments have also entered into other Memoranda of Understanding (MoUs) that are generally more focused on particular sectors or fields of government. For example, in 2011 the State signed a resources and investment MoU with China's National Development and Reform Commission.

If well-chosen and the relationship well managed, Sister-State Agreements can provide an umbrella under which doors for business can be opened and introductions facilitated. They can be particularly valuable in countries that also have a federal system. In India, for example, as Peter Varghese's report highlights, India's federal division of powers means that the States in that country are integral to its economic future.⁷

The Panel received considerable feedback that Sister-State Agreements, while potentially valuable, should not be entered into lightly as they also have potential risks. However where the choice of partner is right, where there is seen to be mutual benefit in the practical outcomes to be achieved, where the approach to managing the relationship has been carefully worked through and where the agreement is well resourced, the benefits to the State can be considerable.

The choice of a partner and areas for cooperation are obviously crucial and should preferably be considered on a whole-of-government basis, drawing in all the potential

⁷ Varghese, P., *An Indian Economic Strategy to 2035: Navigating from Potential to Delivery*, April 2018.

WA players. Discussions at the Commonwealth level would also be advantageous given the challenges involved in getting noticed in the large markets of India, China, Japan and Indonesia. In addition, the choice of a partner would have to be carefully assessed and managed to avoid offending other provinces that may have potential value to the State.

In this context, there would be real advantage in involving the relevant overseas office in the development of the strategy, both because of the on-the-ground knowledge that can be brought into the analysis and because that office will be tasked with managing and nurturing the relationship once formed.

The choice of partner should also be one to which the Government is committed in the longer term. There would also be a case for the provision of additional resources to the relevant overseas offices, as a lack of investment in a Sister-State Agreement could weaken the broader relationship and risk some reputational damage.

Finally, a Sister-State Agreement requires rigorous management and a clear programmatic approach. The governance framework and work program should be agreed in advance, and a joint working group should be set up to monitor and expand the relationship. Again, it would be beneficial if the relevant overseas office was involved to develop and project a coherent, joined-up approach.

The Panel recommends that:

8.1 The Department, including its relevant offices overseas, should work to give ongoing attention and support to current Sister-State relationships to ensure that they are achieving maximum value for Western Australia.

8.2 Future Sister-State Agreements should be entered into only after careful assessment of their benefits, governance arrangements and resourcing, including by the relevant office overseas which would be involved in implementing the agreement.

9. International Education

9.1 Diversification and jobs

At the national level, international education, estimated to be worth \$35.3 billion Australia-wide, has been viewed as one of five super growth sectors set to drive Australia's future economic prosperity as it transitions to a services economy. In 2018, over 800,000 international students came to study in Australia, supporting more than 240,000 jobs nationally.⁸

In WA, the Government's Asian Engagement Strategy notes that international education is the third largest export services sector, generating over \$1.9 billion in export income for the State and forming a key part of its plan to grow and diversify the economy. In addition, through education-related spending by international

students on tuition fees and living expenses such as food, accommodation, transport and entertainment, the Government estimates that one full-time job is created in WA for every four international students, and that each international student attracts 1.5 visiting friends and relatives from overseas.

The sector in WA is currently estimated to support approximately 14,600 full-time jobs. According to Commonwealth Department of Education data, however, there has been a marked decline in employment in the past two years from a peak of 18,483 jobs in 2013 (see below). Moreover, this is in contrast to the national employment figures showing growth in employment relating to international education.

Table 1: Full-time equivalent jobs supported by international education in Australia, 2013-2018⁸

Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Aus	% change per year (Aus)
2013	84,491	65,519	37,886	11,931	18,483	1,938	718	4,853	225,820	0.6%
2014	85,747	67,938	37,992	11,784	18,086	1,771	798	5,009	229,124	1.5%
2015	87,882	69,513	37,273	11,313	18,341	1,914	837	4,756	231,830	1.2%
2016	88,392	72,292	37,067	11,030	18,078	2,113	821	4,895	234,688	1.2%
2017	92,965	75,997	37,327	10,568	16,261	2,614	808	5,242	241,783	3.0%
2018	95,692	78,914	38,220	10,514	14,626	3,162	797	5,529	247,454	2.3%

With the exception of SA, compared to the rest of Australia, the State has lost market share in international education, especially in the recruitment of students in higher education and from China. An overview of the numbers of international students enrolled and recent trends by segment is set out below.

Table 2: Enrolments of international students in Western Australia, by sector, 2016-2018 YTD⁸

Sector	2016	2017	2018
Higher education	211,761	223,428	232,318
VET	158,493	174,131	161,957
Schools	9,230	8,933	9,470
ELICOS	110,471	87,677	72,641
Non-award	24,414	22,536	21,918
Total	514,369	516,705	498,304

⁸ Commonwealth Department of Education: International Education Data 2016-18.

Table 3: Percentage of national enrolments in Western Australia, 2016-2018 YTD⁸

Sector	2016	2017	2018
Higher education	6.68%	6.15%	5.61%
VET	9.50%	9.03%	7.39%
Schools	3.84%	3.33%	3.32%
ELICOS	9.31%	7.07%	5.85%
Non-award	6.25%	4.92%	4.83%
Total	7.73%	6.86%	5.99%

To reverse this trend, the State Government made an election commitment to invest \$2 million over five years to implement a long term international education strategy. Its *International Education Strategy for Western Australia 2018-2025* (International Education Strategy), launched in October 2018, focused on increasing significantly the number of students coming to study in WA; and its economic development framework, *Diversify WA*, launched in the following July, includes international education as one of its six priority areas for development.

Most recently, the Asian Engagement Strategy lists it as one of the priority sectors in Asia for development. It emphasises the need to increase the State's share of international students, pointing out that the State has only 6% of all international students in Australia, well below its population share of 10.5%. This is particularly evident for students from Asia where China (3.3%), India (7.5%), Vietnam (5.7%) and Indonesia (5.4%) all have a low national share of international students. The Asian Engagement Strategy also pinpoints opportunities to increase student numbers from countries in South and East Asia such as Indonesia, Vietnam, the Philippines, Bangladesh and Pakistan that have large and young populations.

9.2 Implementation

Financial support by the State Government for international education was first provided through Perth Education, now rebranded as StudyPerth, the peak industry association made up of international education providers. Formal responsibility for overseeing this funding was initially given to the Department of Education Services.

In the Machinery of Government (MoG) changes of July 2017, however, responsibility for international education was moved to JTSI to be managed as part of the coordinated trade and investment portfolio. Two months later, the Board of StudyPerth decided to cease its offshore operations and responsibility for its education specialists was transferred to JTSI which assumed responsibility for undertaking offshore activities focused on promoting Perth as a first-choice education destination.

As the designated lead agency for international education, therefore, JTSI has primary responsibility for oversight of the implementation of the International Education

Strategy mentioned above. This includes leading and coordinating action across agencies both to facilitate its implementation and to ensure accountability for its delivery by the responsible parties.

Developed in collaboration with StudyPerth and key government agencies, the implementation plan provides a detailed road map of activities to be undertaken for each year of the International Education Strategy from 2019 to 2025. The Panel understands that the implementation plan has two key elements.

The first concerns the role of StudyPerth in coordinating the marketing of the WA brand for international education, implementing initiatives that focus on enhancing the experience and employability of international students studying in WA, and promoting collaboration and cooperation between the State's international education providers.

The second concerns the Department's coordination of its global network of five Education Business Development Managers (EBDMs) discussed below.

The implementation plan also integrates specific action plans developed by the relevant government agencies in support of the International Education Strategy's implementation, and is aligned to, and leverages, the plans and resources of Austrade and DFAT. The Panel also noted that JTSI has established bi-monthly meetings with the Department of Training and Workforce Development (DTWD), the Department of Education, StudyPerth, Austrade and DFAT, to oversee the implementation of the International Education Strategy. At the StudyPerth leadership level, the presence of the Director General of JTSI on the Board also assists high-level planning and coordination.

9.3 Education expertise overseas

The five EBDMs attached to the Department's offices overseas are situated in Shanghai, Tokyo, Mumbai, Jakarta and Hanoi, the latter being a one-person office supervised by the Commissioner in Singapore.

Their role is broadly to promote Perth as a preferred education destination, to provide on-the-ground support for stakeholder engagement activities with key groups, including prospective international students, parents, agents and WA alumni, and to facilitate strategic partnership opportunities for WA's international education sector. It was suggested to the Panel that the relationship between StudyPerth and JTSI's education officers overseas could be formalised to drive collaboration at the working level. There would also be advantage in integrating the work on international education by the offices overseas, including the EBDMs, more closely with that of TWA, in view of the synergies between the two in promoting the benefits of WA.

The Panel recommends that:

9.3.1 The Department's offices overseas (including the Education Business Development Managers) and Tourism Western Australia's staff offshore should work more closely together in promoting the benefits of Western Australia in attracting incoming visitors and international students.

The Panel understands that the specific EBDM responsibilities in the overseas offices include:

- identifying and capturing initiatives and opportunities to position WA as a provider of high quality education and training services;
- undertaking industry and market analysis and research to identify potential value adding trade and investment opportunities for WA;
- developing key marketing strategies to promote education and training services in WA;
- proactively building strategic networks and relationships in the education and vocational training sectors to support and position WA educational institutions to capture business opportunities;
- supporting key marketing initiatives showcasing WA education and vocational training in collaboration with WA educational institutions; and
- providing advice, information and opportunities to WA educational providers.

To be fully effective, it is highly important for the EBDMs to work closely with, and be supported by, the relevant government agencies onshore as part of a whole-of-system approach. In this context, the Panel's attentions have been drawn to the Victorian model, where a dedicated international education services team onshore provides ongoing industry knowledge and support to the education services managers overseas, and to the Queensland model that also has a strong supporting presence.

In addition, to take advantage of their on-the-ground knowledge, there would be major advantage in the relevant Agent General, Commissioners and the EBDMs being involved in the development and the ongoing review of the operational plan to support in-country education activities that is currently under development in the Department.

Maintaining the knowledge base of the EBDMs is also highly important, including providing them with up-to-date information about developments in WA, trends in international education across other regions overseas, and the work of Austrade and the DFAT at the national level. The establishment of a formal EBDM network to share information and ideas, ongoing market intelligence briefings, and cooperation on recruitment and promotion activities would also be beneficial. The Panel was pleased

to note that all EBDMs are being brought back to Perth this year, and suggests that they should meet at least annually face-to-face, with such a meeting being combined with briefings from the relevant players in Perth.

The Panel recommends that:

9.3.2 To take advantage of their on-the-ground knowledge, the relevant Commissioners and the Education Business Development Managers should be drawn into the work currently underway to develop and review the operational plan to support in-country international education activities.

9.4 Market potential

The market for international students is highly competitive and the Panel was told that WA had fallen behind in its promotional efforts. It was pointed out that the State has some important advantages including the attractions of its scenery and climate, its reputation as a safe and friendly destination, and its proximity to and shared time zone with Asian and Pacific Rim markets. In addition, the Government's Asian Engagement Strategy draws attention to the recent increase in affordable student accommodation in Perth.

On the other hand, the importance of direct flights has frequently been mentioned as a major factor that needs attention despite All Nippon Airways recently beginning direct flights from Tokyo.

Another issue that has been raised frequently is the 2017 designation of Perth as non-regional area, hence removing it from the coverage of the Regional Skilled Migration Scheme visa subclass 187 along with the possible path to permanent residency. The Panel was told that the change to Perth's regional status has affected international education significantly and that the sector has been struggling to recover student numbers that were already in decline prior to the change. The strong concentration of WA's education institutions in Perth has exacerbated the impact. The Panel welcomed the State Government's recently announcement that it is working with the Commonwealth Government to address issues around Perth not being classified as a regional location for skilled migration, to remedy this significant competitive disadvantage when promoting Perth as a world-class education destination. The Panel also noted the introduction of a graduate stream into the State Government Nominated Migration Program that provides a skilled pathway for international students who graduate from a university in WA and, if they have the skills that WA needs, will carry the option of applying for permanent residence.

Finally, although Perth is an attractive location for parents overseas in deciding where to send their children in Australia, the Panel was told that older students are drawn more to the excitement of the eastern States, particularly Sydney and Melbourne, and there was concern that Perth was being treated as a landing stage prior to transfer to the institutions on the eastern seaboard. It was suggested that students who had attended high school in Perth would be less likely to leave and the Panel understands that there is an increased policy focus on ways to increase international enrolments

at high school level. Enthusiasm can also be generated by reports of past international students who have had a good experience of Australia. There would be benefit in the WA Government, including through its overseas offices, reaching out to its own global alumni community, inviting it to engage more deeply with WA and the region.

Turning around recent trends and increasing the flow of international students into the State, therefore, will not be easy and an important issue for the future is whether the geographical placement of the five current EBDMs (China, Japan, India, Indonesia and Vietnam) is the most effective option in this context. As mentioned above, the Asian Engagement Strategy notes that the Government will focus on increasing the number of students from countries where it has a relatively low proportion nationally (China, India, Vietnam and Indonesia), as well as increasing the number of students from countries with large and young populations (Indonesia, Vietnam, the Philippines, Bangladesh and Pakistan).

The Panel was advised that priority markets for VET include China, Korea, Singapore, Indonesia and Malaysia and that priority markets for schools include China, Vietnam, Korea and Indonesia.

In addition, while China and India are priority markets, second tier and even third tier cities might provide better opportunities than the big markets of Shanghai and Mumbai where other states and education providers, as well as other nationalities, are also active.

There has recently been considerable comment on the dangers to higher education, in particular of over-reliance on certain source markets, particularly in the current geo-political and financial climate. While some of the decisions in this area are ones for the academic institutions themselves, it is also important for the State to think strategically about the degree of focus on particular markets in order to retain diversity to the greatest extent possible, and to be aware of international trends or specific country policies.

As one example, despite the seeming potential of India, Professor Ramgopal Rao, Vice-Chancellor of the Indian Institute of Technology, Delhi, has warned that the flow of students to Australia will taper down as India raises the standard of its own higher education system. He suggests that it is important for Australian universities to collaborate with India's universities to do joint courses and build up alternative business models. In this context, the Panel was alerted to the need for more attention to be paid to trans-national education opportunities, for example, in Indonesia.

Recognising both the opportunities and the areas of caution, as well as the fact that market development takes some time to bring to fruition and that constant change in the placement of EBDMs would not be desirable, the Panel suggests that the implementation plan currently under consideration should include provision for ongoing and detailed analysis of which markets are showing the greatest potential for future development, particularly in the context of any additional funding becoming available. The participation of the Commissioners and/or the EBDMs would also be of benefit in this work.

10. Tourism

10.1 Inbound tourism to WA

Tourism features as a priority sector, both in the Government's economic development framework, Diversify WA, and in the Government's Asian Engagement Strategy, in identifying opportunities for increasing trade and investment.

The Asian Engagement Strategy notes that there were around 963,800 international visitors to WA in 2018, of which 459,300 (48%) were from Asia. The total spend by international visitors to WA in that year was around \$2.2 billion, of which around \$1.2 billion (55%) was by Asian visitors.

At March 2019, TWA figures show that six of WA's top ten visitor markets were from Asia, including Malaysia, Singapore, China, Indonesia, India and Japan. China (\$273 million) and Singapore (\$265 million) ranked first and second respectively across all countries for visitor spend, while Malaysia (100,200) and Singapore (99,500) ranked first and second in the actual number of visitors from Asia.

At the same date, the UK remained the largest individual source country in terms international visitor numbers, with 142,100 people visiting the State in the year to March 2019, although its estimated visitor spend (\$237 million) ranked third behind China and Singapore. It should be noted that the TWA figures include those coming to WA from overseas for education purposes.

Importantly also for the State Government's objectives, the WA tourism industry generates significant employment. Tourism generates 7.7% of the State's employment with 71,100 people directly employed and a further 32,800 indirectly employed in the industry, a total of 103,900 jobs.⁹

Given that only 5% of Australia's international visitors travelled to WA⁹, however, there is clearly potential for the sector to contribute further to growth in income and jobs. Tourism Research Australia has forecast that visitation from Singapore and Malaysia will increase at an annual growth rate of 3.3% and 5.2% respectively over the years to 2026-27. The Government has provided an additional \$12 million to TWA's international marketing allocation on top of the \$45 million already allocated to TWA in 2019-20.

10.2 Tourism potential

The State has significant potential to attract visitors from overseas including its natural attractions and climate, its geographical proximity to Asian markets with growing incomes, its Aboriginal heritage interest, its vibrant cultural life including the Perth International Arts Festival and Fringe World Festival, its ability to leverage major sporting events and conventions, and its growing creative industry.

⁹ Tourism Research Australia data

Nevertheless, the Panel was told by a number of those interviewed that WA will need significant private sector investment in the quality and breadth of its tourism products to achieve its potential growth. Quality tourism infrastructure, including eco-accommodation and transport (especially in the region), and digital and social media infrastructure, were identified as potential constraints. In positive developments, the recent opening of the Optus and NIB Stadiums has enabled the State to step up its attraction of major sporting and creative events. Other needs identified were for operators with strong business capability, a trained workforce, and an understanding of Asian language and culture.

As is the case for international education, many identified aviation as a critical success factor for the future of tourism, including direct flights to WA from key markets. In addition, stakeholders told the Panel that there is value in the Government and TWA running joint destination marketing campaigns with airlines, even if they do not affect airlines' route decisions. This is particularly the case with key conferences and events.

The Panel was told that TWA undertakes an annual review and prioritisation of its international markets that is approved by the TWA Board, and that both TWA staff overseas and contractors are required to develop annual marketing plans.

The Panel also understands that TWA is currently reviewing its strategy for driving demand and improving supply-side factors. There would be benefit in the trade and investment Agent General and Commissioners being consulted in this review, as well as TWA staff overseas, from the perspective not only of their particular markets but also of the potential growth in key segments such as education and business events.

The Panel recommends that:

10.2 As part of the strategy review being undertaken by Tourism Western Australia, consultation should occur with the trade and investment Agent General and Commissioners, both from the perspective of their individual markets and on key elements such as international education and business events.

10.3 Tourism WA overseas

TWA is a statutory authority established under the *Western Australian Tourism Commission Act 1983* (WA) with its own Board. It was set up, inter alia, to promote WA as a holiday, event and convention destination within Australia and overseas.

As part of the MoG changes in July 2017, TWA was brought into JTSI as an important plank of the Government's trade and investment agenda. As part of this arrangement, JTSI is the employer of all TWA staff except for the Director General, who is also the Chief Executive Officer (CEO) of TWA and its one staff member.

TWA currently has a presence in 13 countries overseas operating under a range of appointment arrangements. In six of these locations, TWA staff have been employed through some manner of direct engagement.

- China has the largest presence, its three staff being contracted through the labour hire agency China International Intellectech Corporation (CIIC) and being engaged by JTSI's Commissioner to China on behalf of TWA as required under Chinese labour laws.
- In Japan, the single staff member (Country Manager) is directly engaged by JTSI, currently for a fixed term of two years.
- In Indonesia, a locally engaged Country Manager has been contracted through the JAC Business Centre for a fixed period of two years.
- The Singapore Office is run by a Country Manager and a temporary staff member, both of whom are seconded from Tourism Australia; they also have responsibility for marketing in Malaysia.
- Tourism activity has only recently commenced in India through the deployment of an existing staff member in JTSI's office; TWA reimburses JTSI for the cost.

There are differing views on the relative advantage of co-locating these TWA staff with JTSI staff working on trade and investment in the same location, as against locating them with Tourism Australia. TWA staff based in Singapore (who are also responsible for Malaysia) have been co-located with Tourism Australia for many years, and the TWA staff member in Japan, who was previously co-located with JTSI staff in Tokyo, moved to co-locate with Tourism Australia in May of this year. However TWA staff remain co-located with JTSI Commissioners in India, Indonesia and China.

The Panel was told that the TWA Board had a preference for moving to co-locate with Tourism Australia where possible so that the two could work together. Others argue that the identification and promotion of the interests of WA, as distinct from the rest of Australia, would be better served by locating WA staff together under the WA brand. It is obviously important that these decisions are taken after careful consideration of the benefits of each option.

In its remaining locations (Hong Kong, USA, UK, Germany/Switzerland, South Korea and New Zealand), TWA contracts companies for marketing and promotion services.

Both the TWA staff that have been directly engaged (including those that work from a JTSI overseas office) and staff from the contracted agencies report to a TWA Market Manager based in Perth.

The Panel was told that, generally, there is regular contact between TWA staff and the JTSI Commissioners overseas but it formed a view that there was scope to enhance these connections. Particularly now that both areas have been brought together in the JTSI portfolio set up as part of a comprehensive strategy to foster growth in WA, ensuring coordination and collaboration as part of a State-wide approach should be a

fundamental premise both overseas and in Perth, and the Panel believes that work should be done to set out a formal approach to strengthening these connections.

The Panel recommends that:

- 10.3** The Department and Tourism Western Australia should strengthen their collaboration in promoting the interests of Western Australia overseas, including giving consideration to co-location of offices wherever possible.

11. Other WA Presence Overseas

11.1 Extent and nature of the presence

The Panel was also asked to consider the extent and nature of the State Government's presence overseas in addition to the Department's overseas offices, including those of TWA.

From information received by the Panel, it appears that JTSI is the only WA agency that currently has offices based in other countries. Several agencies, however, have staff attached to the overseas offices, others use the offices or the Austrade network, and still others use contracted sales agents or regular international travel by Perth-based staff.

11.2 Business facilitation

A number of the agencies that do not themselves have a presence overseas use the services of the offices to gather intelligence from the regional markets and to facilitate the conduct of business.

