The Service Priority Review received the following submissions from business and industry:

- Australian Information Industry Association
- Chamber of Commerce and Industry of Western Australia
- SAS Institute
- Telstra
- Tourism Council WA
Future State

How ICT & digital technology can improve our WA economy
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The AIIA invites the new WA Government to work closely with industry on a fresh approach to technology in WA.

Together we can accelerate the transformation of WA to a 21st century global economy, improve the public sector and deliver better services to the WA community, and create new skills and jobs for WA.

About AIIA

The Australian Information Industry Association (AIIA) is the peak representative body and advocacy group for those in the digital ecosystem. Since 1978 the AIIA has pursued activities to stimulate and grow the digital ecosystem, to create a favourable business environment for our members and to contribute to Australia’s economic prosperity.

We do this by delivering outstanding member value by providing a strong voice of influence; a sense of community through events and education; enabling a network for collaboration and inspiration; and through the development of compelling content and relevant and interesting information.

AIIA represents organisations from early stage technology startups, to Australian-born businesses of small, medium and global scale, and international organisations including Apple, Adobe, Avanade, EMC, Deloitte, Gartner, Google, HP, IBM, Infosys, Intel, Lenovo, Microsoft and Oracle; international companies including Optus and Telstra; national companies including Ajilon, Data#3, SMS Management and Technology and Technology One; and a large number of ICT SMEs.

Our national board and State Councils represent the diversity of the digital economy. More information is available on our website at www.aiia.com.au.
Statement from the Chair

I am proud to present the WA ICT industry position paper on behalf of the Western Australian Council of the Australian Information Industry Association (AIIA).

At AIIA we are focused on growing Australia’s social and economic prosperity through technology and innovation. Our vision directly links to a larger national purpose. We exist to create and sustain a positive technology environment that drives economic growth, skills, development and job creation.

This report directly supports the new State Government’s Plan for jobs to create an economy that is strong, diversified, innovative, efficient and resilient. ICT also has a key role to play in implementing the WA recommendations of the Government Service Priority Review and Machinery of Government changes to deliver a modern, efficient and responsive public sector.

The AIIA understands the environment of the State Government and the opportunity of leveraging ICT and digital to drive efficiencies, deliver cost savings and underpin regional growth.

West Australians know we need to broaden our economy and become more diverse and dynamic, and to better engage with Asia on both tradeable goods and services, and in the knowledge economy.

The initiatives proposed in this report reflect a shift for WA toward collaboration with the best and brightest from around the world in order to rapidly affect this transition.

Our deepest thanks go to the many organisations, people and collaborators across the country and around the world listed in the acknowledgements who have given so generously of their time and expertise in preparing this report.

The support, interest and level of engagement in preparing this report for Western Australia has been incredible, from organisations as diverse as LEGO Future Lab in Denmark; Bankwest, BHP Billiton and Woodside; global Universities and research bodies; industry, media and advocacy groups; and other State and Federal Government organisations in Australia and abroad.

ICT is unique in that it is relevant to all sectors of the economy, it enables business at all levels, is key to education and touches all factors of production. However, it is a double-edged sword. On the one hand, it can deliver significant impact – acting as a force multiplier to amplify and accelerate outcomes. On the other hand, if it is left unmanaged, it can bring the sort of large scale disruption that has been seen and felt in many sectors and regions in recent years.

Western Australia is no exception, and this paper proposes for our State to play an important leadership role, leveraging ICT to diversify our economy, create new higher paying and more rewarding jobs, and enhance our services and society.

Now more than ever we must move fast to set our course or risk being left behind. Our future prosperity hinges on our ability to innovate, which in turn will drive jobs, growth and our global competitiveness.

Looking forward, ICT and digital transformation will affect all sectors regardless, and at an accelerating rate. With the right approach, this provides the opportunity for large scale transformation across the entire State economy, creating a new economic future for WA building on our natural strengths.

This process does not need to be confusing or intimidating. There are many precedents of successfully achieving this transition from around the world, often starting from a much lower base than WA.

We have an unprecedented opportunity to successfully implement the major structural reforms currently being discussed in WA, to unlock major value in our economy, and to cement a long term sustainable competitive advantage for future generations.
The AIIA commends the new Government on its commitment to delivering real outcomes for the community of Western Australia. The appointment of an ICT Minister, the major public sector reforms, together with the focus on industry development and new job creation are all excellent steps toward creating a new future for WA.

We look forward to working closely with the new State Government in delivering an improved public sector, a more vibrant and diversified economy and a broader range of industries and jobs for Western Australia.

Julian Coyne  
B Comp Math (Hons, UWA), MACS (Snr) CP, M IEEE, Aus Industry / MGSM / AIIA ICT Industry Entrepreneur  
WA Council Chair  
Australian Information Industry Association
How technology can improve the WA economy

Engineering Economic Transformation...