The Department of Local Government, Sport and Cultural Industries (DLGSCI) engages largely with the Singapore, Indonesia and China offices and has found their assistance valuable in assisting with Ministerial delegations from Perth, including navigating security and customs arrangements and arranging important local introductions. In addition, the offices have assisted in arranging inbound delegations, including one recently from China. DLGSCI has also commenced discussions with the Dubai office in preparation for the World Expo 2020.

The Department of Primary Industries and Regional Development (DPIRD) previously had officers placed in the JTSI offices overseas but now uses the overseas office network to provide advice to agrifood businesses on potential market opportunities. It also works with central office in Perth. It engages primarily with China, Korea, Singapore, Indonesia and the Middle East. There have been some Ministerial outbound visits from Perth in recent years but the focus has been on arranging inbound delegations. DPIRD recently funded an officer from JTSI's Singapore office to travel with a Singapore/ASEAN delegation, which it noted was a successful model.

The Minerals Research Institute of WA is participating, on behalf of the State Government, in one of the International Energy Agency's Hybrid and Electric Vehicle

Technology Collaboration programs that is closely aligned with the State's future battery industry strategy. As the program is based in Europe, it is working with the WA Agent General in London to maximise opportunities.

11.3 Co-location of staff in overseas offices

Over time, a number of agencies have had officers placed with the JTSI offices overseas, including DPIRD and the Department of Health. Currently, TWA and the Gold Corporation have staff in, or are co-located with, JTSI offices. Due to the impact of China on the WA economy and finances, the Department of Treasury has previously indicated interest in a placement in the Shanghai office, however this has been put on hold.

TWA has a variety of arrangements for its staff presence overseas ranging from co-location with the JTSI offices in Indonesia, China and India, to co-location with Tourism Australia, and to contracting companies in country for marketing and promotion services. As is discussed in more detail above, the Panel believes there is clear scope to enhance the connections between TWA and the trade and investment offices.

11.4 Use of regular international travel

A number of agencies have dedicated employees or contractors who undertake regular international travel for promotion, education and sales overseas, and who have varying levels of engagement with the JTSI offices.

The Forest Products Commission (FPC) is responsible for the sustainable management and development of WA's forest and wood product industry, including native sandalwood. High grade sandalwood suitable for oil production is sold to the local industry and lower grade material is exported in the form of raw wood, pre-grind or powder to Asian markets, predominantly China and Taiwan. FPC employs a sales agent to sell sandalwood in international markets. The agent is paid a commission based on sales value. To support the agent and to ensure that FPC maintains direct contact with its customers, senior officers visit the markets on an annual basis. FPC therefore has no need to engage with the overseas offices.

The TAFE International WA unit within DTWD is the central point for the promotion of WA's TAFE colleges and public schools to international students, and is also responsible for recruitment and admissions. Priority markets include China, South Korea, Singapore, Indonesia, Vietnam and Malaysia. TAFE International WA has five Perth-based regional managers employed to recruit international students and promote WA as a desirable destination to undertake education and training, and four of the five undertake regular travel to priority markets. Previously DTWD had an officer based in the UK but discontinued the practice due to the expense and the shift in focus to other markets. The Panel understands that DTWD is in frequent contact with the JTSI offices overseas, particularly with the offices in Shanghai, Singapore, Jakarta and Tokyo. In view of the importance of increasing the State's market share of international education overall, however, the relationship is highly important and should be strengthened wherever possible.

The Small Business Development Corporation (SBDC) manages an international investment attraction marketing program to promote business migration to WA and to provide guidance to potential business migrants on establishing a business in the State, including through participation at overseas commercial and government migration expos and presentations. Target and emerging markets are China, Malaysia, Singapore, Vietnam, Cambodia and Indonesia. SBDC notes that, while the China office had staff who specialised in migration to support the Business Migration Officer during their promotional visits, the priorities of the office have now changed. The Panel understands that there is significant engagement with JTSI's offices in Shanghai and Singapore, including assistance with the logistics of the Business Migration Officer's travel and ground support arrangements. In addition, the Shanghai office is able to conduct business migrant application interviews and attend presentations on its behalf and it is hoped that the Singapore Office will also be able to take on these tasks in the future.

11.5 Potential opportunities

The Animal Resources Centre (ARC) is a self-funding State Government authority that supports biomedical research, teaching and diagnostics by supplying research rats and mice along with training and technical services and advice. Its markets overseas include Singapore, New Zealand, Indonesia, India, Malaysia, South Korea, Thailand and the Philippines, and it has an interest in expanding to Japan, Hong Kong and the Middle East. At present, ARC generates interest in its products and services through short trips to attend international scientific and medical research conferences. It has limited awareness of the overseas office network but is eager to take advantage of it in the future, particularly in regions where in-country presence and building rapport over time is highly important. It also sees opportunities to receive proactive information on conferences and other opportunities, as well as representation at overseas conferences that it cannot attend.

WA's mineral and petroleum industry is dependent on overseas investment from North America, South Korea, Japan and China and, although the Department of Mines, Industry, Regulation and Safety (DMIRS) has no direct involvement in the promotion of investment in WA's resources and commodities, it has an explicit role as a regulator and provides material and advice on WA's regulatory environment to interested countries and companies. It also gathers and shares geological information showing raw indicators of minerals, the promotion of which overseas can produce targeted investment. It engages with DFAT and Austrade to foster intergovernmental relationships and to establish comparable standards and regulations so that WA may operate in those countries in the future. Its approach requires an officer to travel overseas about ten times a year. DMIRS works with some of the offices overseas, including London, Singapore, Korea and China (although it notes that North America is a current gap) but, except for the UK and Europe Office where the laws and structures are similar to those of WA, a barrier to using the offices is the technical nature of the regulatory information that requires subject matter expertise. Nevertheless, it comments that greater co-operation on the provision of market intelligence and a more coordinated strategy around Ministerial visits would be an advantage.

The South West Development Commission has a long-standing relationship with Austrade through its TradeStart program that provides services to small and medium enterprises in the region to expand their markets through the global Austrade network. The TradeStart program allows access to the intelligence and the credibility that goes with the Austrade brand. Austrade's fee-for-service model and regulations mean that the overseas offices provide important alternative support for trade and investment activities, and event sponsorship. The Panel heard, however, that the value of the offices is largely dependent on whether the particular Commissioner is responsive and commercially minded, and that a greater focus on strategic coordination would be an advantage.

Overall, the Panel concluded that, where the overseas offices are geographically well placed for the particular assistance required by an agency, where their existence is known and where they possess the relevant technical capability, they could be an important resource. In particular, they could provide valuable assistance in managing overseas delegations, and facilitating meetings with individuals and local businesses. Their permanent presence is also seen to be an asset in building and maintaining relationships with governments and industry.

Some agencies, however, would appreciate more proactive engagement from the offices in seeking out opportunities in their region, better information and intelligence gathering, and a deeper understanding of markets and products that have the potential for growth.

The Panel recommends that:

- 11.5** The Department should ensure that all State Government agencies are aware of the role and geographical location of the trade and investment offices overseas, and the services and assistance that they may be able to provide.

INTELLIGENCE AND COLLABORATION

12. A Strong Strategic Intelligence Base

Good decisions need good information and the development of a strong strategic intelligence, research and planning capability is fundamental to enabling an in-depth analysis of market potential, and thus providing the basis for the effective distribution of resources. Data on trade and investment is available from a wide range of sources, including DFAT, the Australian Bureau of Statistics, Austrade and various academic bodies. In addition, analytical tools such as the Business Longitudinal Analysis Data Environment are available that can be used to study the factors that drive performance, job creation and productivity. They only become really valuable, however, when data sets are brought together to form a coordinated evidence base that can then be subject to focused and strategic research and analysis.

Such analysis does not necessarily have to be done within government; indeed it would benefit from making use of the capacity of WA's university sector as well as bodies such as the Perth USAsia Centre. But there would be advantage in it being coordinated within government, perhaps by a small but highly capable unit within the Department that could ensure that the research was informed by the trade and investment intelligence coordinated by that Department, including feedback from its offices overseas. In addition, there would also be advantage in it having a small advisory group that could advise on research methods and directions, and access to some funding to commission research.

This unit could also be closely involved in the work to develop a ten-year economic forecasting and research plan to assess priority markets and identify trade and investment opportunities, which is identified as a key action in the Asian Engagement Strategy.¹⁰

The Panel recommends that:

12. A unit should be set up in the Department 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.

13. Close Partnership Across Stakeholders

While a strong intelligence base provides a highly important foundation for strategic planning, it is also important to draw on the views of all stakeholders who have experience in working with, and thinking about, the promotion of investment and trade in WA. This group would include relevant public sector agencies, Commonwealth bodies such as DFAT and Austrade, the broad academic community and industry representatives.

Linkages with industry are being encouraged through the Industry Engagement Consortia hosted by the Premier and involving Government Ministers and industry stakeholders, as a forum for feedback and suggestions in key industry sectors. The first round of these meetings was held in 2017 and a second round is underway this year. In addition, Streamline WA, launched in December 2018 and led by DMIRS and the Department of Water and Environmental Regulation, is aimed at bringing industry and community groups together with regulatory and economic development agencies with the aim of reducing the barriers, costs and complexities of doing business in WA.

Importantly, the establishment of a Business Advisory Forum will bring together senior public sector leaders, industry bodies, Commonwealth agencies and academic think tanks 'to guide the development and implementation of WA's investment and trade strategies'.¹⁰ Administrative support will be provided by the Department which,

¹⁰ Department of Jobs, Tourism, Science and Innovation, *Western Australia's Asian Engagement Strategy 2019-2030*, 30 August 2019, p. 13.

again, enables the facilitation of links with the on-the-ground experience of the offices overseas. The establishment of the Business Advisory Forum was also highlighted in the Asian Engagement Strategy.

The Panel welcomes these initiatives while noting that their long-term success is dependent on the commitment of ongoing attention and support. It also welcomes the involvement of federal agencies as it has been told on a number of occasions that the Department's participation in programs and meetings hosted by Austrade has been patchy. While recognising that participation from WA in some of the opportunities available outside the State can be costly and there are other calls on Departmental resources, the Panel notes that Austrade has not only important information and insights into emerging trends, but also valuable networks that could be used to develop future opportunities.

The Panel recommends that:

- 13.** The Department should provide strong ongoing support for the partnerships that are already underway or in the planning phase with industry, public sector leaders in both Western Australia and the Commonwealth, and academic think tanks, to advise on the State's trade and investment strategies.

14. The Role of the Department in Coordination

JTSI was set up in 2017 as the lead agency for economic development, international trade and investment, and tourism. It brought the eight trade and investment offices overseas together with central office in Perth to promote the Government's trade and investment agenda. A functional review of that side of the Department is currently underway and includes considering options to strengthen the working relationship between the onshore and offshore teams, and integrating both in ways that focus on delivering the Government's agenda to best effect.

As noted elsewhere in this report, contact between the onshore and offshore elements of the Department has frequently proved ineffective, a situation that has in part resulted from insufficient guidance and oversight at the Perth end. In addition, there has apparently been confusion between areas of the Department about their responsibilities for the offices overseas. In reviewing the division of responsibilities as part of the functional review mentioned above, the Panel suggests that oversight of corporate issues such as finance, travel and credit card reconciliation be undertaken by the areas that deal with those elements for the rest of the Department, with clear instructions that guidelines and processes that are developed take account of the particular situation of officers resident overseas. Although the two would have to maintain close contact, this would allow the Deputy Director General (DDG) dealing with investment and trade promotion to concentrate on the important policy and implementation issues that are central to the Department's success in this area.

In that context, integral to the functional review is the implementation of Invest and Trade WA which is being established within the Department. It will have responsibility for investment and trade promotion and facilitation in WA and will include a single online entry and coordination point for trade and investment opportunities. The Panel understands that a dedicated Invest and Trade WA area within the Department will assess the opportunities as they come in and will forward them to the relevant department, agency or responsible area within the Department for action, while at the same time maintaining contact with progress through Invest and Trade WA industry specialists. The Business Advisory Forum, mentioned above, will provide advice to the Director General on its establishment and ongoing operation.

The Panel believes that Invest and Trade WA has significant potential for enhancing communication and collaboration in this area, while noting that prompt and efficient assessment and management will be fundamental to its success. The Panel notes, however, that it will be operating in its early days without a supporting fit-for-purpose information management system and care will have to be taken not to raise expectations that cannot be met until its operation is fully supported.

The crucial point is that there must be close collaboration between the JTSI officers based overseas and those in central office, including not only an effective flow of information in both directions but also the provision of channels for participation on issues relevant to their responsibilities, if the objectives of the Government's trade and investment agenda are to be prosecuted successfully.

The Panel recommends that:

14. In working to implement Invest and Trade WA, the Department should pay particular attention to ensuring that there is an effective flow of information between the offices overseas and the work underway in central office, and that channels are provided to enable participation by the Agent General and Commissioners on proposals relevant to their geographical area of responsibility.

15. Information Systems

JTSI's overseas offices are highly dependent on fit-for-purpose information systems, both for day-to-day operational efficiency and for effective information transfer.

Information and communications technology (ICT) services and support for JTSI as a whole is currently provided under shared services arrangements by DMIRS to the five of the eight offices that were previously attached to the DSD. These arrangements are long-standing and the recurrent cost to JTSI is low. The services provided are also outdated and difficult to use as performance is not suitable due to the age and design of the JTSI infrastructure.

The low cost of service provision, however, also means that there is little incentive for DMIRS to invest in increasing the Department's capacity. The lack of effective ICT

capability is evident across the Department, impacting on its basic corporate activities such as finance and budget management, human resources processes, travel systems and records management, all of which are necessary for efficiently functioning offices overseas and for proper oversight and accountability.

More particularly, connectivity with the offices overseas is insufficient and, in some cases, non-existent. Both the former DSD and the former DPC offices have varying, and generally poor, ICT connectivity and systems access. The offices formerly hosted by the DPC have the least connectivity to JTSI systems, and there has been little oversight of the offices themselves in terms of ICT infrastructure; indeed the Panel understands the former Commissioner in Tokyo may have decided independently to install an Apple operating system in the office entirely separate from, and unable to communicate with, the Windows-based systems employed by central office.

In addition, all offices have an IP phone and VOIP connection, as well as a standard local connection, except for Dubai, London and Tokyo that have a standard connection only. Details of overseas office connectivity to key JTSI systems are shown in the table below.

Table 4: Current JTSI Overseas Office connectivity and ICT systems

Office	Voice System	Desktop Operating System	JTSI email system	JTSI Domain Connected	JTSI Intranet	Travel system (CATS)	Finance system (FORS)	Document Management
Dubai	Standard connection	Windows	No	No	No	No	No	On site and standalone storage
Jakarta	Standard connection and VOIP connection to Perth	Windows	Yes	Yes	Yes	Yes	Yes	M Drive access
London	Standard connection	Windows	No	No	No	No	No	Local record storage
Mumbai	Standard connection and VOIP connection to Perth	Windows	Yes	Yes	Yes	Yes	Yes	M Drive access
Seoul	VOIP connection to Perth	Windows	Yes	Yes	Yes	Yes	Yes	Paperless file system, local storage
Shanghai**	VOIP connection Standard connection but problematic	Windows	Yes*	Yes*	Yes	No	Yes	M Drive access is unstable - all documents scanned and stored on Office Manager's PC
Singapore	Standard connection and VOIP connection to Perth	Windows	Yes	Yes	Yes	Yes	Yes	M Drive access

Office	Voice System	Desktop Operating System	JTSI email system	JTSI Domain Connected	JTSI Intranet	Travel system (CATS)	Finance system (FORS)	Document Management
Tokyo	Standard connection	Apple OS	No	No	No	No	No	Local storage only

* Also has host country domain - westernaustralia.cn - they also have access to the JTSI domain and email but this is not used.

** The Shanghai office has a two router/firewall separation. One side is unrestricted: the China side; the other is along the DMIRS VPN link and has two file servers; UPS NASBox (Backups) and VOIP connectivity.

As can be seen from the table, even accessing the Departmental intranet is problematic for three of the offices, and therefore communications from central office do not always reach the offices concerned.

Records management is also patchy and many of the offices have to rely on local storage, either of paper records and/or of electronic records. The practice of scanning and storing all records on one PC in one office, for example, carries an obvious risk to operations.

Strong and effective system support is important for JTSI overseas as the offices are small and, unlike the more substantial operations of DFAT and Austrade, they are technologically isolated, with the associated business continuity and information security risks.

The Panel was advised that improved ICT systems and support are in the planning stage. Subject to funding, it is expected that it will be possible to move to single human resource and finance systems covering both JTSI and TWA by early 2021, with the overseas offices able to 'see' these systems as if they were Perth-based. The overseas offices are also expected to be able to connect to Perth via a telepresence link through local Austrade offices.

The Panel strongly supports the implementation of these improved connectivity arrangements as critical to basic operations.

The Panel also notes that the technology infrastructure platform is in the planning stage and subject to additional funding. This would support further investments in capability such as a customer relationship management (CRM) system, to provide a State-wide single view of client capability, a cloud based travel system to replace the Conference and Travel System (CATS) and an improved records management system for the Department as a whole. While these capabilities are as yet unfunded, the Panel recommends that they be given serious consideration for future investment as they are critical to the effectiveness of overseas offices in support of WA's trade and investment strategy.

The Panel suggests that the Department seek support for investment in a CRM system. Such a system would support the structured capture of key information and data about trade and investment opportunities at both the overseas office level and within

the Department's central office in Perth. A CRM would provide a single repository for the capture of information and contacts relevant to the Department's mission in support of the Government's strategic objectives. It would also enable the Department, in consultation with its private and academic sector stakeholders, to record information about onshore priorities and opportunities to assist the overseas offices to identify potential partners for those opportunities. It is also of great value to the trade and investment function in Perth and can be a single repository for all contact information for the Department's clients.

The Panel heard from a commercial stakeholder who expressed some frustration that a JTSI overseas office was bringing forward contacts, as prospective business opportunities, that were misaligned with that company's business strategy. A CRM that supports information capture in-market and aligns that with known strategic and business objectives of onshore partners would add value in both directions.

The Panel notes that at least two of the other States have already invested in CRM capability, which raises the bar for all players. A well-configured CRM solution would add significant value to WA's strategic objective of diversifying the State's economy.

Records management is also a key area for potential investment. At the individual office level, maintenance of appropriate and secure records management facilities is needed to ensure that audit and information security requirements are met. Adequate and connected record management systems and appropriate resources to manage this also help to reduce fraud and misconduct risks if records are more easily accessed, including remotely.

The Panel recommends that:

- 15.** The Department should give priority to developing a business case for additional funding to support the provision of improved information communications technology systems that provide connectivity between the central Department and the offices overseas, a finance and human resources system, a travel system, and improved records management, as crucial to the effectiveness of the overseas offices in support of the State's trade and investment agenda.

FIT FOR PURPOSE REGISTRATION

16. Registration Issues

The proper registration of an office to operate in a particular country is critical as errors in this area can not only incur penalties but also be damaging to the trade and investment relationship overall. Registrations can prescribe the scope, functions and operation of an office, tax obligations or exemptions, employment arrangements and reporting requirements for foreign entities, and it is therefore highly important that they are set up and managed correctly. This is particularly the case as the JTSI offices

operate in foreign countries without the diplomatic status that would flow from being the official representatives of the national (Australian) Government.

Many of the offices also have staff from other organisations present, either hosted in the premises by JTSI, or employed by JTSI on behalf of another organisation. The registration requirements for each office must therefore take account of JTSI's direct objectives, and also ensure that both its own staff and staff engaged by JTSI on behalf of other organisations meet the requirements of the registration conditions. For example, a condition of the office registration and operation in Singapore is that it is limited to no more than five staff members.

Many of the offices have long histories – the UK Office dates from the 19th century; the Tokyo Office was opened in 1968; the offices in Mumbai, Jakarta and Shanghai have all operated for more than 20 years. The remaining offices have shorter lifespans.

From information received by the Panel, it seems clear that the Department has not had the processes and tools to manage either the set-up or ongoing monitoring of the overseas office registrations with any degree of rigour. It would appear that central office in Perth has generally left the responsibility for the correct registration of the particular offices, as well as ensuring compliance with any registration conditions, to the Agent General and Commissioners. Certainly the Department's Legal Services team has advised that it has not been involved in the registration of any of the offices and only in some office lease matters. Careful legal advice is crucial for the original registration, to ensure that the registration remains valid if there are any regulatory changes in the country concerned, and to terminate the agreement if necessary. As the legal advice will need to be well informed about local laws and employment requirements in the country concerned, the offices may have sourced such advice locally. The Panel could find limited evidence, however, that this has been occurring.

Indeed, the lack of documentation in some of the offices has made it difficult for the Panel to identify conclusively what action has been taken in particular cases. The recent Overseas Office Administration Manual (2019) provides some guidance on recordkeeping for office registration, saying that the offices should maintain a record that is to be shared with the Corporate Services Administrator and relevant Country Manager in Perth of how to establish and terminate a registration, and that each office should keep records of expiry dates and the requirements of registration. While that provides a good base, however, it merely hints at the sorts of issues that must be documented and kept under review.

The factors affecting the registration of overseas offices differ from country to country. The terms and conditions of registration can include and be affected by whether the State's operations in that country involve a physical office, whether and how many staff are engaged locally, and whether the State operates in that country via local contractors. The registration of each overseas office attracts different terms and conditions and must be viewed and managed accordingly. In this context, and due to a general dearth of information and documentation with respect to the registration of a number of the overseas offices, it is difficult for the Panel to be sure that each office is correctly registered and the State's operations are within the intended scope.

Local tax requirements are another issue closely linked to registration status. In most cases, offices are not required to pay tax as they are considered non-revenue generating entities, although they are generally allowed to undertake promotion and marketing. This is an area that must be kept under review, however, to ensure tax obligations are being met, particularly when other staff are co-located in the JTSI office, and over whom the Commissioners have little or no oversight. Some countries also include specific registration requirements such as the filing of returns with reserve banks or the submission of annual audits of accounts.

Arguably, JTSI offices also have some responsibility as the employing agency for ensuring that their paid employees are complying with their individual obligations concerning tax and any social insurance requirements.

Finally, the termination of registration is an important part of the closure of an office and can also be complex, particularly if the payment of tax is involved. Again, there seems to be a lack of information about whether the necessary processes for the deregistration of offices have been followed. The Panel understands that an overseas office that was closed in 2017 has not yet been properly deregistered.

The Panel has identified a number of registration issues relating to specific offices.

In one office, for example, the Panel was advised that written documentation on the registration status of the office did not exist in the office itself and, at the time of this report, has not been identified in Perth. This absence of formal documentation means that the Department does not have the assurance that the type of registration is correct or that all of the registration conditions are being met.

In another office, it is unclear whether the form of registration is the most appropriate for the country concerned as well as the most appropriate for WA in meeting its trade and investment objectives. This is important as it impacts on the conditions that the Department must meet in order to avoid being in breach of the registration provisions.

Concerns have also been raised about a situation where a person ostensibly working on behalf of another agency is situated in an office overseas. The arrangements, formally documented and otherwise, are inadequate for the significance of the arrangement to the State's registration and the risks it potentially presents to the Department's ability to operate lawfully in that country.

It is crucial, however, that the Department give priority to establishing the basis on which each overseas office is registered, and the legal and regulatory requirements accompanying that registration. It is also important that each registration and MoU be formally documented and kept under review to ensure that its provisions keep pace with any legal or regulatory changes in the country concerned.

The Panel recommends that:

16.1 The Department should clearly establish the basis on which each office has been registered, including the legal and regulatory requirements in the relevant country and the local taxation and employment obligations, to ensure that registration remains valid and its provisions are being met.

16.2 The Department should confirm that the required deregistration actions have been completed for those locations where an overseas office has been closed.

OPERATING MODELS

17. Alternative Service Models

Discussion of possible models for the overseas offices can be confused by the nomenclature. Both the Austrade State Specialist model, where State officers are embedded in and essentially work as part of the Austrade office, and the situation where a stand-alone state office is located close to an Austrade office, can be described as 'co-located'. To avoid confusion, this report will refer to the former as the Austrade State Specialist embedded model, and use the term 'co-located' when a stand-alone office and an Austrade office are located in close proximity.

Most of those who spoke to the Panel agreed that there are real advantages in a stand-alone office being located near an Austrade office wherever this is possible, because of the spill-over benefits that would be provided through information flow, networking, and formal and informal collaboration.

In considering the working arrangements for the offices overseas, therefore, the two base models for consideration are the Austrade State Specialist embedded model and the stand-alone state office model.

Austrade's State Specialist embedded model involves Austrade overseas engaged employees (OEE) undertaking State activities while being fully integrated into the Austrade office. The OEEs, although funded by the relevant state, are Austrade employees and, as such, follow Austrade's policies and procedures, but Austrade works with the relevant state to deliver a mutually agreed business plan. A Service Level Agreement (SLA) is negotiated between the two parties and covers the provision of administrative and support services. The State is involved in the recruitment and performance assessment of the OEEs and is responsible for all of the costs associated with the position including appointment, oversight by Austrade, travel, and all other corporate and ICT costs. OEEs work under the joint branding of Brand Australia and that of the relevant State.

As a national organisation, Austrade states clearly in its SLAs that it is working to advance the interests of Australia as a whole, and includes the paragraph:

This agreement does not permit Austrade or any given state or territory to work together at the expense of any other state or territory. Austrade is required to conduct its business with all states and territories in a fair and equitable manner at all times. Support provided by Austrade to (state/territory) under this agreement cannot therefore be provided on an exclusive basis.¹¹

18. Relative Advantages of the Two Models

The relative advantage of the two models for a state or territory in any location is influenced by a range of factors such the prospects for trade and investment in that location, the size of office that can be resourced, the historical presence in the area concerned and the degree of onshore support that can be provided. The comments below, therefore, are necessarily generalisations and must be considered in that context.

Broadly, the state stand-alone model can be preferred where:

- A state sees advantages in distinguishing and promoting itself separately from the rest of Australia, and believes that this will be effective in the particular market whether or not its presence is already well developed in that market.
- A state already has a defined presence and industry contacts in a particular market and believes it can capitalise on that advantage.
- Opportunities in a particular market are closely tied to understanding the needs, products and capabilities of the local industry, as well as state specific regulations that do not apply more widely.
- The offices are slightly larger, including where other agencies such as TWA are collocated with the office, so that the state can present a more substantial presence and brand. It is noted that Queensland, for example, houses a number of third party agencies in some of its offices including Tourism and Events Queensland, Destination Gold Coast and Education Queensland International.

The Austrade State Specialist embedded model offers advantages where:

- A state is new to a market and sees real advantage in using Austrade knowledge and networks to seek out opportunities to generate investment and sell its product.

¹¹ Austrade form an agreement between the Commonwealth of Australia and the Government of a State or Territory covering administrative arrangements for the employment of staff in Austrade overseas posts.

- A state only needs a small presence (one or two staff) in a country to manage a well-established market and decides that it is cost effective to pay for Austrade's administrative, ICT and other support rather than taking up the time of this small team on administrative tasks; or the state needs a larger presence but does not want to take up some of the time of these staff in management and administrative tasks.
- There are real advantages in being part of a country-wide promotional effort, particularly if the national reach of Austrade can be brought into play.
- Austrade can provide the expertise and knowledge to build officers' capability in business development.

19. The Practice in other States

The path chosen by other States in this area varies considerably.

Victoria, which has the largest and best resourced arrangements for the promotion of trade and investment, has chosen not to use the Austrade embedded model. The Panel was told that, while being in the same building as Austrade was an advantage, sharing costs was a problem as Victoria had found that the Austrade model was not as cost effective. In addition, as noted elsewhere, some Austrade Commissioners may be less flexible, with the result that the State can lose its positioning and its innovative edge. It noted, however, that there could be value in using the embedded approach to test a new market; the State had tried the alternative of a small serviced office in Chicago but it was not successful.

NSW, which is undergoing a major review of its arrangements in this area, currently uses both the Austrade embedded and the stand-alone models. It also stressed the advantages of working closely with Austrade, even where the embedded model was not being used, and also noted that the success of the model was heavily dependent on the particular senior Austrade officer at the post.

SA has just finalised a SLA with Austrade and will take up the embedded model for all overseas positions except that of the Agent General. This follows the recommendation of the *Review of the South Australian Government's International and Interstate Engagement Bodies and Functions* (the Joyce Review) and is in line with the SA Government's election commitment to increase the number of SA representatives embedded in Austrade. The Joyce Review noted in particular that 'South Australia's resources are necessarily limited and the State is unlikely to have resources for more than one or two people in each location'. It concluded that operating within the wider Austrade effort was likely to increase the impact of SA's resources.¹²

¹² Joyce, S., *Review of the South Australian Government's International and Interstate Engagement Bodies and Functions*, 2019, p. 54.

Like Victoria, Queensland does not use the embedded model and offices are all independent although some of the smaller ones use serviced office arrangements. Queensland commented that it believed that Austrade's fee-for-service charging resulted in greater cost, although it noted that Austrade has said that it was open to exploring other options.

As noted above, one theme that the Panel heard many times was that the effectiveness of the Austrade embedded model was clearly linked to the flexibility and support of the particular Austrade officer at post, and that this relationship could make or break an embedded arrangement.

20. The Right Model for WA?

The opinions of those who spoke to the Panel were heavily weighted towards the stand-alone state office model, citing advantages for WA in promoting its own brand, in standing out from its competitors, and in capitalising on its geographical proximity to Asian markets.

While taking that into account, it is difficult to recommend the model that WA should use in the various locations overseas in advance of the development of a State trade and investment business plan with country and sector priorities, and decisions on Departmental strategies that will flow from that. It will also be difficult to decide finally on the resources that will be required in the various posts before the current work on reform has produced a more effective and efficient system, with a resulting saving of resources that can be redeployed elsewhere.

That said, the Panel is strongly of the view that the State should consider each overseas office on its merits and steer away from a one-size-fits all approach. It also cautions against closing any of the offices prior to careful evaluation, as closing an office could be seen as lack of interest in the country concerned.

The Panel understands, however, that some interim action may need to be taken if the Government was to decide that another location or locations need coverage in the near future. In this circumstance, the Panel suggests that consideration be given to using the hub and spoke model that has been introduced in Singapore, where a single officer in Hanoi covers Vietnam under the aegis of the Singapore Commissioner. This would enable the State to introduce a presence into the new location under the supervision of an already established office.

The Panel recommends that:

- 20.1** In considering the model for the operation of the trade and investment offices overseas, the Department should consider each on its merits rather than deciding on a uniform approach for all offices.

20.2 If the Government were to decide that the Department should establish a new presence in another location prior to the finalisation of country and sector plans, consideration should be given to using the hub and spoke model in the interim where a smaller presence is attached to an already established office.

21. The Agent General

All States except NSW have an Agent General in London, employed under separate legislation, rather than a Commissioner. They have been a long-standing part of State operations in the UK. SA's Agent General position, for example, has operated there since 1859 and the WA Act establishing the position was passed in 1895. Most Agents General also carry responsibility for Europe.

As noted elsewhere (see section 30), the London Office is clearly the most expensive of all the WA offices and a number of those spoken to by the Panel questioned the resources that have been dedicated to this market. WA is not the only State where this is the case. The Joyce Review noted that, at the time of writing, there were ten full-time equivalent (FTE) employees in London¹², however the Panel understands that this has now fallen to seven FTE employees. In addition, NSW abolished the position for cost saving reasons although the Panel understands that it is now considering possible ways to reinstate the position on the grounds that seniority and title are important in the UK.

Maintaining the position of Agent General and the degree of resourcing the role requires are, of course, separate issues. In this context, the Panel was told that the Agent General was dealing with a comparatively mature market and that some of the resources could be used better elsewhere. As with the Commissioners, future resourcing cannot be properly considered without State priorities and a business plan, with the issue of Brexit further clouding decisions in this case. It will be difficult to decide the future resources for this position until the future arrangements between Britain and the European Union have finally been decided.

EMPLOYMENT FRAMEWORK - THE AGENT GENERAL AND COMMISSIONERS

22. Characteristics for the Role

The Panel heard a range of views about the qualities that the Agent General and the seven Commissioners needed in order to be successful in their role, noting that the requirements seen as most important often varied according to the particular post.

Some saw language fluency as a key requirement while others saw it as a useful but not essential attribute on the grounds that Commissioners could depend on their local staff in the country concerned. In this context, some language ability was seen as

relatively more important in North Asia, whereas it was seen as far less of an issue in Singapore and India, the number of diverse languages in India making language proficiency difficult.

Many argued that the core skill required was a deep and up-to-date knowledge of both the needs of the State in fostering potential markets overseas for WA goods and services, and the opportunities and support structures that were available to support and assist business interests from overseas. They argued that the need for this knowledge was particularly strong for WA as it was to some extent separated from the rest of Australia and its needs and perspectives often differed from those of the eastern States.

Against this, some argued that knowledge of the State's needs and assets could be gained through induction briefings and that it was the knowledge of the country of posting that was most important. Others countered this by arguing that the staff who are locally engaged in-country, including the Business Development Managers (BDMs), would supply this need.

Virtually all those consulted, however, put a high value on the ability to build relationships and networks at both the local and national level, arguing that it was these relationships that played the greatest part in achieving the outcome sought. This was seen as a crucial addition to the various attributes outlined above while recognising that language proficiency and knowledge of the culture was of real assistance in this regard in North Asia, as was a clear commitment to the country concerned.

The practice of other States also varies in this area. Global Victoria places considerable stress on knowledge of the State, saying that it needs senior and experienced people who can speak knowledgeably about what Victoria has to offer. It agrees, however, that in some cultures, particularly in North Asia, on-the-ground knowledge and relationships are also an asset. Queensland recruits Commissioners both onshore and offshore (although its Agent General is appointed from Australia) and uses a two week orientation in Brisbane plus an annual recall to cover knowledge of the State's needs. NSW is currently reviewing its approach and SA has decided to adopt the Austrade embedded model where it works with Austrade's human resources team on recruitment and selection.

Although it would obviously be hoped that candidates would have a balance of the above capabilities, argument received by the Panel was clearly weighted towards giving precedence to knowledge of WA while recognising the particular importance of cultural factors for appointments in North Asia.

The Panel recommends that:

- 22.** In the selection of future Commissioners, most weight should be given to in-depth knowledge of Western Australia's industry and market opportunities, as well as trade and investment expertise.

23. Legislative Basis of Appointment

The common basis of appointment in the WA public sector, and the proper law governing the contract of employment, is the *Public Sector Management Act 1994* (WA) (PSMA) and the Panel has understood that the intention was for each of the Commissioners to be employed under this Act. As noted elsewhere, the Agent General is employed under the *Agent General Act 1895*.

The legislative basis of appointment, however, has been particularly difficult to confirm for some of the Commissioners who were appointed while overseas, due to the changing coverage of one of the acts that could be used as the basis for employment. None of the contracts of employment for the Commissioners expressly provide the mechanism for employment, even though most reference the PSMA when setting out the terms and conditions of employment.

In this context, the Panel was advised that, over certain periods, Commissioners were also able to be engaged under the *Industry and Technology Development Act 1998* (WA) depending on which Minister had responsibility for administering that Act, but only where the Commissioner's place of residence and employment was not in WA. Following the MoG changes of July 2017, however, contracts could be signed by the JTSI Director General under either Act. This has implications for the two current Commissioners whose principal place of residence prior to engagement was outside of WA.

It is obviously important for the basis of employment to be clarified for all future contracts as part of a major review of Commissioners' contract provisions.

The Panel recommends that:

23.1 As a priority, the Department should undertake a major review of contract provisions for the employment of the Agent General and Commissioners to clarify the current basis of employment and determine the preferred provisions for future employment.

The Panel also received advice that the form of engagement might be critical to Commissioner's obligations under the WA public sector Code of Ethics and the Department's Code of Conduct, especially if the Commissioner employed was at that time a resident of another country and subject to local labour laws. For example, the fact that the Commissioner in South Korea was engaged in-country as labour hire could have meant that he was covered solely by local (South Korean) laws, even though his contract clearly states that he must comply with the Department's Code of Conduct, the WA public sector Code of Ethics and other Departmental policies. The Panel was also informed that the nature of the offer of engagement could also be central to determining appropriate legal coverage, although other factors would also bear on this issue. The Panel notes that the arguments for and against PSMA coverage

are complex and that clarity in terms of the form of engagement of the Commissioners is in the interests of all parties.

The Panel sought advice on how the Commissioners' appointments impact (if at all) on their obligations under the PSMA in regard to the Department's Code of Conduct, the WA public sector Code of Ethics, and other Departmental standards. It has concluded that there is a need for more consistent engagement practices for Commissioners, regardless of whether they are engaged in-country or are engaged from Australia. The key outcome that should be achieved is that Commissioners see themselves as senior State Government employees, subject to and bound by the same legislative and Code of Conduct requirements as any State-based employee of the WA Government.

WA governing arrangements make specific reference to the obligations of senior officers, and the responsibility of agency heads (e.g. Directors General) to report certain pieces of information annually to the Parliament. In general, these obligations apply to Senior Executive Service roles.

Whatever the classification of these roles in the WA structure, however, it would seem important that the trade and investment Commissioners and Agent General be considered to be senior officers for the purposes of annual disclosure by the Director General to the Parliament. In addition, whatever the basis of appointment, it should be mandatory for the employment offer to include the Agent General's and Commissioners' obligations under the Department's Code of Conduct, the WA public sector Code of Ethics and other Departmental policies.

The Panel recommends that:

23.2 All future offers of employment to the Agent General and Commissioners should specify their obligations under the Department's Code of Conduct, the Western Australian public sector Code of Ethics and other Departmental policies.

23.3 The Agent General and Commissioners should be considered senior officers for the purposes of the annual disclosure by the Director General to the Parliament.

24. Contract Provisions

There has been a wide range of practice concerning the appointment of Commissioners, the appointments having been made both from Australia (which may include a person resident overseas at that time) or in-country through local recruitment. Those Commissioners recruited in-country have been salaried employees of the Department (under contract) and/or labour hire contractors. One former Commissioner was engaged in-country with some of the allowances available to Australia-based (A-based) Commissioners and was subsequently granted wider A-

based conditions. Altogether the Panel could find no evidence of consistency or considered design over the last fifteen years in the terms and conditions for Commissioner appointments, either for the appointments made by the DPC or those made by the then DSD.

Not surprisingly, therefore, the Panel noted a considerable degree of variation across the Commissioner group around key elements of the contract applying to each position.

First, job classification (and therefore salary) varies among the Commissioner group for no clear reason. For example, the Commissioner in Dubai (three staff) was upgraded to a Level 9 in his 2015 contract and the former Commissioner in Tokyo was also a Level 9 officer. The other Commissioners, however, are Level 8 officers with up to ten staff and often working in markets that are of very significant importance to WA's trade and investment objectives.

In relation to the Agent General, the Panel notes that the salary received by respective Agents General has varied significantly over recent times with the direct salary paid for this position varying by nearly 70 per cent (lowest to highest) over the last six appointments, dating from 2010. The basis on which the salary has been set over time is unclear and it would seem important that a more objective basis be found for setting the Agent General's salary.

As the senior State representatives charged with growing and diversifying WA's trade relationships within a region, the Agent General and Commissioners should work together in furthering their responsibilities for WA. A wide variation in the core employment conditions without a clear rationale can cause tensions that do not help the group to work as a cohort with a common mission.

The roles of Agent General and Commissioner are important to the State's trade and investment promotion and, in that context, there would be an argument for considering whether they should all be classified as Level 9 officers. The Panel considers, however, that it is important that a more objective basis be established for the remuneration of the Agent General and Commissioners and it suggests that the Department undertake a classification review for these roles.

The Panel recommends that:

24.1 The Department should undertake a classification review of the positions of the Agent General and Commissioners to establish a more objective and consistent basis for their Western Australian public sector classification level and associated salary for the future.

In addition, the salary and conditions should be set recognising the cost of living in the post concerned. Victoria uses Austrade and DFAT as the benchmark for its conditions of service. Queensland, which employs and pays its Commissioners (except for its Agent General) under local conditions and in local currency, bases its contracts on

independent advice and sets its salary levels with assistance from an indexed benchmarking review. SA, which uses the Austrade embedded model, uses Austrade salaries and conditions as its guide.

The class of air travel for business trips and for reunion visits also varies significantly across the Agent General and Commissioner group, with no clear pattern except that the Seoul Commissioner, as a locally engaged staff (LES) member, has the least generous suite of employment conditions compared to other Commissioners.

In addition, the Panel notes that the value of an Agent General and Commissioner remuneration package is dependent on family status and caring responsibilities, and that these costs can impact on the overall budget for an office. Many of the employment allowances paid to the Commissioners and the Agent General appear to be open-ended. For example, a typical clause in the employment contract is that the Department will pay the full cost of the rent of appropriately furnished private rental accommodation for a Commissioner while on post. There appears to be no incentive for Commissioners to limit their housing costs to levels that might be considered reasonable. The Panel also noted that at least one Commissioner receives an allowance through the salary system as a contribution towards housing costs, rather than being reimbursed for rental costs actually incurred.

Similar issues apply in relation to education costs for dependents where some contracts specify a maximum amount for education costs whereas at least one contract provides for full payment of fees without specifying a cap on those fees. The Panel notes that Commonwealth provisions allow for children of officers posted overseas to attend certain pre-approved educational institutions with costs met by the agency.

The Panel recommends that a common suite of Commissioner entitlements be established, with consideration being given to capped allowances for rental and education costs.

Altogether, the Panel came to the conclusion that an in-depth review of contract provisions was a high priority if these appointments were to be made on a proper basis.

Finally, the Panel has concerns that the authority for employing the Commissioners – the employment contracts – have not always been kept current. For at least one Commissioner there were extensive, repeated gaps in formal employment contract coverage. Over a period of eleven years, one Commissioner was out of formal contract coverage by 699 days, or nearly two years in aggregate. Timely attention by the employing authority to the currency of the employment contract and its conclusion or renewal are important protections for both the Commissioner and the Department itself.

The Panel recommends that:

- 24.2** A common suite of entitlements for the Agent General and Commissioners should be established with consideration being given to capped allowances for education and rental costs, taking into account the cost of living and conditions in the location concerned.

25. Commissioner Appointment and Tenure

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.

Given the importance of these roles, both representationally and commercially, the Panel recommends that wide searches be undertaken to support each appointment, including the possibility of secondment arrangements from relevant Commonwealth agencies such as DFAT and Austrade where these would yield a strong candidate. Commissioner appointments made from within the WA public sector should be term-based and the appointee, where possible, should have rights of return at the end of the posting period. The Panel considers these changes could increase the pool of interested and able people available to fill Commissioner roles in the future.

The Panel recommends that:

- 25.1** Noting the importance of the Agent General and Commissioner roles, wide searches should be undertaken for strong candidates, including canvassing the possibility of secondment arrangements from relevant government, including Commonwealth, agencies.