Former Prime Minister Lee Kwan Yew led the transformation of Singapore from a mudflat into a city state. Singapore has often been referred to as an ‘economic miracle’ for achieving so much in such a short space of time.

However, this economic miracle was intentional. It was engineered from the beginning, and it stands as a testament of what can be achieved with the right blend of vision, policy, skills, investment, infrastructure and technology.

Another example of an engineered transformation is Israel, which has reimagined its way from a patch of desert to become the ‘Startup Nation’ that today attracts 25% of global venture capital, has the highest number of scientists per capita anywhere in the world, and is a global leader in technology, science, medicine, and cybersecurity.

Perth’s sister city and World Energy Cities partner Houston faced a remarkably similar economic situation to WA during the Oil Price shocks of the 1980s, and has also successfully diversified into medical research and technology. Other examples abound such as Finland, post-war Japan, Silicon Valley, Estonia and New Zealand.

All demonstrate what is possible in a variety of economic and geographical contexts by setting a strategic direction, harnessing the best that exists and building on natural strengths.

Given WA’s many unique strategic advantages, together with the fact we are starting from a much higher base than most regions enjoy globally, there is no reason we cannot achieve the same or better outcomes than other standout examples before us.

We are presented with a significant opportunity to transform WA and Australia and to become an economic and technology leader in our region – as we already are for Mining and Resources software globally.

However, it will not happen automatically. It will take public and political will. Especially in our current economic climate, it will require smart, disciplined and targeted reprioritisation of both effort and expenditure to achieve pragmatic and cost effective investment into this new future for WA.

Closer to home...

Closer to home, an excellent and instructive example can be found that mirrors the challenges and opportunities facing WA.

In 2008, with its financial system and government hit with the full force of the Global Finance Crisis (GFC), the New South Wales Government was forced to ‘take its medicine’ - making many difficult decisions and enacting painful structural reforms.

ICT and digital transformation were at the heart of NSW Government strategy and have remained so, which has paid generous dividends. Since making these reforms, NSW has gone from being one of the worst performing States to now being a clear leader in public sector ICT delivery nationally.

In the process the NSW Government has also unlocked significant outcomes in skills, economic and industry development. These outcomes have been achieved through the thoughtful design and pragmatic implementation of deliberate, specific and targeted measures.

During the ‘lazy decade’ of the mining boom, WA was largely insulated from the effects of the GFC and did not make similar reforms or investments in to ICT. An unfortunate side effect of this has been that over the same period WA consistently ranked last for public sector ICT transformation and delivery.
A Significant Opportunity for Western Australia…

We are therefore faced with both a challenge and an opportunity in WA.

Our challenge is that we have been the poorest performing State for public sector ICT outcomes for most of this period. This is acknowledged in both the WA Government’s DigitalWA Strategy 2016 and the WA Parliament’s Public Accounts Committee’s 2016 Report “Doing ICT Better – Improving Outcomes from the Western Australian Government’s Investment in Information and Communications Technology (ICT)”.

Our opportunity is that with the right approach, the new Government can fundamentally transform the shape and character of the WA public service and the broader economy for current and future generations. We have a significant opportunity to leapfrog other jurisdictions and deliver better services to communities across the State.

The AIIA has enjoyed collaborative working relationships across the WA public sector including the Office of the Government CIO, Department of Commerce, the Department of Finance and many Western Australian Government agencies.

The AIIA has supported and contributed to key initiatives and milestones such as the development of the WA Innovation & DigitalWA Strategies, as well as major procurement reforms, policies and input to several parliamentary inquiries.

WA has incredibly strong foundations on which to build this new future, with our world class infrastructure, education and healthcare. We also enjoy many strategic advantages such as our time zone, our proximity to Asia, natural resources, industry specialisations, and our world class engineering, research, business and technology capabilities.

However, success cannot be taken for granted and there is much work to be done.

The experience of NSW Government provides a timely and insightful reminder of what can be achieved in similar economic conditions given the right priorities and policies. The transformation of NSW began in tough economic times, with the decision and resolve to change the way things were done through committed focus and strong leadership.

As the largest procurer of ICT in Western Australia, the State Government is uniquely positioned to spearhead reforms that will improve performance and outcomes across both government and industry.

The opportunity exists for WA Government to adopt a fresh approach to ICT and digital, and to deliver significant outcomes in the following key areas:

1. **Improve public sector ICT delivery** with better financial outcomes and cost savings
2. **Support growth and productivity** in the wider community and economy
3. **Improve services** with better citizen centric services and outcomes
4. **Support policy decisions** through improved data sharing, analytics and insights
Ready, willing and able...