The Panel noted that appointment practices varied across the States that provided advice on this matter. Queensland engages and appoints all staff, including the Commissioners, as local labour from the country concerned. Victoria makes its appointments exclusively from Australia. SA intends to use Austrade processes to appoint staff in-country.

There are arguments for and against A-based as against local appointments for Commissioners. A-based appointments offer the prospect of appointments with deep knowledge of Australia and WA issues, and a strong commitment to the State. They may also form part of career paths for WA and Australian employees. Salaries and allowances would be expected to be paid in Australian dollars, and the appointees would be Australian residents for taxation purposes.

Local appointments offer more ability to leverage personnel with local language skills and local networks. While salaries would be denoted in local currency, there would be little need for associated "posting" allowances such as cost of post, hardship,

accommodation and education allowances. Australian fringe benefits tax (FBT) would not be levied and the Department bears the cost and risk of currency fluctuations, not the local appointee. The Department would need to ensure, however, that it received satisfactory assurance that any locally engaged Commissioners were meeting their local taxation and other employment obligations, including any superannuation and social insurance payments. It is not satisfactory simply to consider these matters as the responsibility of the locally appointed Commissioner, as any default goes to the reputation of WA as a local partner in these countries.

On balance, the Panel preferred appointment as A-based officers.

The Panel recommends that:

25.2 Commissioners should in future be appointed as Australia-based officers of the Department, with salary paid in Australian dollars and having the status of Australian residents for taxation purposes.

The length of the Commissioners' contracts is also important and, again, the Panel received a range of views on the length of contract for the Commissioners that would be most effective. Some argued the importance of long experience in the role but most gave precedence to the advantage of bringing in new and innovative ideas.

The Panel counted 20 substantive Agents General and/or Commissioners for the overseas offices in the past decade. Prior to the cessation of the Tokyo Commissioner's employment in February of this year, three of the offices (Dubai, Seoul and Tokyo) had had the same Commissioner for over a decade. At the Commonwealth level, DFAT heads of post are generally appointed for three years with a one year extension option. Austrade appoints its Senior Trade and Investment Commissioners for four years, and Trade and Investment Commissioners for three years, with no guarantee of a position at the end of term.

The Panel noted practices in the other States with regard to tenure and basis of appointment. Victoria appoints Commissioners through the Executive Council on a contract basis for a period of three to four years; Queensland offers three year terms to Commissioners with a two year extension option; SA is moving to an Austrade-embedded model with all recruitment (excepting the Agent General) being led by Austrade using initial appointments of three years. NSW is currently reviewing its arrangements.

The Panel also notes the *Public Sector Commissioner's Instruction 23 - Conversion and appointment of fixed term contract and casual employees to permanency* (Instruction 23) of August 2018, which provides for the conversion to ongoing employment for persons engaged under the PSMA on a fixed term basis. Instruction 23 does not apply to persons engaged through labour hire contracts for services. *Prima facie*, Instruction 23 would seem to apply to any of the Commissioners engaged on a term basis exceeding two continuous years of service and would result in any currently deemed to be employees of the WA public sector being eligible for permanent appointment.

The Panel understands that the application of Instruction 23 to the Commissioners is under review.

On balance, the Panel questions long tenures for Commissioners – that is, tenures exceeding five years in total. It suggests a term of five years, structured as three years plus options for up to two further years. While there may be an argument that building effective long-term relationships may require slightly longer terms in North Asia posts, five years would seem to be a good period in which to establish credibility and achieve results.

The Panel recommends that:

- 25.3** In deciding the length of contracts for the Agent General and Commissioners, preference should be given to contracts of no more than five years, made up of an initial term of three years with an option for extension of up to two further years.

26. Commissioner Role Requirements

The role of the Commissioners and the Agent General in the offices overseas is wide ranging. It includes a promotional and networking role (representing the WA industry sector and State Government activity to industry and government overseas), the provision of intelligence and information on potential trade and investment opportunities to the Government and industry in WA, assisting with WA Government and industry visits, and leading and managing the overseas office.

The Panel has reviewed the Job Description Forms (JDFs) for each of the Commissioners and for the Agent General and, notwithstanding that these roles are almost always the sole A-based representative of JTSI in-country, each JDF shows the position as having no other positions reporting to it. On questioning, the Panel was told that the JDFs are produced by the human resources system and that, as the LES are not paid by central office, their positions are not reflected in the human resources systems and therefore not in the Commissioners' JDFs. This seems surprising in view of the importance of reflecting the management of these teams in the Commissioners' job descriptions and it would seem that a manual change would have been both fairly simple and appropriate.

The Panel recommends that the JDFs be revised to recognise the supervisory, developmental and leadership role of the Agent General and Commissioners with respect to the staff working in the office. This is important not only from a supervisory, effectiveness and accountability perspective, but also in terms of leadership at the office overseas.

The Panel recommends that:

- 26.1** At the appropriate time, Job Description Forms for the Agent General and Commissioners should be revised to recognise their supervisory, management and leadership roles.

The Commissioners and Agent General had varied stories about their preparation for their roles, ranging from adequate to incidental. The Panel considers that it is critical that the Department ensure that a newly appointed Commissioner receives comprehensive briefings prior to departure. This should include meetings with public sector stakeholders as well as business and other bodies representing the key trade and investment sectors for that office. Building these relationships before departure overseas, even for those who are well acquainted with the State's needs and assets, can only help with the Commissioners role in country. Pre-commencement briefings also need to include the outgoing Commissioner, either at the office concerned or in Perth.

The Panel recommends that:

- 26.2** Newly appointed Agents General and Commissioners should be given comprehensive briefings prior to departure, including from business and industry, public sector stakeholders, and the outgoing Commissioner or Agent General.

The Panel noted advice from the Department that Commissioners are subject to performance assessment and review in the same way as other JTSI staff. In general, however, the Commissioners could not recall having performance assessment conversations with the relevant DDG. The Panel recommends that routine performance assessment conversations be scheduled at least six-monthly (for an annual cycle) and, where possible, take advantage of any coincident visits to Perth or of central office staff to the overseas office to enable these conversations to occur face-to-face.

The Panel recommends that:

- 26.3** Formal performance assessment discussions should take place with the relevant Deputy Director General each six months, where possible taking advantage of visits to Perth to allow them to take place face-to-face.

STAFF ENGAGED IN-COUNTRY (LOCALLY ENGAGED STAFF)

27. LES Engagement and Employment

LES are engaged in the overseas country to perform work for JTSI offshore and are expected to comply with the local labour laws of the country in which they are engaged. They undertake much of the day to day effort in the overseas offices and provide valuable assistance to the Agent General and Commissioners through their knowledge of local culture, their language skills and their industry contacts.

The Panel understands that LES in overseas offices are engaged in one of four ways. They can be engaged by:

- Fixed term contract with an agency of the WA Government;
- Contract for service provided by a local employment agency located in their relevant region;
- Contract for service provided via the CIIC in China; and
- Permanent appointment. Two appointments were made by the then Agent General on behalf of the DPC in 1996 and transferred to JTSI in 2017 as the result of the MoG changes.

While there is no definite policy on local engagement, the Overseas Office Administration Manual (2019) notes that the Department's preferred arrangement is contract employment through an employment agency. As such, this would mean that all such staff would be engaged in-country and be subject to that country's labour, taxation and other relevant laws.

The Panel notes, however, that there is currently a wide range of employment practices covering the 41 staff that were locally engaged at the time of this Review, including the Commissioner in Seoul.

The table below sets out the current employment arrangements that apply in relation to existing staff. Over half of the existing staff are employed via direct contract with the Department; 11 are contracted through local labour hire arrangements; a further seven are employed via the CIIC (a requirement of the Chinese Government for employment in China by foreign governments); and the remaining two are permanent employees in the London Office, with the appointments dating back to 1996.

Table 5: JTSI Overseas Offices – Summary of Engagement Methods as at 3 May 2019

Office	Fixed-term contract	Employment agency	CIIC	Permanent	Total
Shanghai			7		7
London	2	1		2	5
Mumbai	5	2			7
Jakarta		5			5
Tokyo	6				6
Seoul	3*				3
Singapore	2	3			5
Dubai	3				3
Total	21	11	7	2	41

*Includes the Commissioner, who is counted as being locally engaged.

The table shows that over half of the LES have been directly engaged by the Department or are permanent employees of JTSI, and the balance are actually employed on the intended labour hire basis.

The Panel noted advice that those LES who were either engaged on a fixed term contract basis or appointed as permanent employees, are engaged in accordance with the PSMA and are subject to all WA public sector and Departmental policies. On the other hand, the Department's Overseas Office Administration Manual (2019) states that in all instances, the overseas staff are not employed under the PSMA, and are therefore not Western Australian public sector employees. Later advice is that there is no consistent approach to engaging LES in the overseas offices and that circumstances differ according to the particular contract, local laws and, in some cases, the proper use of delegated authority.

It is important that the Department set a firm policy for both the form of engagement for LES in the overseas offices and the nature of the intended employment relationship. It is also important that the legal framework governing the basis of employment, the head of power for engagement and the ongoing employment relationship be as clear as possible.

The Panel recommends that:

- 27.1** The Department should set a clear policy for the form of engagement of locally engaged staff in the offices overseas that specifies the basis of the employment relationship, the legal framework for employment and the head of power for engagement, taking into account local requirements.

If the Department's intention is to use only LES (excluding the Agent General and Commissioners) in the overseas offices, the Panel recommends that local engagement under local employment and labour laws be used wherever possible, noting that local labour laws in China require that the Department's Chief Executive (the Commissioner to China) engages staff using the services of CIIC.

It would still be possible for the Department to require locally engaged employees to sign on to and observe any relevant JTSI Code of Conduct as a condition of employment, but in all other regards the engagement should be under local laws, in local currency and subject to local management.

The Panel recommends that:

27.2 Locally engaged staff should be contractually required to observe any relevant Departmental Code of Conduct or similar requirements as a condition of employment.

Should the Department in future decide, in the larger offices, to have a JTSI employee in addition to the Commissioner as part of its overall staffing and leadership strategy, the Panel considers that such employees should be engaged from Perth, and be covered by the PSMA arrangements.

The Department's Overseas Office Administration Manual (2019) records that all future engagements should be on a contract basis through an employment agency, also stating that LES currently employed via a direct fixed-term contract will be preserved. In addition, as noted above, two of the staff in the London office are appointed on a permanent basis. As discussed, the issue of a legal provision in some countries that employees move to permanent employment after a set number of years must also be taken into account.

Discussions with other States revealed that, in most cases, central office plays an active role in both Commissioner appointments and in the engagement of local staff (including via electronic channels).

The Panel was unable to determine what, if any, pre-employment checks are done either by JTSI or by one of its contract-for-services partners. Given the potential sensitivity and commercial value of roles in the overseas offices, the Panel recommends that some form of pre-employment police and character check be required prior to a person assuming a role as a LES member.

The Panel recommends that:

27.3 Pre-employment suitability checks (such as police and character checks) should be undertaken prior to the future employment of a locally engaged staff member.

PERFORMANCE

28. Setting the Agenda for the Offices Overseas

It is apparent from feedback received by the Panel that the offices generally perform well in hosting WA Government Ministers, Members of Parliament and business delegations, and that their work in this area brings both recognition and praise. Feedback also suggests, however, that this quasi-ambassadorial role can sometimes take precedence over other aspects of their work in trade and investment promotion that are less evident and for which they receive less recognition.

Recognition is certainly important, as is assessment of performance and feedback to guide success. Altogether, however, the evidence provided to the Panel did not convince it that the Government's strategic objectives were driving the activities of the offices sufficiently or that reporting by those offices was sufficiently directed towards linking overseas objectives with onshore priorities. It concluded that considerable work was necessary to develop an effective system that set objectives for the regions in line with the Government's agenda, that provided a valid assessment of the work of the various offices in advancing that agenda, and that used processes that did not unnecessarily tie up scarce administrative resources.

Setting trade and investment priorities for both sectors and markets must, first and foremost, be determined by the WA Government's trade and investment strategy. In this context, its economic development framework, Diversify WA, as well as its Asian Engagement Strategy, have done much to set out its future areas of focus. As noted above (see section 6), however, detailed work building on these strategies to define the State's priority areas of attention for each individual region would provide a clear basis for directing available trade and investment resources to best effect. In particular, it would enable JTSI to set its priorities and forward projections as part of an engagement plan for the Department as a whole, as well as regional plans for the particular offices, in line with those priorities.

In the absence of clear State-level priorities, previous guidance to the offices and assessment of their performance has lacked focus. The Panel was advised that, prior to 2017, the former DSD developed annual Market Activity Plans to guide the activity of the overseas offices, apparently on the basis of a range of internal and external consultation and intelligence, although the details of these sources, and how they were used to inform planning and measure success, is not clear. More recently, in July 2018, the Agent General and Commissioners helped to develop a set of plans for 2018-19 which included, inter alia, information on objectives, target markets and success measures, as well as a breakdown of priority sectors for the Agent General and Commissioners. As noted above, however, performance assessments on this basis do not seem to have taken place (see section 26).

The Panel notes that the work now underway to develop a new Corporate Governance Framework for the Department will include performance monitoring as one of its four pillars of good governance.

29. The Reporting Framework

Effectively measuring the performance of an individual overseas office (or a particular Agent General or Commissioner) in helping to achieve the State's goals in the promotion of trade and investment presents considerable problems. There is general agreement that setting KPIs should provide the basis for performance assessment. But there is also general agreement, including from other States and from Austrade, that to do so in a way that truly evaluates performance, while avoiding indicators that can be gamed and in an area where success often takes some time to come to fruition, is far from easy.

Significant resources are currently involved in collecting information on office activity from the Agent General and Commissioners and bringing that information together into combined reports. Feedback and the examination of the reports, however, has led the Panel to the view that the process is unnecessarily resource-intensive, does not provide a valid assessment of office achievement and does not produce information for departments and Ministers that is either strategic or easily accessible. Currently, overseas offices are required to complete a detailed report each month on their activities over the previous and upcoming months. An Excel report template with sections on investment, trade, events, missions, highlights, key insights, feedback and questions is completed and submitted to central office. For trade and investment activity, the report includes the number of 'leads' each month, a lead being defined as 'an inbound request for information or to engage with Western Australia'.

Information provided in these reports has been used to update master registries maintained by the Department and this collective information has been combined into an overarching monthly report provided to JTSI's Director General and Strategic Corporate Executive for noting. It appears that, at some stage, the relevant division of the Department that develops these reports was advised that this version of the report included commercially sensitive information and should not be shared more widely.

As a result, the Panel understands that the following reports are generated from the original report and are provided to particular people, still on the basis that the information is not to be shared further.

- The full report, with the commercial-in-confidence information removed, is provided to the Agent General and Commissioners who are encouraged to share it with their teams to enable the offices to understand what is happening across the network.
- The agrifood sections of the report are consolidated and provided to senior people in DPIRD.
- The technology and advanced manufacturing sections of the report are consolidated into a report shared with JTSI's DDG Science and Innovation, Director Strategy and Innovation, and the Defence West Executive Director and Project Manager.

This practice explains why the Panel was told frequently that the information from the overseas offices was not being received systematically and in some key agencies, including the DPC, not at all.

While the Panel well understands the need to protect information that is genuinely commercial-in-confidence, this practice appears not only to be highly resource intensive but also to be counterproductive to the aim of developing a whole-of-State strategy on trade and investment. It is not clear to what extent the concern flowed from the lack of sufficiently confidential ICT systems, but the Panel suggests that priority be given to considering ways in which important information can be shared at the top levels of the public sector without impacting adversely on details that should remain confidential.

The Panel recommends that:

29.1 Consideration should be given to ways in which information can be shared more widely across the public sector without impacting adversely on commercial-in-confidence details that should remain protected.

Even where the reports are received, however, the Panel questions whether they are sufficiently effective in providing strategic intelligence to inform the WA Government's program of work, noting that the nature and style of the information they contain tends to refer more to a series of actions taken rather than an analysis of the needs and opportunities available.

In terms of assessing the performance of the overseas offices, the Panel was told that the data within the registries was analysed each year and compared to that of the previous year to identify changes in the number of events attended, missions assisted, and investment and trade leads. JTSI's Annual Report then includes total 'leads and activities' as the performance indicator for international education, trade and investment. Alignment to the overseas offices' designated priority sectors was also measured. In 2017/18, for example, only 61% of events, 54% of missions, 65% of trade leads and 23% of investment leads were related to priority sectors.

The Panel is not convinced that this is a useful measure of the success of the offices overseas as a whole in the promotion of trade and investment. It also suspects that the apparently limited value of the large amount of data that is collected, the resourcing that has to be put towards the monthly returns by the Agent General and Commissioners, and the effort involved in the construction of the individual reports and the maintenance of registries, warrants review. Options could include moving detailed reporting by the Agent General and Commissioners to a quarterly basis with reporting in the interim months taking the form of a shorter strategic assessment that highlights important events and developing opportunities.

Assessing the performance of the individual Agent General and Commissioners also appears to require further thought. The recently established Work Development Plans set out performance objectives that include high level trade and investment activities

(relationship building, intelligence, liaison with industry and government, assisting delegations, etc.) and general office management together with success measures. Measurement of trade and investment outcomes is to occur through the monthly report and feedback.

While these objectives may be seen as too high level, firm numerical targets are difficult to establish as criteria for assessing performance in promoting trade and investment in-market. Relying on hard quantitative data such as the number of meetings held, discussions with industry or trade leads as numerical KPIs for assessing performance can be questioned as open to manipulation. Qualitative measures such as the management and oversight of, and instilling the correct culture in, the office are also important aspects of Agent General and Commissioner success. In addition, as mentioned above, it is an area where leads can take many months, if not years, to mature.

Practice in other States varies. NSW is reviewing its approach but has said that it uses both quantitative and qualitative KPIs for its market teams, including the number of investment leads identified, businesses assisted in-market, meetings attended, assistance in securing inbound investment and the quality of insights prepared. Queensland has developed a balanced scorecard approach that includes some hard targets such as the number and value of export and investment deals, progress of investment deal, non-commercial outcomes such as MoUs and franchise agreements, but also includes qualitative factors such as events and activities that promote Queensland's image in international markets (e.g. roundtables and forums, and social media reach).

Victoria manages the planning and reporting framework for the Victorian Government Trade and Investment (VGTI) international network. Annual business plans are developed by Commissioners and endorsed by the CEOs of Global Victoria and Invest Victoria. The performance targets attributed to international regions, included in the business plans, are derived from Global Victoria's Department of Jobs, Precincts and Regions and Invest Victoria's Department of Treasury and Finance Budget Paper 3 targets. These are internal, operational targets and contribute to the respective department's achievement of actual export sales from trade programs, number of companies participating in export programs, foreign direct investment facilitated and new jobs as a result of investment projects. The contribution of the VGTI network to the achievement of Budget Paper 3 targets is reported in the Department of Jobs, Precincts and Regions Annual Report.

TWA has a number of agency-level KPIs such as the total spent by visitors to WA and the direct economic impact of major events sponsorship. Currently, TWA staff based overseas do not have individual work plans against which their performance is assessed, although the Panel understands that work on introducing an individual performance development cycle is now underway.

Austrade, which uses both quantitative and qualitative indicators, uses a mix of declared as well as actual outcomes, feedback from a client satisfaction survey and assessment by the agency of the contribution made to policy development and

management, to help judge performance. It is also moving to build peer assessment into its processes.

The Panel believes that assessment is as important as measurement in judging performance, both for the short and longer term. It recommends that the Department, with the assistance of the Agent General and the Commissioners, work to establish performance metrics and methods by which these could be assessed, which could then be lined up with the Government priorities for each area. This process should also include the ability to identify any circumstances that stood in the way of achieving the goals set so that these issues could be taken into account as part of the overall performance appraisal.

The Panel recommends that:

29.2 As a priority, the Department should develop, in consultation with the Agent General and Commissioners, an appropriate mix of quantitative and qualitative key performance indicators to assess performance, including consideration of whether an element of peer assessment should be added to the process.

FINANCE AND BUDGET MANAGEMENT

30. Finance

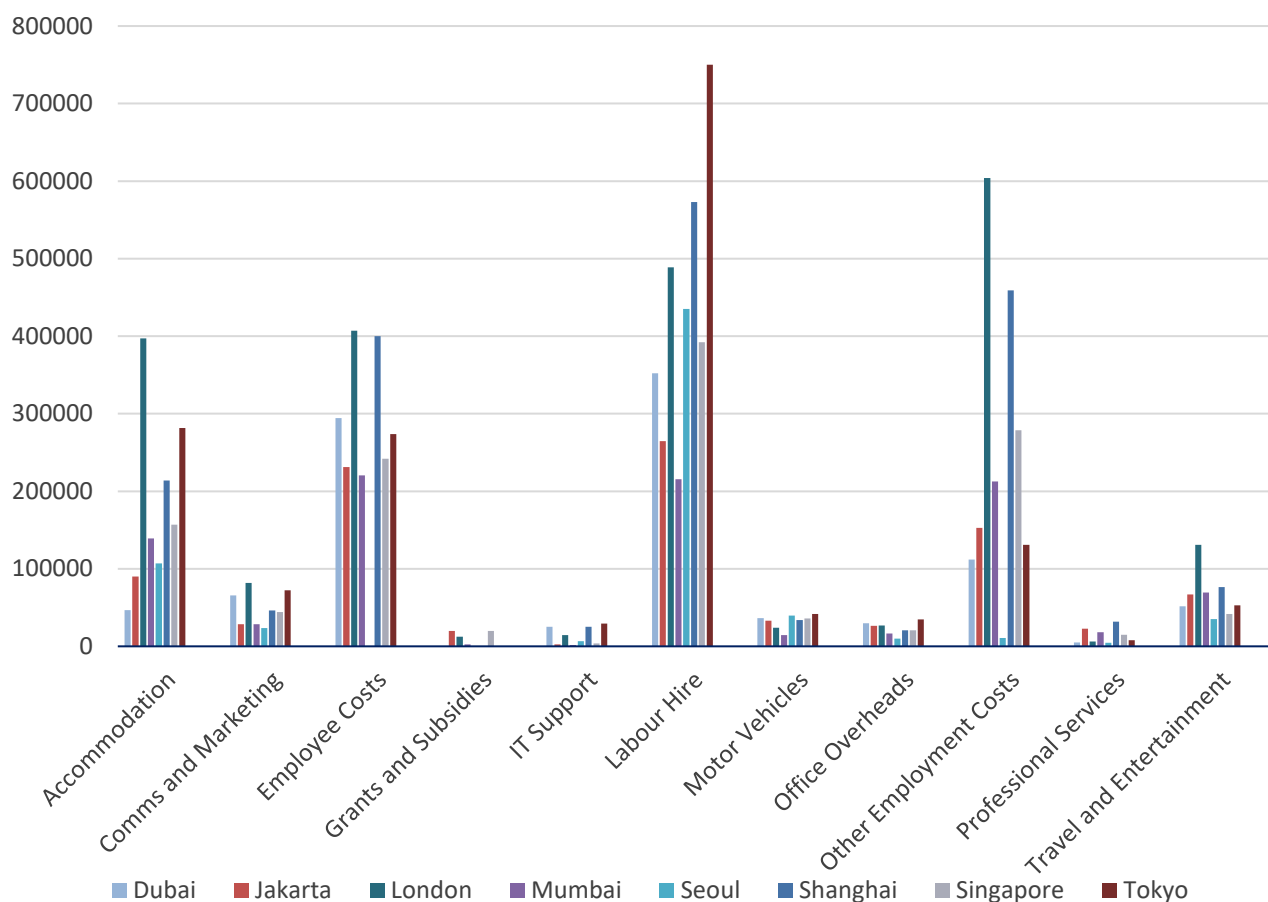
The Panel has analysed the budgets of the overseas trade and investment offices in some detail, notwithstanding the difficulties encountered in comparing financial data across periods and across offices. The Panel has noted, for example, that budgets for each of the overseas offices are allocated to a broad Head of Expense, but actual costs are attributed to specific cost centres. This can produce results that appear initially to be of concern – for example, expenditure of over \$90,000 on marketing contracts in an office where the budget line item has no funds allocated. As a first step, and to improve transparency, budgets could be allocated for the overseas offices at a cost centre level, to improve both estimation and monitoring of office costs. Once new finance and budget management systems were properly bedded down, the Department could revise its cost structures to use fewer cost centres.

The revised budgets for 2018-19 (current as at February 2019) for each of the offices are set out below. While end of year data is now available and is used for some of the analysis that follows, the Panel is of the view that the February revised plan data is the most accurate guide to where the offices intended to spend their budgets over the course of 2018-19. The Panel has noted that the overall budget for the JTSI overseas network was underspent by around 3% as at February, increasing to an underspend of over 5% by 30 June 2019. There were some significant changes in spending patterns since the February data, attributable in part to the fact that this Review was underway and to a delay in the replacement of LES while long term planning was in process.

The Heads of Expense categories used for this analysis, as provided to the Panel by the Chief Financial Officer, build from a cost centre level to each of the Heads of Expense as follows (illustrative areas of cost are identified for each Head of Expense):

1. **Accommodation**, including office lease costs, cleaning, maintenance, utilities, local rates and charges and communications hardware.
2. **Communications and Marketing**, including communications costs such as phones, satellite, video and internet, promotional costs including event hire and hosting, advertising, and printing costs.
3. **Employee Costs**, including wages and salaries for Commissioners and the Agent General, associated allowances, superannuation, leave expenses and workers compensation costs.
4. **Grants and Subsidies**, including grants and subsidies to a range of recipients and donations and sponsorships/scholarships.
5. **ICT Support**, including system development and maintenance, depreciation and minor equipment purchases.
6. **Labour Hire**, labour hire costs for temporary personnel, noting that this is the basis for the majority of staffing in the overseas offices, and also for the engagement of the Commissioner in Seoul.
7. **Motor Vehicles**, including lease and rental costs, fuel and repairs.
8. **Office Overheads**, including office consumables, insurance, corporate memberships and lease costs for office equipment.
9. **Other Employment Costs**, including FBT, staff medical expenses, conference and training costs for staff, and staff (Commissioner/Agent General) accommodation costs.
10. **Professional Services**, including audit fees, and a range of professional services such as training, finance, property management, storage and removals.
11. **Travel and Entertainment**, including intra-state, inter-state and international travel fares and related accommodation and meals, and catering and entertainment expenses.

Figure 1: 2018-19 Revised Budget for JTSI Overseas Offices - Head of Expense



The Panel notes several things arising from an examination of the above data.

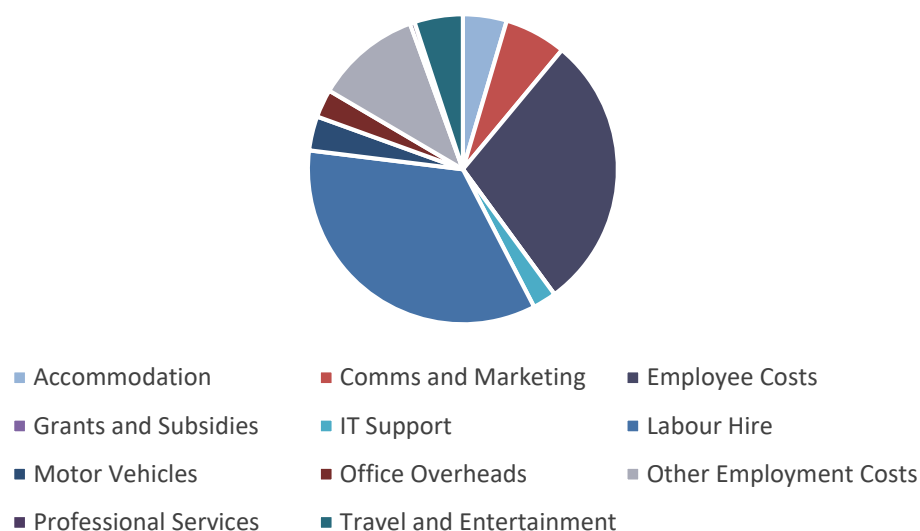
- Employee Costs, Other Employment Costs (mainly Commissioner residence rental costs and FBT), Labour Hire and (office) Accommodation account for around 85% of the costs of the JTSI overseas network. The Panel is of the view that these costs should be controlled from Perth, even though they may then be attributed to each office for budgeting purposes (see further discussion below).
- Travel and Entertainment constitute around 5% of costs.
- Where an Agent General or Commissioner is engaged from Australia and is subject to the Australian taxation system, salary and related costs (including Commissioner rental accommodation and FBT) account for around 40% of the office budget. Costs relating to the particular family composition of a Commissioner can therefore 'crowd out' other effort, unless these costs are budgeted and managed centrally.
- Accommodation standards are generous by WA public service standards. While the cost per square metre may be out of the Department's control, the average space consumed per staff member in the overseas office network is

nearly 26 square metres, which is double the standard specified in the WA Department of Finance’s Office Accommodation Standards.¹³ The Panel notes that in small offices, the average space used per staff member may be impacted by the need to maintain adequate meeting room facilities. Nevertheless, moving the overall average to become more consistent with the WA Government standard could yield lease savings per annum once all leases have been renewed.

- The budgets across the offices do not seem to be correlated by scale. Many of the offices have one or more line items that are exceptional when compared to others. For example, Employee and Other Employment Costs in Shanghai seem comparatively high because the Commissioner receives allowances for education for his dependent children; Labour Hire costs in Tokyo seem high per FTE compared to other offices; Travel and Entertainment costs appear high in London, and Communications and Marketing costs in Tokyo, London and Dubai are higher than for the other offices.

The distribution of the individual office budgets (on the same basis as the Heads of Expense chart above) is shown below, with additional observations under each office. The Panel notes again the difficulty it experienced in producing these charts from the existing financial records of the offices.

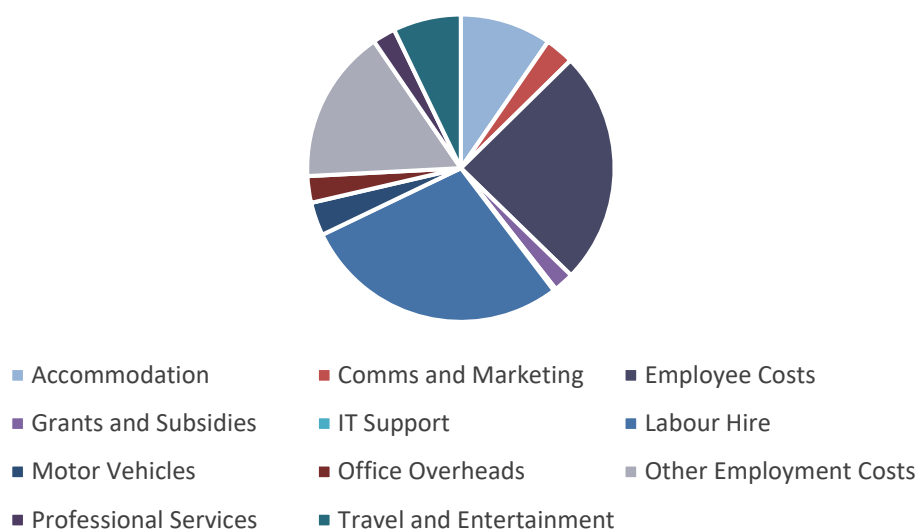
Figure 2: 2018-19 Dubai Budget – Head of Expense



The Dubai Office has provision for four staff, including the Commissioner. The Commissioner is considered to be engaged from Australia and is paid salary and related allowances where eligible. The major cost elements therefore are salary and other employee costs, and labour hire costs. The average costs for labour hire are high compared to other offices.

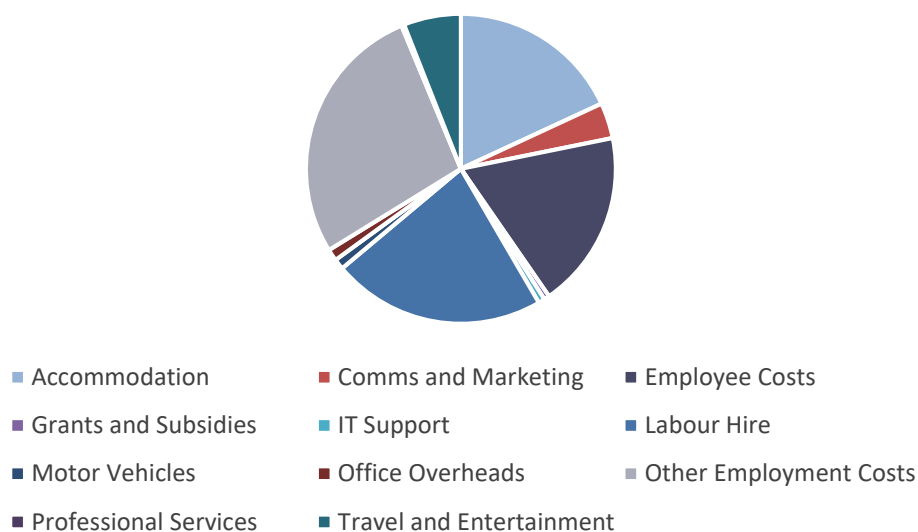
¹³Department of Finance, *Government Office Accommodation Standards*, March 2018, p. 10.

Figure 3: 2018-19 Jakarta Budget – Head of Expense



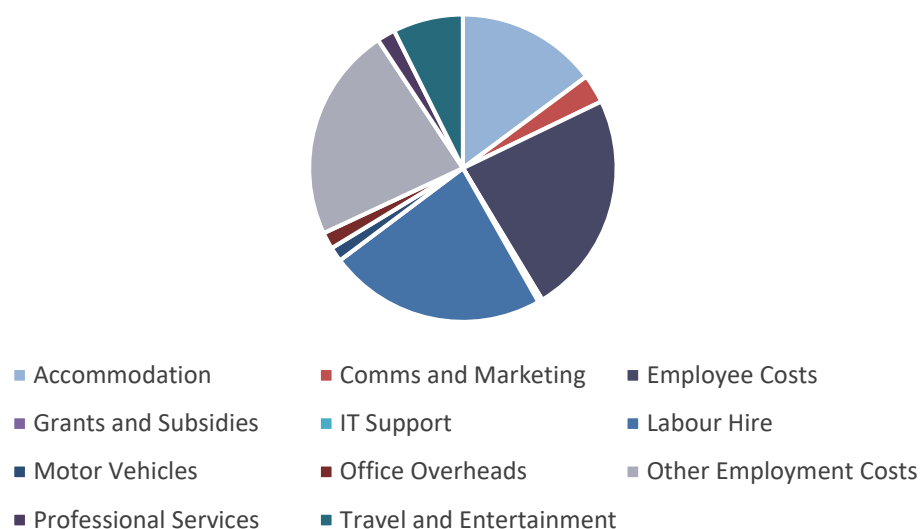
The Jakarta Office has provision for five staff, including the Commissioner. Like Dubai, the principal costs are staffing and labour hire related. Accommodation costs are below the average for these offices, although the average space per staff member is above average.

Figure 4: 2018-19 London Budget – Head of Expense



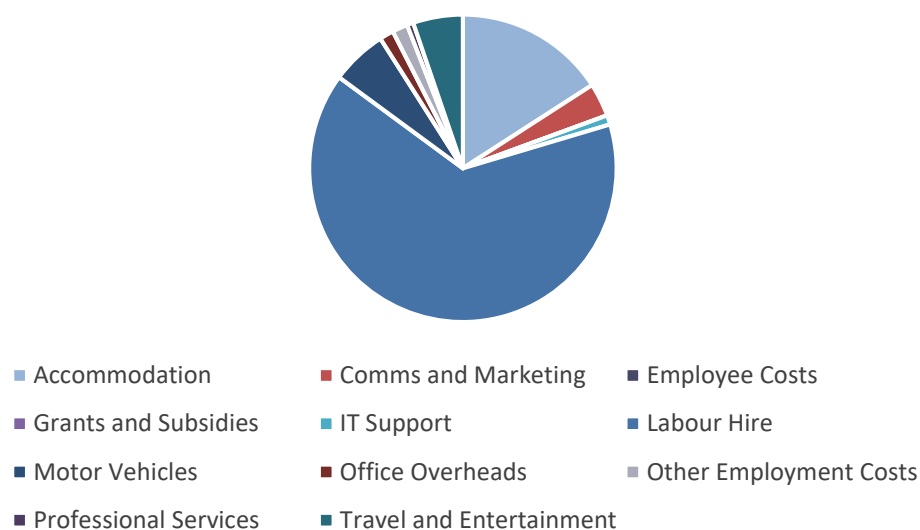
The London Office has a long history, dating back to the passage of the *Agent General Act 1895*. There is provision for seven staff, including the Agent General. This office has the highest budget of any of the overseas offices and the direct salary, Agent General accommodation and related FBT charges are significant in relation to the total budget of the office. In addition, the average office space per staff member, and the Travel and Entertainment budget, also appear to be high relative to the other offices.

Figure 5: 2018-19 Mumbai Budget – Head of Expense



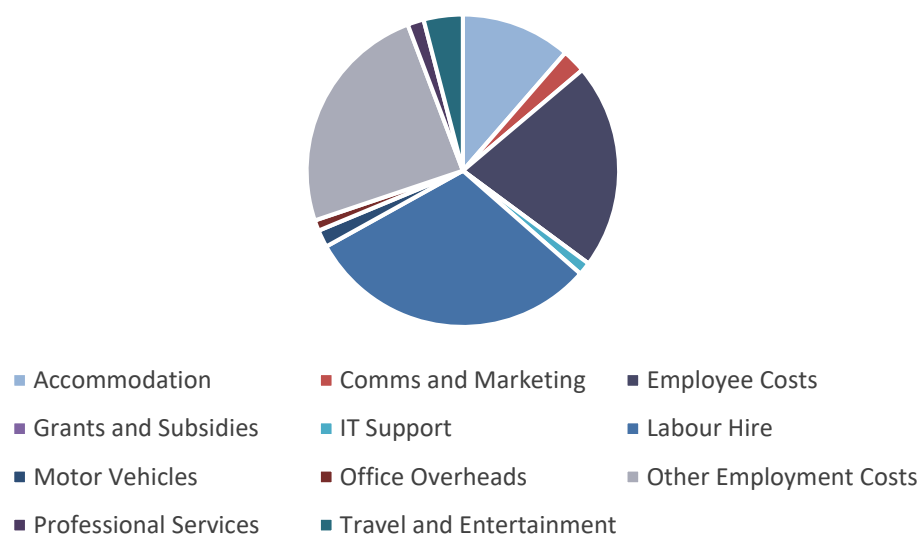
The Mumbai Office has provision for eight staff, including the Commissioner. Key drivers of cost are salary and related allowances for the Commissioner (including FBT), labour hire and accommodation. There appear to be no major issues with the size and distribution of the Mumbai Office budget.

Figure 6: 2018-19 Seoul Budget – Head of Expense



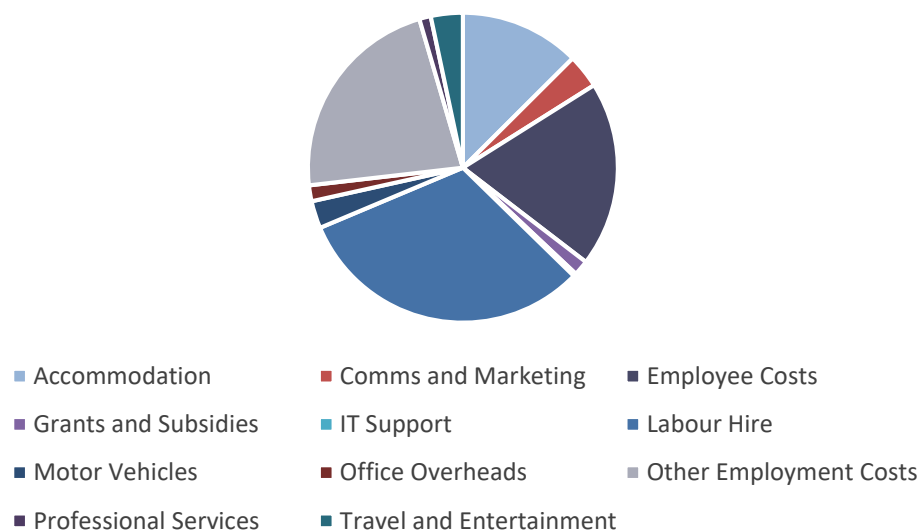
The Seoul Office has provision for three staff, including the Commissioner. Unlike the other offices, the Seoul Commissioner was appointed in-country on a labour hire basis, notwithstanding that the various letters of contract offer to the current incumbent came directly from JTSI or its predecessor, the DSD. As a consequence of the basis of his appointment, the current Commissioner receives no allowances for accommodation, there are no FBT charges arising from his salary package, and therefore labour hire costs and office lease accommodation costs are the principal drivers of this budget. The Panel notes that office accommodation costs and average space per staff member seem to be above the average.

Figure 7: 2018-19 Shanghai Budget – Head of Expense



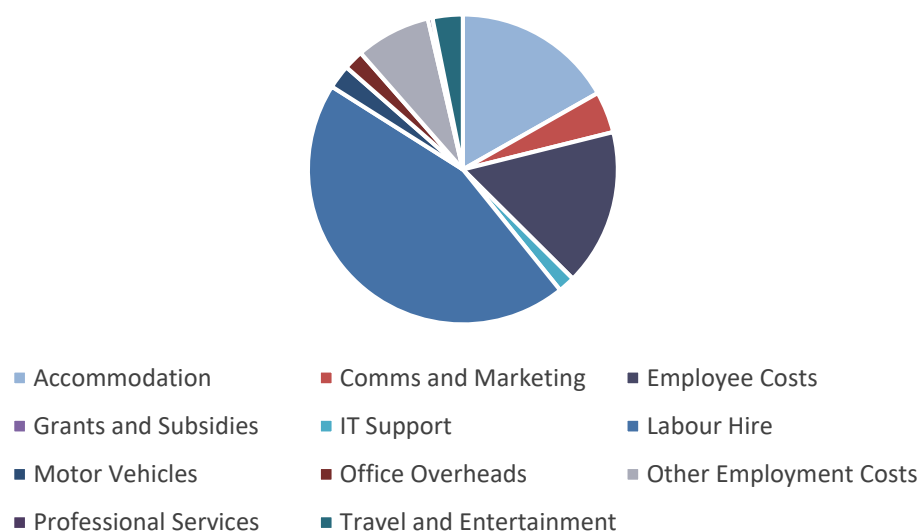
The Shanghai Office has provision for eleven staff and has the second highest budget overall. The direct costs budgeted for the current Commissioner (salary, staff accommodation, FBT and other costs e.g. education allowances) represent over 42 per cent of the total budget for the office. Given the staffing profile, labour hire costs and accommodation are the other key drivers of cost. The latter costs seem to be at the right level compared to other offices.

Figure 8: 2018-19 Singapore Budget – Head of Expense



The Singapore Office has provision for five staff, including the Commissioner. While salary, related costs and labour hire costs are much as expected, both the average space and the average cost of accommodation seem high compared to other offices.

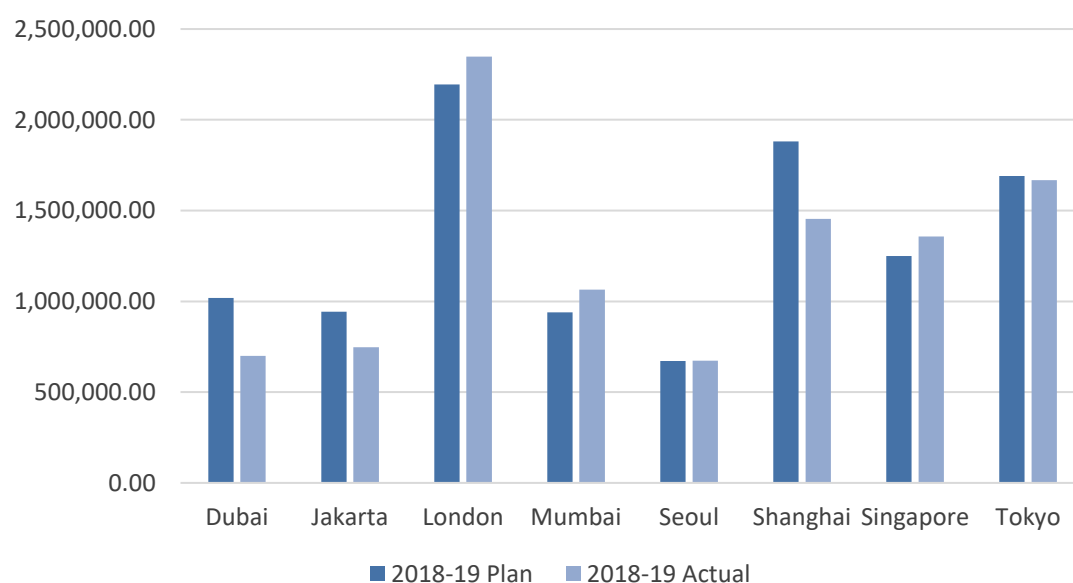
Figure 9: 2018-19 Tokyo Budget – Head of Expense



The Tokyo Office has provision for seven staff, excluding the Commissioner. Two of those staff are engaged on a part-time basis. The former Commissioner was engaged in-country in 2002 having lived there for the previous ten years. At the time of his appointment, he did not receive the rental allowances usually extended to Commissioners appointed from Australia, although this situation changed in the 2005 and subsequent contracts to include rent and utility costs. Overall, the Panel notes that the average value of the labour hire cost in Tokyo seems high, especially as two of the seven employees thus engaged were part-time. The accommodation costs for this office also seem high, at least on an average space basis.

The Panel also reviewed the actual costs for the overseas office network as at end June 2019. The chart below compares the planned and actual budgets for each of the offices between the February revised plan and the June actual outcome for 2018-19.

Figure 10: 2018-19 Overseas Offices – Planned Budgets (February) and Actual Outcomes (June)



Overall, the JTSI overseas network underspent its budget by 5.4%, or nearly \$600,000. Reduced labour hire costs and lower than forecast office accommodation costs explain this variation. Costs associated with the Agent General and Commissioners were close to forecast budget. Only two of the eight offices landed close to their planned expenditure. Three offices overspent by between 7% and 13%, while another three underspent by between 21% and 31%.

From reviewing the budgets of the overseas offices over the last few years as well as from feedback received, the Panel was led to the conclusion that, historically, the budgets have been constructed fairly loosely, based on expenditure in the previous year and taking into account any special issues. There appears to have been little coordinated direction or oversight from central office. For example, where labour hire rates seem higher than the average, the Panel could find no evidence that systematic work had been undertaken to seek assurance that they are appropriate in the context of the particular post; and where office space and fit-out costs seem high, there seems to have been no explicit policy that rates should be negotiated on vacancy.

31. Budget Planning and Oversight

Proper budgeting for resources in a particular post should, of course, be tied closely to an understanding of the Government's trade and investment expectations for that post as set out in the relevant business plan. Departmental and office plans will flow down from the State's trade and investment business plan when completed, which in turn flows from the priority areas set out in Diversify WA, and the Asian Engagement Strategy.

The lack of involvement of the Agent General and Commissioners in business planning and in budget planning and management has caused considerable angst, and while other processes are being put in place, the Director General has asked for input to the budget for 2019-20 on the basis of a base budget prepared in Perth.

The Panel also received strong representations on the subject of the difficulty of budget management. The offices overseas have no ability to access the JTSI core financial systems due to ICT and security restrictions. Five of the offices can access the financial reporting system, albeit with some difficulties at times. Other offices have to rely on special arrangements.

The offices send their expenditure each month into JTSI at which stage it is uploaded into the JTSI system, but they can only obtain information on expenditure to date by ringing central office in Perth and even then the correct contact is not always clear as responsibilities overlap. The Panel was advised that offices often kept their own spreadsheets for financial monitoring and tracking. This is not a desirable outcome and there would seem to be a high priority case for systems and processes to be put in place to give offices access to real-time data on budgeting and expenditure. In the interim, it would seem sensible to ensure that a monthly summary of the financial position be provided to each office, following decisions on the form of cost centre planning.

The Panel recommends that:

31.1 Pending the provision of systems and processes to give the offices overseas ongoing data on their budgets and expenditure, the Department should provide offices with a monthly summary of their financial position to assist oversight and planning.

As noted above, the Panel found considerable difficulty in comparing financial data across periods and across offices. Feedback received by the Panel was that there is too little clarity about the proper attribution to each of the expense categories, with the subsequent problem of incorrect coding. Again, clarity about the use of expense categories should be a priority task and the Director General has included an efficient annual budget and resource allocation process with clear internal governance in her organisational work program. Greater budget control and management capability in the offices is also highly important and ongoing training should be provided either in-country or in Perth.

The Panel recommends that:

31.2 To avoid the risk of incorrect coding and therefore a faulty understanding of resource availability and expenditure, the Department should review the naming and clarity of attribution of expense categories and provide training in their use.

The degree of central control or devolution to the overseas offices is always a vexed issue in this context, as is the degree of flexible funding that should be provided to offices. This is particularly the case during the process of providing better system connectivity between the offices and Perth, and greater understanding of budget management and control.

Noting that matters relating to the appointment of, and contracts for, Commissioners and the Agent General are driven from Perth central office, the Panel is of the view that contractual oversight of these arrangements, including any related allowances, should be managed from Perth and that the budget for these items should be held in Perth. Similar arrangements should operate in relation to office leases and, consistent with practices in the overseas networks of other States, the terms of and budgets for locally engaged labour hire staff should also be approved and supervised from Perth. In this case, however, the Panel considers these items should be shown in the budgets for each office as they are subject to local management. In total, this would give central oversight of, and confidence in, more than 80% of the budgets for the overseas offices.

At the local office level, this would leave Commissioners and the Agent General responsible for matters relating to the local operation of the office, marketing and communications activities, travel (noting necessary approvals for international travel

still require action in Perth) and entertainment (subject to further comments in section 33 relating to travel). Consistent with public sector better practice, delegations and authorisations should support the Agent General and Commissioners to achieve their business goals by managing the office-based budget to produce best results, with accountability for effective, efficient and ethical spending practices resting with the individual Agent General and Commissioners.

The Panel recommends that:

31.3 Contractual arrangements and funding for the salaries and related allowances of the Agent General and Commissioners, as well as office leases, should be managed from, and held in, Perth, and the terms of and budgets for local hire staff should be supervised from Perth.

STRONG GOVERNANCE, POLICIES AND PROCEDURES

32. Governance Requirements

The Panel looked for evidence of consistent governance from central office in Perth concerning the operation of the offices and their Agent General or Commissioners. The Panel concluded that, in general, the standard of administration from central office has been insufficiently rigorous. Low conformance with basic corporate governance requirements as evidenced, for example, by the absence of expected policies on travel, the management of risk, fraud and corruption, and record keeping, combined with incomplete and outdated entertainment and hospitality registers, and declarations of interest, reduces confidence in the basic integrity of governance across the system.

In addition, there would be value in both JTSI and TWA considering their governance policies and plans to ensure that they adequately reflect the specific risks and conditions under which the staff overseas operate. This issue is explored further below.

The Panel recommends that:

32. The Department and Tourism Western Australia should ensure that all relevant governance policies and plans reflect the specific risks and conditions under which the overseas offices operate, including those on fraud and corruption control, gifts and hospitality, travel and conflict of interest.

33. Travel

Travel on official business is a key enabler of the work of the overseas offices in support of the Government's strategic objectives in promoting trade and investment.

This work requires the offices to respond promptly to opportunities in their region as they arise. Conversely, official travel is a known fraud and corruption risk area that is prone to attracting public attention and must be subject to proper oversight. Achieving the right balance between responsiveness to achieve business outcomes and accountability for the expenditure of public money is not simple.

The Panel is of the view that the Department has not yet found the appropriate balance between these two objectives. At present, the travel planning, approval, recording and reporting processes are administratively complex and inefficient while not providing the intended level of oversight.

There are a number of accountability measures that are applied to the travel of departments at the State level. In particular, departments must ensure that travel is necessary for the achievement of business outcomes and that travel represents value for money.

The ability to assess whether travel is necessary for the achievement of business outcomes is reliant on the presence of clear Departmental objectives that are reflected in specific trade and investment goals for the particular overseas office. In the absence of such objectives, there is a diminished ability to assess the value of a travel proposal when measured against alternatives (for example, teleconference) or to discern whether the travel is being taken for genuine business reasons.

In this context, the Panel noted that the Department's annual planning approach does not require overseas offices to submit plans for the travel that they propose to undertake in the coming year, or details on how the travel proposed will facilitate the achievement of desired business outcomes. This means that, instead of an up-front assessment of the value of travel that can be forecast for that year along with priorities where necessary, travel proposals are prepared and assessed on a case-by-case basis, resulting in longer approval times while the value of each trip is being assessed. More flexibility could be afforded to the Agent General and Commissioners if this annual planning were in place, including giving them the ability to build in approval for trips for pre-determined purposes without specific dates of travel being known.

The Panel recommends that:

33.1 The Department should ensure that the overseas offices are required to submit travel plans for the coming year to be considered in the budget context, including details of how the proposed travel will facilitate the achievement of business outcomes.

Greater forward planning at the Ministerial level would make better use of resources and improve the services that could be provided. JTSI, with its overseas offices network, is responsible for providing information and assistance to Ministers travelling overseas, including the provision of country and market intelligence, and mission facilitation and coordination. The efficacy of this process is reliant on the Department receiving timely notification of Ministerial travel plans. The Panel heard,

however, of concerns that advice of such visits was often received with little lead time and that a significantly better result could be achieved if greater notice was provided, particularly in view of the limited resources of the overseas offices.

The Panel sees important opportunities for the State to take a more strategic and coordinated approach to the Government's overseas visits and its economic, business and trade missions. It suggests that an annual visits program for Ministers, including any accompanying delegations, be developed for consideration by the Premier and Cabinet as part of the budget cycle. Recognising that there will inevitably be exceptions when Ministers' travel could not be forecast in advance, this would give the Department and the offices overseas time to plan for a much better experience and result overall.

The Panel recommends that:

33.2 To facilitate planning by overseas offices, and recognising that there will always be exceptions where Ministers' travel could not be forecast in advance, 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.

The ability to find the correct balance between responsiveness and appropriate oversight and control must also be reflected in clear procedures, with the minimum of red tape for travel approval, expenditure acquittal and reporting obligations post travel.

Much of the Department's policy framework for official travel is governed by the requirements of the *Premier's Circular 2014/02 Guidelines for Official Air Travel by Ministers, Parliamentary Secretaries and Government Officers* (Premier's Circular). The Premier's Circular was originally issued by the previous Government in 2007 and remains in force in an updated form.¹⁴ JTSI applies this policy to all official travel, including that undertaken by its overseas office staff.

The Panel received strong representations, particularly from the overseas offices, that aspects of the Premier's Circular were not fit-for-purpose. Its construction appears to be orientated towards overseas travel by employees based in Australia and its provisions do not align well with the travel requirements of trade and investment staff based overseas.

By way of example, the Premier's Circular provides that approval for all overseas air travel is one for the responsible Minister who, in the case of JTSI's overseas offices, is the Premier. Section 4.4 of the Premier's Circular provides that the responsible Minister may delegate approval to a CEO for overseas travel by Government officers stationed overseas in locations other than Australia, in accordance with the officer's

¹⁴ Premier's Circulars on official travel overseas were issued in 2007, 2009 and 2012 prior to the current version issued in 2014.

contract of employment or contract for services, or within close proximity of the officer's location and where travel costs are less than \$1,000.

For officers based overseas with the objective of promoting trade and investment across a region, this provision is causing significant inefficiencies, particularly in view of the relatively low threshold of \$1,000.

In this context, the Panel noted that the contracts for the Commissioners based in Dubai and Tokyo, formerly attached to the DPC, specify the requirement to obtain the approval of the Director General to travel outside their region rather than that of the Premier, suggesting that at some stage Premier-level approval has been obtained for a wider delegation to the Director General of the DPC.

In addition, seemingly to introduce closer monitoring of travel procedures, the Department's approval practices were tightened in February 2019. The relevant division within JTSI drafted an Overseas Office Travel procedure that appears to be more restrictive than the Premier's Circular. Under this draft policy, only travel that is 'within the territory' of the overseas office and is less than \$1,000 can be delegated to the Director General for approval. In addition, the Commissioners and the Agent General are expected to seek approval for in-region travel four weeks ahead of planned travel, and for international travel six weeks ahead of planned travel. From what the Panel can understand, although formal approval of this policy was put on hold pending the findings of this Review, some of its provisions were informally introduced.

These tightened provisions apparently flowed from an understandable attempt to tighten accountability, but the Panel heard that the processes were not only frustrating and impractical, but the delay caused was counter-productive to achieving office objectives. Lengthy approval processes often meant that approval was finally received close to the date of travel by which stage both fares and accommodation costs were above the budgeted levels.

The Panel suggests that there would be advantage in the Department working with the DPC to seek agreement to revise and update the Premier's Circular. This could include increasing the CEO's delegated approval limit to, say, \$4,000. There would also be advantage in widening the delegations for approval to allow DDGs to approve travel up to the lower limit of \$1,000, removing some of the burden of the travel approval process from both the responsible Minister and the CEO.

Alternatively, revised contractual definitions of the region covered by each office could be used to help streamline travel processes and approvals, noting that the Singapore Office currently supports a satellite site in Vietnam and has business targets in Malaysia, and the Dubai Office routinely conducts business in Kenya as well as the Middle East as part of its sphere of operations.

The Panel recommends that:

33.3 *Premier's Circular 2014-02 - Guidelines for Official Air Travel* should be reviewed by the Department of the Premier and Cabinet and the Department in consultation, with particular reference to officers stationed overseas, to enable decisions to be made more quickly and efficiently.

Another key accountability requirement of the Premier's Circular is that each department must produce a quarterly summary of all overseas travel for tabling in State Parliament. Details of overseas trips that have been approved in the last four years as reported to Parliament by JTSI or its predecessor agencies are set out in the table below, both for the offices individually and for central office in Perth.

Table 6: Overseas travel approved in the last four years as reported to Parliament by JTSI or its predecessor agencies

Office of Traveler	Year of Travel				TOTAL
	2015	2016	2017	2018	
Dubai	29*	19*	11*	12	71
Jakarta	9	10	10	5	34
London	10*	19*	21*	28	78
Mumbai	3	3	3	7	16
Seoul	3	4	0	1	8
Shanghai	5	10	18	13	46
Singapore	3	10	8	11	32
Tokyo	2*	5*	3*	8	18
Perth	18	7	18	15	58
TOTAL	82	87	92	100	361

*Includes information reported to Parliament by the DPC.

In the absence of a definition of overseas travel that can be applied to the overseas offices, the Panel understands that the Department has been reporting to Parliament only where its employees cross a country border. It is understood that this practice has not been formally approved.

The Panel also understands that TWA has been providing its own policy definitions of international travel, such that certain travel across national borders (for example from China to Japan or Korea) is classed as interstate rather than international. In seeking to clarify this policy with TWA, the Panel was advised that a more stringent approach is taken in practice, whereby all travel across national borders is treated as international, except that between China and Hong Kong, and Singapore and Malaysia, which is deemed to be intrastate.

In light of these inconsistencies it is important that the intent of the provision be clarified.

Turning to the Department's internal controls, JTSI has a suite of over 20 travel policies, procedures, guidelines and forms in place. While they provide a compliance model that appears to address all the procedural requirements of the Premier's Circular, they seem unnecessarily complicated and need to be updated as some internal inconsistencies have emerged over time.

There is also a lack of clarity around ownership of the respective travel policies in JTSI, with the corporate and international areas all claiming ownership when consulted by the Panel. This is resulting in unnecessary administrative complexity and the Departmental owner of the policies, as well as the respective roles and responsibilities of all parties, should be clearly articulated and made known. In this context, the Panel notes that the work that the Director General has established to consider the Department's Corporate Governance Framework includes consideration of roles and responsibilities across the Department.

Finally, more efficient approval processes can be aided significantly by technology and the Department has a Conference and Travel System (CATS) to be used for all travel applications. The Dubai, London, Shanghai and Tokyo offices, however, do not have access to this system, meaning that travel approvals have to be lodged via a form template that is then forwarded to the central Department and manually transferred to CATS. The Panel was also advised that there is no integrated workflow for approvals underpinning the CATS processes, requiring approvals to be undertaken manually. Sourcing a more effective system should ease and quicken processes considerably.

34. Corporate Memberships

Corporate memberships for the Agent General and Commissioners can in certain circumstances be of real benefit in the promotion of trade and investment. They can also, however, be sensitive politically and it is important for the Department to be able to show that all memberships are subject to ongoing oversight and evaluation, rather than being seen as an entitlement.

The most recent Overseas Office Administration Manual (2019) says that corporate memberships can be requested 'to assist them to build networks and link them with in-country government and corporate representatives'. This wording is open to quite wide interpretation, however, and a more focused definition would be of considerable assistance in the approval process.

According to the Departmental register of memberships, as at 15 April 2019 the overseas offices collectively held around 19 current memberships with professional associations and clubs at a total annual cost of over \$13,500. The Panel was advised that there are no memberships for TWA's overseas staff. While the majority of these memberships are for national and regional chambers of commerce and industry,

business councils and business associations, some are at first sight less closely tied to industry outcomes.

Corporate memberships are mentioned in the contracts of two of the Commissioners. The employment contracts of the Commissioners to Japan, and the Middle East and Africa include a section allowing them to hold a corporate membership with 'an appropriate club' on agreement between the Commissioner and the Department. In this context, the Commissioner in Dubai is a member of the Dubai Emirates Club (or Golf Club) at a current cost of approximately \$8,000 per annum and, prior to leaving the role, the former Commissioner to Japan was a member of the Tokyo American Club at a cost of approximately \$300 per month.

Such a provision is not included in the contracts of the Agent General or the other Commissioners although memberships have been approved outside of the contracts. Corporate memberships currently held by the UK and Europe Office include the Britain-Australia Society (approximately \$900 per annum), the Cook Society (approximately \$600 per annum), the Australia-United Kingdom Chamber of Commerce (\$2,200 per annum) and Chatham House (approximately \$1,150 per annum).

An internal review of corporate memberships by the Department's Human Resources area in 2017 highlighted the need for greater oversight of these provisions, and suggested regular reviews of their benefit and value for money. From what the Panel has been able to discover, however, it seems that these suggestions were not implemented to their fullest extent. No policy or procedural documents could be found that required a regular review of the benefit of memberships and their value to the business, or of a requirement for the offices to report on their use to allow a meaningful assessment to occur.

The Panel appreciates the value that corporate memberships can play in the promotion of trade and investment overseas where building networks is crucial. It also, however, considers that both current and new memberships should be subject to ongoing review in the annual planning and budget setting process, with final endorsement by the relevant DDG. Such a process would help to ensure that the opportunities presented are leveraged to the best extent to deliver tangible outcomes for the State.

The Panel recommends that:

- 34.** To ensure their ongoing value in the promotion of Western Australian trade and investment, there should be a review of both current and proposed corporate memberships as part of the annual budget process, with final endorsement by the relevant Deputy Director General, rather than embedding these in individual contracts.

35. Fraud and Corruption Control

As identified in the KPMG audit of JTSI, the top fraud risks to which the overseas offices are vulnerable are listed below. While these risks are not isolated to the overseas offices and could occur in any part of the Department, the physical distance and lower level of oversight from central office, as well as the commercial environment in which they operate, may amplify their likelihood of occurrence. For three of four of these risks (items 2 – 4), JTSI's onshore and offshore controls were rated by KPMG as inadequate.

1. **Fraudulent employee expense claims** (e.g. use of corporate credit cards for private expenses, submitting falsified claims through fake receipts or making double claims).
2. **Procurement and accounts payable fraud** (e.g. procurement decisions made for corrupt purposes, deliberate double payments or overpayments, or manipulation of accounts payable through the creation of fake vendors and invoices).
3. **Misuse of assets for personal gain and/or theft** (e.g. excessive private use of phones, computers and vehicles, etc.).
4. **Gifts, benefits and hospitality fraud** (e.g. accepting and providing inappropriate gifts or benefits for personal gain).

KPMG's audit of TWA's overseas presence is still in progress.

Until the policy was rescinded in November 2009, WA public sector agencies were required to have specific plans (e.g. fraud and corruption control plans) in place to reduce the risk of corruption and misconduct (Public Sector Commissioner's Circular 2009-25 Corruption Prevention). Since that time, agencies have been required to address fraud and corruption risks through risk management processes, codes of conduct, and training and awareness programs.

At this point JTSI does not have a specific fraud and corruption control plan in place. There are no specific plans, policies, strategies or registers for fraud detection, control, reporting, investigation or response, either for the overseas offices or for JTSI as a whole. The Panel was advised that, despite not having such plans in place, JTSI has fraud prevention measures embedded in a range of policies, processes and practices that include financial checks and balances, the separation of duties, delegated financial authorities, conflict of interest procedures, procurement practices, an internal audit program and the application of a Financial Management Manual.

While these are all legitimate fraud and corruption control measures, they have been implemented in a piecemeal way. The KPMG audit noted that, although JTSI has met a number of minimum expectations in line with the Australian standard for fraud and corruption control, the challenge for the agency will be to move beyond a primary

focus on financial controls and documented policies and toward a multifaceted framework that adapts to emerging fraud risks. The Panel notes that, without such a cohesive plan to tie control strategies together, there can be no assurance that JTSI is proactive and effective in preventing and detecting fraudulent activity and corruption across the agency.

TWA maintains its own Fraud and Corruption Risk Management Policy and Guidelines which provides a framework for fraud and corruption control roles and responsibilities, prevention and detection measures, and identification and notification processes. Developing a similar framework for JTSI or capturing both TWA and JTSI within this existing framework would be an obvious first step to improving fraud and corruption control within the agency. In this context, the Panel notes that the project plan for the work being set up by the Director General to integrate corporate governance under one framework includes, as a key benefit, reducing risk and mitigating fraud. It is important that this work pay special attention to the specific risks to which the overseas offices are exposed as noted above.

The Panel recommends that:

35.1 The Department should draw its policies and practices on fraud and corruption control into an integrated plan, working with Tourism Western Australia to align their policies and plans in this area under one framework.

The Panel has received evidence that very few overseas office staff (including most TWA officers) have completed Accountable and Ethical Decision Making (AEDM) training that includes content on the Code of Conduct and fraud and corruption. The Overseas Office Administration Manual (2019) that provides guidance on the induction process for new overseas office staff does not reference AEDM, but does instruct that the Commissioner/Agent General cover off the Code of Conduct and policies with the new employee. The Panel is aware that the Commissioners and Agent General and their office managers receive the Overseas Office Administration Manual (2019) and other policy updates as required; however it is not clear if, or how well, this information trickles down to other office staff and is embedded in the offices' practices. The Panel considers that the TWA International Operations Manual provides even less information on AEDM and less clarity about how TWA ensures awareness and compliance with ethical behaviour standards overseas.

The Panel noted that criminal record and national police checks are not mandatory for WA public sector employees as part of their appointment processes. Although an important measure in managing fraud and corruption, JTSI does not include this in Department-level policies. The Panel has heard, however, that a vetting policy is being developed by Human Resources to address this gap. TWA has its own vetting policy which mandates additional vetting, including identity and criminal record checks, for occupants in 'positions of trust' in the organisation. Such checks apply to those identified in TWA's Positions of Trust Schedule who are living in Australia (National Police Clearance) and overseas (criminal record check for the country in which the person is living).

There is an apparent lack of clarity around whether training for locally engaged staff is to be provided by the Human Resources area in central office or by the Commissioners and Agent General in each office overseas.¹⁵ The Panel suggests that there is a role for both to play and that the agency would benefit from an integrated onshore and offshore training program that covers ethics and integrity matters, as well as content on trade and investment, and administrative systems and procedures.

Some Commissioners have suggested that their office managers would benefit from one-on-one training in Perth to gain an understanding of the organisation and its culture. This program could be captured within a broader Departmental training plan.

The current training and policies associated with AEDM are based on the business and cultural environment in Perth and the WA public sector, while the overseas offices operate in rather different cultural environments. Any training programs and reporting mechanisms developed to manage ethical behaviour and misconduct should be fit-for-purpose, factoring in cultural differences and norms associated with each market as well as addressing any barriers, for example in relation to the acceptance and provision of gifts and hospitality, and notions of seniority and respect. Programs should also be tailored to address the logistical barriers faced by overseas office staff, such as their variable access to JTSI's information systems including the intranet.

The Panel recommends that:

35.2 The Department and Tourism Western Australia should develop a training program for locally engaged staff to manage ethical behaviour and misconduct, factoring in the norms and barriers associated with each market such as the acceptance of gifts and notions of seniority and respect.

In addition to recognising situations that may be considered in breach of the Department's Code of Conduct and policies, the Panel is not confident that overseas staff feel empowered to avoid such situations or to notify the appropriate officers when they detect fraudulent activity and corrupt behaviour. A reluctance by LES to report this behaviour may be exacerbated by cultural factors, particularly in countries where seniority, status and loyalty in the workplace are highly valued. In addition to greater general oversight from Perth and more rigorous use of notification processes for gifts, benefits and hospitality, and conflicts of interest, regular visits to each overseas office by senior executives and administrative staff could assist in removing some of these barriers to reporting and foster ongoing awareness, as well as building capability and relationships across the business.

¹⁵ The Panel has noted elsewhere in this report that the Job Description Forms for the Commissioners and the Agent General specify nil direct reports. In a fraud and corruption mitigation sense, this needs to be corrected so that the Commissioners and the Agent General are responsible for the actions of the staff at their location, and therefore also their training and fraud awareness.

The Panel recommends that:

- 35.3** The Department should consider implementing scheduled visits by senior staff to the offices overseas, with the objective of ensuring that the office staff remain connected to the Department's mission and values.

36. Audit and Risk

Department of Treasury guidance is that an Audit and Risk Committee may be established for each agency.¹⁶ In late 2018, the Director General of JTSI established an Audit and Risk Committee led by an independent chair. Until that point, the audit and risk functions were overseen by the Director of Corporate Services.

The JTSI audit program has been largely financial and focused on central office in Perth. Although the current Overseas Office Administration Manual (2019) as well as previous versions indicate that all overseas offices will have an in-country internal audit every two years, evidence provided to the Panel suggests that this requirement does not seem to have been met over the past decade. In the 2018-19 financial year, only one office (Shanghai) has recorded spending against the cost centre code Professional Services - Audit, and yet it appears that the Singapore, Tokyo, and Dubai offices have each been audited during this time (August 2018, July 2018 and August 2018 respectively). Initiated by central office, the Mumbai Office was audited once in August 2018 and it is required to participate in annual audits to comply with the terms of its registration. Similarly, the Shanghai Office must submit audited financial and accounting reports to local government authorities as part of its registration requirements. It is not known how frequently the Dubai, London and Tokyo offices were audited prior to 2017 while under the DPC.

TWA has its own long-running Audit and Risk Committee although, until the KPMG audit is complete, its oversight and effectiveness in identifying and managing risks and other issues is not clear. TWA does have an extensive and systematic audit program that covers its overseas footprint, but it is heavily focused on financial aspects of the business and could be diversified to detect more subtle manifestations of fraud and corruption.

From information provided to the Panel, it would seem that the agency-level risk registers of both JTSI and TWA could benefit from significant attention. The risk registers not only fail to identify a number of more general and obvious key risks and risks specific to their overseas presence, but also lack the proactive and adequate mitigation and management of identified risks. The risk registers do not seem to have been developed through a rigorous risk assessment process. As an example, the broad fraud and corruption risks that are identified as facing JTSI are mitigated by existing measures such as the existence of policies and the implementation of various financial controls, and are treated by ensuring a code of conduct is in place and "ongoing

¹⁶ Department of Treasury, *Treasurer's Instruction 1201: Structure of the Internal Audit Function*, June 2019 p. 1.

vigilance” is maintained. Unidentified risks specific to the overseas offices include the fraud and corruption risks covered in the previous section, poor business planning and budget management leading to the inefficient use of public resources and poor trade and investment outcomes, a lack of understanding of and possible non-compliance with foreign labour laws, employment arrangements and registration conditions, and poor visibility of records management and disposal overseas leading to security and compliance issues.

The TWA risk register does not have ratings on individual risks, allocations to responsible officers or timeframes, and does not acknowledge risks associated with the oversight and management of overseas TWA staff. Risks related to third party contractors largely relate to reputation risks to TWA, and there is a single risk related to inadequate corporate governance and non-compliance. TWA does, however, maintain a comprehensive risk management framework, policy and guidelines document that is available to all staff. It is understood that the TWA risk register is scheduled for consideration by the Board in the near future, following review by the Department’s Executive Management Team.

The Panel recommends that:

36.1 The Department and Tourism Western Australia should work to factor into their internal audit planning and prioritisation the particular financial and conformance risks represented by the offices overseas.

36.2 The Department and Tourism Western Australia should review their risk registers to ensure they identify all risks including those specific to the offices overseas such as the understanding of local labour laws, registration conditions, and records management and disposal overseas.

37. Misconduct Management Framework

Irrespective of the size or complexity, all agencies should have a clear, accessible, complete and well-communicated misconduct management framework which clearly articulates the obligation to report misconduct, how and to whom suspected misconduct should be reported, and how and where staff can seek support and advice. It should also provide accountable authorities with sufficient oversight and assurance to enable them to discharge their various external reporting obligations and provide an important insight into the overall ethical health of the organisational culture. Such a framework should, at a minimum, include policies, procedures and guidelines for misconduct (as well as Public Interest Disclosure (PID) for which the Department already has a dedicated policy and procedures). Beyond this, online information and reporting tools and regular communications to employees provide a basic foundation for a misconduct resistant organisation.

The Department recently appointed a temporary, dedicated Ethics and Integrity Manager although this officer has now left the organisation and the function has been

reabsorbed back into Corporate Services. During this time and over the period of the Review, changes were made to the Department's PID officers and responsibility for misconduct management temporarily transferred business units. At the time of drafting this report, the Department's intranet directs employees to two PID officers, although one of them is no longer with the Department.

During its considerations, the Panel heard differing accounts about where responsibility for the Department's misconduct management function lies. A number of stakeholders interviewed also expressed the view, having reviewed the relevant figures, that the levels of reporting for grievances, discipline and misconduct were less than would have been expected for an agency of this size and nature, particularly one that was recently the subject of a CCC investigation.

Again, understanding and adhering to these policies and procedures is particularly problematic for the overseas offices, of which only half (Seoul, Mumbai, Jakarta and Singapore) can access the Departmental intranet.

It has already been noted that the functions of the Department's temporary, dedicated integrity officer were reabsorbed back into the Department's other corporate services at the point where this role ceased. This does not appear to have been an entirely seamless transition and there is more work to be done. The Panel suggests there would be benefit in the Department re-establishing its dedicated integrity officer role, even if only on a short term, temporary basis, to build an appropriate and robust misconduct management framework. This should include clear policies and procedures for reporting and managing discipline and misconduct matters, and training, guidance and support tools for employees. It is important that the framework take account of, and operate effectively in the context of, the overseas offices and their staff.

The Panel recommends that:

- 37.** The Department should build an appropriate misconduct management framework, including procedures for reporting and managing misconduct and training to assist staff.

38. Records Management

Recordkeeping is crucial to good policy and good governance. It creates a knowledge base that can be drawn on for policy development and intelligence sharing, it establishes a cost and expense record for efficient budget management, and it supports the accountability obligations of an agency for its use of public money and public power.

Information is central to the international trade and investment function. The success of JTSI's operations is dependent on its ability to collect, retain and share knowledge and intelligence, and to use this information to inform decisions relating to priority markets, potential opportunities and the effective use of in-market resources. Much

of the information it captures is long term in nature and cannot depend on an agency's corporate memory. Good records management is also dependent on the ability to access information quickly and easily.

The recordkeeping practices and responsibilities of WA public sector agencies are governed by the *State Records Act 2000* (WA) (State Records Act). This Act requires agencies to develop a recordkeeping plan and requires records to be created, retained or destroyed in accordance with the plan. Agency records must also be appropriately protected from theft, damage and unauthorised access or destruction. More broadly, by virtue of these requirements, it encourages agencies to understand the strategic value of their records and to manage them in a manner that is commensurate with that value.

Information received by the Panel has led it to the view that the Department as a whole has not sufficiently appreciated the value of well-managed records, and that this was particularly the case with respect to the overseas offices. In conducting its review, the Panel was struck by the general dearth of records available, particularly in relation to key organisational decisions and certification and compliance processes such as the registration of overseas offices. This hampered the review process at times, but also leaves the Department with significant gaps in its organisational knowledge base from which it makes important strategic, operational and policy decisions.

JTSI maintains a single recordkeeping plan that follows the format recommended by the State Records Office. It also seeks to achieve user compliance by way of a suite of supporting policies and guidelines, including the Overseas Office Administration Manual (2019), and mandatory records training as part of the employee induction program. While overseas recordkeeping may receive an occasional mention in these documents, the single recordkeeping plan does not acknowledge the Department's overseas presence, is silent with respect to the extraterritorial application of the State Records Act, and offers no commentary on how compliance can be achieved from these locations. In addition, unless officers overseas were appointed from Australia and received records training as part of their induction in Perth, overseas staff are not covered by the provision for mandatory training. Rather, the training, if provided at all, is coordinated at the local level and delivered in an ad-hoc manner.

The recordkeeping plan of the DPC as at 2017 also offered little by way of direction, noting only that the overseas offices were expected to 'appropriately observe the spirit of the act, as codified through a recordkeeping program appropriate for each office.' The Panel was advised that a documented recordkeeping program for each office did not exist with the exception of an incomplete draft for the UK and Europe Office from 2016.

The management of, and access to, records is considerably strengthened by effective ICT system support. The Department uses two applications, OurDocs and Records Manager, as the primary document repositories. Staff are required to save all working documents into OurDocs and, when finalised, to save the document into Records Manager. The utility of these systems for the Department is questionable and the

Panel heard from a number of stakeholders that these systems are not intuitive and do little to support anything other than basic record keeping.

The Panel was also informed, however, that none of the overseas offices are connected to either OurDocs or Records Manager. Employees are therefore required to email documents to central office or to save them on a shared network location, M Drive. Central office staff are then responsible for saving the documents to records management applications. If an office cannot access M Drive, which the Panel was informed is the case for at least one of the offices, documents are reportedly being stored directly on a local desktop PC, representing an obvious business and continuity risk. While these workaround arrangements may achieve a base level of compliance with State requirements, they fail to provide the offices with the platform they require to freely exchange information.

The Panel was also informed of individual instances in the overseas offices where documents were not managed in accordance with accepted standards and Departmental protocols. This included the unauthorised decommissioning of a computer hard drive, storage of physical records off-site in a private residence and the destruction of records by way of a municipality garbage collection vehicle.

To assess the current level of risk, further work is required to understand the recordkeeping procedures of each overseas office and the Director General's planned Corporate Services Review includes information management as one of the areas that are in scope. In the context of the offices overseas, it will be important for this review to consider how records are captured, stored, accessed and disposed of, the management of document security and safety, and the limitations that currently prevent offices from accessing the JTSI systems.

The Panel appreciates the logistical challenges in this area due to the geographic span of the offices, the amount of work required to introduce proper processes and the expense of providing an effective supporting ICT system. It believes, however, that the quality of the trade and investment information holdings would benefit significantly from the investment of time and money on recordkeeping and management.

The Panel recommends that:

- 38.** The Department should review its plan for the management of records in its offices overseas, including procedures for the storage and disposal of records and document security, and a provision for mandatory training in records management.

ETHICAL CONDUCT

39. Personal Interests and Conflicts of Interest

Public officers make decisions on behalf of, and which affect the lives of, the WA community. The Government and community expects that they will act with integrity and be accountable and ethical in making these decisions.

WA's Integrity Coordinating Group (ICG), made up of the five leaders of the State's peak integrity bodies including the Public Sector Commissioner, Corruption and Crime Commissioner, Auditor General, Ombudsman and Information Commissioner, recognises the challenges that come with the important roles performed by public officers. In particular, the ICG notes that:

Almost all functions performed in the public sector can potentially lead to conflict of interest situations. A conflict in itself is not necessarily wrong or unethical, however identifying and managing the situation is important. Managing conflicts of interest is all about risk management. Identifying at-risk functions in the organisation is the first step to managing the risks conflicts of interest present.¹⁷

Functions associated with the State's international trade, investment and tourism activities, both onshore and offshore, are obvious "at-risk" functions. Staff operate in highly commercialised environments, engage closely with governments, business and industry, and are privy to sensitive and, at times, valuable commercial information including that related to major resource and industry projects. Much of this takes place outside of WA and brings with it the additional challenges and complexities that come with a widely dispersed offshore network. With this in mind, the Panel examined the framework in place within the Department and TWA to deal with personal interests and conflicts of interest. The Panel also considered the frameworks in place for dealing with gifts, benefits and hospitality in this context, which is discussed in greater detail below.

The JTSI policy gives examples of potential, actual or perceived conflicts of interest, including:

- private interests or family and social interests that may influence the performance of an employee's duties;
- significant relationships with clients, contractors or employees of companies that have dealings with the Department;
- requests for and acceptance of gifts, gratuities, benefits, hospitality or additional remuneration in the course of work;

¹⁷ Integrity Coordinating Group, *Conflicts of Interest Scenario 3 – Wearing two hats – dual roles as a public officer*, July 2011, p. 1.

- purchases or sales of property directly or potentially influenced by the activities of the Department; and
- shares or equity, held by employees or their family, in a public or private company with which the Department deals.

The Panel is concerned that the framework that has been in place for dealing with personal interests and conflicts of interest, particularly for the overseas offices, seems inadequate. There are key gaps in the process by which staff are guided and trained, and by which interests, once declared, are assessed, recorded, managed and reviewed. In addition, the processes for understanding and dealing with interests have not been connected adequately to the Department's risk management or audit and assurance processes. The Panel is particularly concerned that the framework does not take adequate account of the inherent risks associated with an international trade and investment function overseas.

The Panel notes that the Ethics and Integrity Manager, at the request of the Director General, has recently reviewed the Department's conflict of interest policies, procedures and practices, and conducted an analysis of individual interest declarations and management approaches. As a result, the Director General has approved action to update a series of policies and procedures and to investigate further notable declarations, although there were no specific recommendations for the management and oversight of conflict of interest declarations for staff overseas.

The Panel also examined the process by which the interests of senior officers are dealt with through the annual reporting process.

As part of its annual report JTSI prepares for tabling in Parliament, in accordance with the *Financial Management Act 2006* (WA), any interests senior officers have in existing or proposed contracts with the Department are declared. *Treasurer's Instruction 903: Agency Annual Reports* provides a broad definition of 'senior officers' as:

Any officer who has responsibility and accountability for the functioning of a section or division which is significant in the operation of the reporting entity or who has equivalent responsibility is a senior officer. In larger agencies, officers down to the third level of management would be included.¹⁸

The Panel understands that Agents General and Commissioners have not been considered 'senior officers' for this purpose and have not been required to submit senior officer declarations. In view of the significant degree of responsibility, autonomy and discretion exercised by the Agent General and Commissioners, a point arguably recognised by their classification and remuneration, as well as the inherent nature of their operating environments, the Panel considers that, as noted above (see section 23) they also should be regarded as senior officers for the purposes of the Department's annual reporting and other similar processes. The Panel does not know

¹⁸ Department of Treasury, *Treasurer's Instruction 903: Agency Annual Reports*, p.5.

whether former Agents General and Commissioners who previously sat within the DPC were considered senior officers or made these declarations.

There are a number of policies and documents in place that relate to the guidance and training that should be provided to employees concerning personal interests and conflicts of interest. The Department's Conflict of Interest policy, with its accompanying procedures and guidelines, defines a conflict of interest as a situation where an actual or perceived conflict arises between the duty of employees as public officers and their personal or private interests. Apart from the Overseas Office Administration Manual (2019) that provides minimum guidance, however, there is nothing that relates specifically to the offices overseas.

AEDM training, which includes conflicts of interest, is provided as part of the standard induction process. The Panel was also advised that the current Commissioners and Agent General have recently undertaken AEDM training although, historically, such training appears to have been patchy and not tailored to the particular complexities and challenges of an offshore operating environment. It does not appear that such training has been, or is being, provided to LES in any planned way other than as part of possible local induction arrangements.

In terms of the actual process for declaring and recording conflicts of the interest, there are clear gaps in the Department's approach. There is no central register either dealing with declared conflicts of interest or capturing the deliberative process surrounding declared conflicts such as management plans to govern action once a declaration is made. This limits the opportunities for transparency and corporate oversight, including by the Director General and Corporate Executive. Similarly, although the existence of conflicts of interest are considered as part of an employee's induction program, there is no process for triggering a review of an employee's situation other than by action taken by employees themselves to declare a change in circumstances. The Panel found little reliable evidence of any periodic reviews or audits having been undertaken of existing conflicts of interest declarations or of requests for employees to update their conflict of interest forms. In view of the importance of keeping these declarations current, the Panel suggests that all staff in the overseas offices should be asked to update these forms annually.

In this context, the Panel notes the relatively low number of conflict of interest declarations held corporately relating to officers working offshore and, of those held, the generally low level of documentation and evidence supporting the decisions that have been made around them.

With respect to TWA, the Panel noted that there is a Conflict of Interest policy and guidelines that defines both conflict of interest and personal interest and gives examples of situations where each can occur. There is no specific mention, however, of officers based overseas or the additional challenges they may face. The Panel understands that the conflict of interest policy and register are maintained by the TWA's Risk Manager and the policy contains a section setting out the process for managing a conflict of interest. It also contains the warning that:

Failure to adequately disclose, manage and/or document a conflict of interest may be regarded as an act of misconduct and may lead to disciplinary action being taken.¹⁹

However, the Panel found no evidence of any conflict of interest declarations relating to TWA staff overseas. Advice from TWA was that the agency sends an annual email to all staff reminding them of the conflict of interest policy and their obligations to declare relevant interests. It also appears that, at the time of writing, only one overseas TWA staff member has completed AEDM training. The policy was last signed off in January 2018 and is due for review in December 2019.

In view of the particular importance that conflict of interest and personal interest policies and practice have to staff working overseas, there would seem advantage in a review of this area that brought the TWA and JTSI policies into alignment, with particular attention being paid to those based offshore. This review should include the processes taken for managing and reviewing conflict of interest declarations, and providing fit-for-purpose training on making accountable and ethical decisions for all staff overseas.

The Panel recommends that:

39. The Department and Tourism Western Australia should work to review conflict of interest policies and procedures, including processes for managing conflict of interest declarations and the provision of fit-for-purpose training, paying particular attention to the needs of staff overseas.

40. Gifts, Benefits and Hospitality

Gifts, benefits and hospitality offered to, or received by, public officers in the course of performing their duties have the potential to erode, or be seen to erode, the impartiality and integrity of public officers' actions and decisions. In certain roles and operating environments, however, the offer of gifts, benefits and hospitality is commonplace and cannot always be avoided for cultural reasons. In this context, gifts, benefits and hospitality in a public sector setting must be carefully managed. The State's international trade, investment and tourism functions, both onshore and offshore, are obvious places where this tension can exist.

The Panel considered the frameworks in place in both JTSI and TWA with respect to gifts, benefits and hospitality, as they relate to the State's overseas office network. It was concerned that the emphasis seems to be placed more on recording the gifts, benefits and hospitality received than on meaningfully scrutinising any decisions to accept such benefits and the perceptions that can be created by such acceptance, including on the relationship between the parties involved.

¹⁹ Tourism Western Australia, *Conflict of Interest Policy and Guidelines*, January 2018, p. 1.

The Department's policy position is that employees should decline any offers of gifts, hospitality or other benefits but that, where this is not appropriate for cultural or other reasons, an employee may accept such an offer on behalf of the Department to be retained by the Department unless otherwise approved. It also states that details of all external gifts, hospitality and other rewards of greater than a token value (\$25), whether accepted or declined, are to be declared to the Department on the gifts and hospitality form.

The Panel observed that, notwithstanding the formal policy position that gifts, benefits and hospitality should not be accepted, the culture and practice seemed orientated towards acceptance and often for reasons of cultural sensitivity and to avoid offence in certain cultural contexts. In circumstances where this 'exception to the rule' was invoked, the Panel saw little evidence of an attempt to demonstrate or scrutinise whether such a claim was relevant to the particular cultural context.

The Department has a range of policy, procedural and guideline documents in place dealing with gifts, benefits and hospitality that are consistent with the broader requirements of the sector. This framework is supported through the AEDM training, the limitations of which have already been noted which respect to staff working overseas. It is also supported through an online reporting and recording system and, again as noted above, a number of the overseas offices do not have access to the Department's intranet and, by extension, the online reporting tool. The Panel heard conflicting advice about the process by which overseas staff are meant to declare and seek appropriate guidance with respect to any offers of gifts, benefits and hospitality. It notes that, contrary to Departmental guidelines but perhaps understandably, some of the overseas offices maintain their own rudimentary local gifts registers which do not appear to receive oversight from central office. The Panel found little reliable evidence of periodic reviews being conducted, or of compliance monitoring or trend analysis.

In considering the adequacy of the Department's governance arrangements in this area, the Panel examined the range of internal and external audits conducted over the years. These included audits conducted by the Office of the Auditor General in 2015 and 2012 (which included the former DSD) as well as an internal audit conducted in the Department in 2015. Each of these audits made recommendations concerning the need for periodic monitoring of compliance with the policy and for ongoing trend analysis. Due to the state of the former Department's audit and assurances processes, which did not include an Audit and Risk Committee, it is not clear whether, and if so how and to what extent, these recommendations have been implemented.

As with conflicts of interest, the Panel noted the relatively low levels of gifts, benefits and hospitality declarations held corporately for officers working offshore and, of those declared, the lack of documentation and evidence supporting the decisions that have been made in that context. The most recent declaration related to 2017 and there were no declarations from LES. Considerable work appears to be necessary to improve the Department's systems and processes in this area. There also appears to be a need for important work to transition the Department's organisational culture to one where non-acceptance of gifts is the norm, and for staff to be equipped and have

the tools to make this cultural norm known and to appropriately decline such overtures wherever possible.

TWA has a Gift Policy and Guidelines that includes hospitality but also has a separate Hospitality Policy, which could be confusing, and the Panel suggests that consideration be given to bringing the two together at the time of the next review.

TWA takes a risk-based approach that will 'ensure gifts, benefits and hospitality risks are appropriately managed'.²⁰ Its Gift Policy and Guidelines explain that it does not have a token value above which gifts must be declared, its policy noting that 'specific lists of acceptable gifts or estimated dollar amounts have not been separately provided as these can give a false direction and each situation needs to be considered separately'.²¹ It lists the reasons for the provision of gifts, including the provision of a 'Token Gift' such as a pen, coffee mug or mouse pad containing the company logo, adding that 'a reasonable person would not perceive a token gift as items of influence designed to influence or win favours'.²¹

The section on gifts and hospitality in TWA's International Operations Manual, however, does provide specific instructions for contractors, requiring all gifts with an approximate value of more than \$100 to have an International Contractor Gift Declaration Form completed and forwarded to the Director International Marketing within two days of the gift being received.²² In view of the fact that TWA's Gift Policy and Guidelines (that include hospitality) state that the policy applies to all personnel, including employees, staff seconded to TWA, board members, contractors and consultants, there would be advantage in reviewing the suite of policies and guidelines in this area to bring them into alignment.

The Panel was told that gifts, benefits and hospitality is an area that is closely scrutinised by the TWA Audit and Risk Committee. No specific attention is given in these policies, however, to staff working overseas. In particular, although the gift policy states that training is 'typically incorporated as part of Tourism WA's Accountable and Ethical Decision Making training'²³, the Panel was not aware of the type of training that has been provided to staff based overseas, how often it was provided or whether it was fit-for-purpose for the countries concerned.

The Panel recommends that:

- 40.** In reviewing the policies and practices to be followed on the offer of gifts, benefits and hospitality, the Department and Tourism Western Australia should take into account the needs of all staff resident overseas including the provision of training to assist them to act appropriately if such offers are made.

²⁰ Tourism Western Australia, *Gift Policy and Guidelines*, December 2018, p. 1.

²¹ Tourism Western Australia, *Gift Policy and Guidelines*, December 2018, p. 2.

²² Tourism Western Australia, *International Operations Manual*, July 2018, p. 15.

²³ Tourism Western Australia, *Gift Policy and Guidelines*, December 2018, p. 4.

MOVING FORWARD

41. Central Control or Devolution

As mentioned above, one of the most important issues facing the Panel in its deliberations is achieving the proper balance between devolving day-to-day management to the offices overseas and maintaining central control.

Perhaps the ideal approach would be for central office to risk-manage the financial and reputational elements of the relationship between Perth and the overseas offices by setting clear policies and processes, together with firm financial provisions, and giving the Agent General and Commissioners more freedom to operate within these bounds. Central office could then focus on giving the required approvals where guidance requires, and using both internal and external audits to provide assurance to management, particularly the Director General, that the frameworks were operating as intended.

On the other hand, autonomy needs to be based on a proper framework for employment and remuneration, clear governance and management policies with procedures that are not only in place but also clearly understood, financial provisions and reporting processes that are explicit and followed, and proper accountability and performance management. It also requires systems that enable the efficient and coordinated flow of information in both directions and secure record management. Unfortunately, as this Review has shown, those policies, processes and systems, particularly with regard to the offices overseas, require considerable work before they could be considered to be fit-for-purpose.

The Panel notes that the Director General has a wide range of corporate governance reform processes underway or under development that will require both time and resources to be put in place fully and embedded into the Department's culture. Some of these processes are touching on issues that have also been identified by the Panel. The Panel strongly supports this work and cautions against making change too quickly before all the essential building blocks are firmly bedded down.

Once that is achieved, the Panel believes that the overseas office network, working in coordination with central office, will be able to assume greater responsibility for day-to-day management within a clear framework of accountability and integrity, thus operating more efficiently and effectively overall.

The Panel recommends that:

- 41.** The Department should delay devolving greater day-to-day management to the offices overseas pending the introduction of clear governance provisions, financial reporting systems, records management processes and performance management; and until a full understanding of ethical conduct has been embedded into the culture of the offices.

42. Oversight and Review

The Panel is aware that some of its recommendations will require additional resourcing, particularly at the front end to enable new systems to be put in place and new processes to be established. As noted above, however, once combined with improved information flow and greater alignment with the Government's objectives for the region, the Panel believes that the State's overseas offices will be able to play a significantly enhanced role in the successful promotion of the State Government's trade and investment agenda and in building a strong economy.

The Panel is also conscious, however, that reform is not easy, especially in cases such as this where a significant number of competing strands require attention and where some need to be addressed before others can proceed. The situation is made more complex not only by the degree of concurrent work on corporate reform within the Department but also by the range of new processes that are being introduced to support the Government's trade and investment agenda. Bedding this down successfully will require considerable initial planning and ongoing oversight, including from the audit committees of both the Department and TWA.

The Panel also believes that a firm date should be set now for a formal review of progress on the Review's recommendations in two years' time. This will help to ensure continuing reform momentum and the maintenance of focus on the desired outcomes in trade and investment for WA.

The Panel recommends that:

- 42.** To ensure continuing momentum and maintenance of focus on the desired outcomes, a date should be set now for a formal review of progress on the Review's recommendations in two years' time.

APPENDICES

Appendix A: Terms of Reference

Review of Western Australia's overseas trade and investment offices

Background

The Western Australian (WA) State Government is committed to creating a strong, diverse, and resilient economy. A strong economy drives job creation across a wide range of industries and a more dynamic economic profile. Achieving these objectives will require sustained investment promotion activity overseas as well as nationally, and investment facilitation that converts potential into actual investment.

Critical to support this objective is the work undertaken through eight overseas trade and investment offices managed by the Department of Jobs, Tourism, Science and Innovation (JTSI): China; Japan; India; Europe; Indonesia; Middle East and Africa; Singapore; and South Korea. Each of these Offices have developed organically as the State expanded its trade relationship with new economic partners. The offices were consolidated for the first time under the management of JTSI in July 2017 as part of broader machinery of government changes across the WA public sector.

These overseas offices, together with the JTSI office in Perth, are the first point of contact for WA businesses and international investors and specialise in linking like-minded parties with real opportunities in WA and overseas. The offices, supported by JTSI's Perth based staff, provide free and confidential services, including advice on business registration, tax regimes, visa categories, regulations, industrial relations, business culture, workforce, infrastructure, economic trends and market analysis.

To promote, support and facilitate international trade and investment, in-country engagement needs to be focused, agile, innovative and efficient — driving the implementation of government priorities through coherent and collaborative approaches, consistent with public sector requirements and accountability, and acting ethically and with integrity.

Having brought these overseas offices together for the first time, it has become clear that there are substantially different practices between each office and there are likely opportunities to raise standards, outcomes and share positive learning, all the while acknowledging the influence of local business conditions in each location.

The Director General of JTSI is commissioning an independent review of the State's international offices and associated support and oversight arrangements.

The review will consider the effectiveness and efficiency of current arrangements in delivering on the State Government's objectives and operating within the broader legislative framework of the WA public sector, and make findings and recommendations accordingly.

Leadership and governance

The review will be led by three independent reviewers with expertise in public administration, governance and trade and investment respectively. The reviewers will be supported by a secretariat in JTSI and will report to the Director General.

The reviewers will consult within and outside of JTSI. The review will also have close regard to reform activities already underway across State Government and consider the findings of the audit program that is being simultaneously conducted.

The purpose of review is not to investigate specific instances of breaches of government policy and the like. However, if such matters are identified they are to be referred immediately through the secretariat to the Director General, or in sensitive cases directly to the Director General.

Terms of reference

The review will examine the role and impact of the eight overseas trade and investment offices in the implementation of the State Government's international trade and investment agenda.

In examining these issues, the review will consider:

- the objectives and priorities of the State Government's international trade and investment agenda;
- the purpose and function, architecture and governing legislation, workforce and culture, and performance management framework of the overseas trade and investment offices;
- the compliance of overseas trade and investment offices with governing legislation and public sector policies and procedures; and
- the performance of overseas trade and investment offices.

The review will make practical recommendations to ensure that the eight overseas trade and investment offices undertake their functions efficiently and effectively, with integrity and due regard for government policies and priorities and the public interest.

Appendix B: List of Stakeholders Consulted

Name	Position	Organisation
Ralph Addis	Director General	Department of Primary Industry and Regional Development
Abid Ahmed	Marketing Manager - International	CBH Group
Raymond Andretich	Senior Assistant State Solicitor	State Solicitor's Office
Peta Arbuckle	Counsellor (Education & Science)	Department of Foreign Affairs and Trade
Peter Baldwin	Commissioner - India	Department of Jobs, Tourism, Science and Innovation
Rebecca Ball	A/Chief Executive Officer	South West Development Commission
Chris Barnes	Consul-General Surabaya	Department of Foreign Affairs and Trade
Lisa Bayakly	Partner	KPMG
Kylie Bell	Executive Director, Trade and Investment NSW	Department of Industry, NSW
Michael Benison	Operations Manager, International Victorian Government Trade and Investment Offices	Department of Jobs, Precincts and Regions (Victoria)
Tim Beresford	Deputy Chief Executive Officer, Business Partnerships and Support	Austrade
Joe Bontempo	Manager Strategic Initiatives (International Education)	Department of Jobs, Tourism, Science and Innovation
Carmen Broderick	Managing Director	TAFE International WA
Rebecca Brown	Director General	Department of Jobs, Tourism, Science and Innovation
	Chief Executive Officer	Tourism WA
Toni Brownie	General Manager, International Operations	Trade and Investment Queensland
Mick Bunce	General Manager, Production	Animal Resource Centre
Jane Caforio	State Manager	Austrade
Peter Carden	Chief Finance Officer	Department of Jobs, Tourism, Science and Innovation
Brodie Carr	Managing Director	Tourism WA
John Carroll	Solicitor	State Solicitor's Office

Name	Position	Organisation
John Catlin	Commissioner - Singapore	Department of Jobs, Tourism, Science and Innovation
Steve Clarke	Managing Director	Cell-Media
Hon Richard Court AC	Ambassador to Japan	Department of Foreign Affairs and Trade
Stuart Crockett	Commissioner - China	Department of Jobs, Tourism, Science and Innovation
Mike Deeks	Agent General - UK and Europe	Department of Jobs, Tourism, Science and Innovation
Bruno Delfante	Manager, Business Migration Office	Small Business Development Corporation
Rob Dickie	Government and Industry Advisor	CBH Group
Anne Driscoll	Director General	Department of Training and Workforce Development
Terry Durant	Managing Director	South Metropolitan TAFE
Nicholas Egan	State Solicitor	State Solicitors Office
Dr Stephanie Fahey	Chief Executive Officer	Austrade
Jacky Finlayson	Executive Director, Small Business Services	Small Business Development Corporation
Prof. Gordon Flake	Chief Executive Officer	Perth USAsia Centre
Darren Foster	Director General	Department of the Premier and Cabinet
Christine Ginbey	Executive Director	Department of Jobs, Tourism, Science and Innovation
Phil Gorey	Deputy Director General, Resource and Environmental Regulation Group	Department of Mines, Industry Regulation and Safety
Richelle Gornik	A/Commissioner - Tokyo	Department of Jobs, Tourism, Science and Innovation
Marise Guest	Corporate Services Administrator	Department of Jobs, Tourism, Science and Innovation
Ben Hamilton	Chief Executive Officer	Village Energy
Adam Handley	Partner & National Markets Manager	Minter Ellison
	President, WA Branch	Australia China Business Council
Nathan Harding	Chairman	Tourism WA

Name	Position	Organisation
Pamela Hass	General Counsel	Department of Jobs, Tourism, Science and Innovation
Anthony Hayes	Executive Director, Markets & Partnerships	Tourism WA
David Hazlehurst	Deputy Chief Executive Officer, Global Markets and Sector Engagement	Austrade
Jack Hondros	Chief Information Officer	Jobs, Tourism, Science and Innovation
Tracey Horton AO	Board Member	Tourism WA
	Chair of Audit & Risk Committee	Tourism WA
Kelsie Johnston	Director, International Marketing	Tourism WA
Prof. Lyn Karstadt	Deputy Vice Chancellor International	Murdoch University
Robert Kennedy	Executive Director – State Services	Department of the Premier and Cabinet
Luc Kox	Commercial Manager	Hazer Group
Hema Krishnan	Principal Policy Officer	Department of Local Government, Sport and Cultural Industries
Karla Lampe	Director International Engagement & Market Development	Department of Industry, NSW
Cassandra Lee	Manager	KPMG
Fiona Letos	Executive Director, International Coordination Office	Global Victoria
Prof. Simon Leunig	Acting Deputy Vice Chancellor International	Curtin University
Mat Lewis	TradeStart Manager	South West Development Commission
Kate Longhurst	Director, WA State Office	Department of Foreign Affairs and Trade
David Lowe	Director, Corporate Services	Tourism WA
	Director, Executive Services	Department of Jobs, Tourism, Science and Innovation
Andrew Lyon	Director Business Services	Forest Products Commission
Hon Alannah MacTiernan MLC	Minister for Regional Development; Agriculture and Food; Minister assisting the Minister for State Development, Jobs and Trade	WA Government
Paul Martyn	Chief Executive Officer	Trade and Investment Queensland

Name	Position	Organisation
Jennifer Mathews	Deputy Director General	Department of Jobs, Tourism, Science and Innovation
	Commissioner - Indonesia	Department of Jobs, Tourism, Science and Innovation
Nicole Matrai	Senior Project Manager, Invest and Trade WA	Department of Jobs, Tourism, Science and Innovation
Odile May	Project Officer	Gascoyne Development Commission
David McCulloch	A/Commissioner - Tokyo	Department of Jobs, Tourism, Science and Innovation
	General Manager - International Education, Trade and Investment	Department of Jobs, Tourism, Science and Innovation
Rob McDonald	Chair of Audit & Risk Committee	Department of Jobs, Tourism, Science and Innovation
Hon Mark McGowan MLA	Premier; Minister for State Development, Jobs and Trade	WA Government
Mark McGrath	Risk Manager	Tourism WA
Steve Melville	Director, Corporate Services	Department of Jobs, Tourism, Science and Innovation
David Norman	Senior Advisor to the Vice Chancellor	University of Western Australia
Liam O'Connell	Executive Director, Trade and Investment	Department of Primary Industry and Regional Development
Claire O'Connor	Manager, International Investment and Markets	Department of Industry (NSW)
Andrew Oldfield	Director, Partnerships	Tourism WA
Sharyn O'Neill	Public Sector Commissioner	Public Sector Commission
Joe Ostojich	Deputy Director General - Policy, Planning and Economic Development	Department of Jobs, Tourism, Science and Innovation
Jean Ough	Commissioner - South Korea	Department of Jobs, Tourism, Science and Innovation
Phil Payne	Managing Director	StudyPerth
Deborah Pett	Director, Food and Trade Industry Development	Department of Primary Industry and Regional Development
Caroline Preuss	Chief Finance Officer	Gold Corporation
Emile van Rensburg	Associate Director	KPMG
Chris Rodwell	Chief Executive Officer	Chamber of Commerce and Industry WA

Name	Position	Organisation
Paula Rogers	State Director	Committee for Economic Development of Australia (CEDA)
Dr DJ Russell-Weisz	Director General	Department of Health
Renato Sansalone	Chief Financial Officer	TourismWA
Pankaj Savara	Commissioner - Middle East & Africa	Department of Jobs, Tourism, Science and Innovation
Louise Seery	Deputy General Counsel	Department of Jobs, Tourism, Science and Innovation
Gönül Serbest	Chief Executive Officer	Global Victoria
Dr Patrick Sharp	Chief Executive Officer	Animal Resources Centre
Narelle Slivak	Director International Markets	Department for Trade, Tourism and Investment (SA)
Prof. Stephen Smith	Board Member	Perth USAsia Centre
Marc Sorrell	Manager Integrity and Ethics	Department of Jobs, Tourism, Science and Innovation
Cheryl Stanilewicz	Trade Commissioner and Counsellor (Commercial)	Austrade
Sarah Stanton-French	Manager, International Education	Austrade
Hon Peter Tinley MLA	Minister for Asian Engagement	WA Government
Michelle Toad	Managing Director	North Metropolitan TAFE
Dione Tonts	General Manager - International Education, Trade and Investment	Department of Jobs, Tourism, Science and Innovation
Jodie Wallace	Executive Director Service Delivery	Department of Training and Workforce Development
Lynsey Warbey	Senior Assistant State Solicitor	State Solicitor's Office
Richard Watson	A/Deputy Chief Executive Officer	Trade and Investment Queensland
Toni Watson	General Manager, Human Resources	Department of Jobs, Tourism, Science and Innovation
Binjun (BJ) Zhuang	Group Manager, China Business Development	Fortescue Metal Group