With our national footprint, global networks, industry capabilities and experience, the AIIA stands ready to work with new Government to transform Western Australia into a vibrant, diversified 21st Century global economy.

A once in a generation opportunity exists for WA to achieve major public sector reform, vastly improve government services and to successfully diversify the WA economy.

These outcomes all stand to deliver the best outcomes for Western Australia, enabling the new Government to achieve its strategic objectives.

Done correctly, it will enable the large scale transformation of the WA public sector, supporting the long overdue consolidation and reform of the Machinery of Government underpinned by common digital platforms that drive the best citizen centric services.

This transformation can be used as a catalyst for driving innovation and global collaboration - unlocking significant gains in economic growth, jobs and skills development for current and future generations as we enter an increasingly digital world.

The initiatives outlined within this report support these objectives targeting three key areas:

1. Creating new skills and jobs for WA
2. Improving the WA public service
3. Transforming WA to a 21st Century global economy
1. Creating new skills and jobs for WA

To be a truly 21st Century digital economy we need to develop a skilled workforce that can both create and consume technologies that maximise human and economic potential for our society.

1.1 Creating new jobs in the fastest growing industry

The ICT sector had the fastest rates of workforce growth in Australia in 2016, and is set to be a rare driver of significant economic growth in an era of subdued global forecasts. There were 628,810 ICT workers recorded in Australia in 2015 which is set to increase to 695,000 by 2020.

Australia and the South East Asian region are well behind in supply of quality ICT and technical skills. In Australia demand is outstripping supply, there was a net migration inflow of 20,700 ICT workers from overseas in 2016-17, which provides a significant opportunity to develop local skills and jobs.

Our world class education system and high proportion of qualified professionals provides an opportunity for WA to become a regional leader in this space with the right policies and leadership. To achieve this, WA must develop strategies to reduce ‘brain drain’ in WA, invest in up-skilling existing businesses and individuals, step up investment in digital skills, and ultimately develop new export industries and exportable capabilities.

Software and digital services make for ideal exports as they do not require the physical transfer of goods and can be done remotely. WA is already recognised as the ‘Silicon Valley’ for Mining and Resources software, having developed 70-80% of global solutions.

We have major opportunities with the Square Kilometre Array and together with our expertise and capabilities in energy, resources and remote operations. The communication and data capabilities required in these projects applies to the Internet of Things (IoT) and translates across industries.

However without focus and attention we will rapidly lose this position to other regions who are better organised, who have recognised this massive opportunity, and are actively investing in large scale collaborations between industry, government, research and education.

Worldwide spending on digital transformation (DX) technologies will reach US$1.2 trillion in 2017, with increased investment creating new opportunities.

Representing a healthy 17.8 per cent boost from 2016, IDC reports that total market value will top US$2 trillion by 2020.
Future State: How ICT & digital technology can improve our WA economy

1.2 Attracting and retaining the world’s best talent

ICT and digital skill sets are unique in their portability. Unlike many other professions and industries, careers in ICT, or that include ICT or that allow transition to ICT are untethered to a particular location - it is quite literally a global battle to attract and retain the best talent.

This works both ways and, managed correctly, provides Western Australia with a clear opportunity. Our State has so much to offer with our proximity to Asia, geopolitical stability, direct flights to major economic zones, comparatively affordable housing (very relevant to younger workers), incredible lifestyle and weather, the world’s best beaches and outdoors, modern infrastructure and access to major industry and business – making it especially attractive to global knowledge workers who can bring incredible capability and opportunity.

Western Australia also has major strategic opportunities in the following key scientific fields:

- Radioastronomy
- Agriculture
- Minerals
- Oil, Gas & Energy
- Health & Biotechnology
- Land & Marine Biodiversity

Each of these scientific fields is underpinned increasingly by ICT & digital capabilities such as data science, Artificial Intelligence, machine learning and Internet of Things (IoT). Establishing WA as a world class destination for these capabilities can be used as a magnet to attract global talent and reduce ‘brain drain’ in these scientific fields, and deliver cross industry benefits via knowledge & technology transfer.

Australia’s digital economy is forecast to grow from 5% to 7.3% of GDP by 2020

DELOITTE 2017 DIGITAL PULSE REPORT

1.3 Ongoing expansion and promotion of STEM/STEAM careers

Industry, government and academia need to better coordinate on initiatives to promote Science, Technology Engineering and Mathematics (STEM) skills across the educational and career lifecycle, and across more of society.

STEAM careers include the Arts which are key to ICT and digital areas such as media, marketing, advertising, gaming, Virtual/Augmented Reality, youth engagement and social media. Government can work with schools and universities to reform educational offerings and standards, and set up a taskforce to ensure our teaching is, and remains, world class.

On skills development, often the test of the system is the graduates. At present, we are failing to prepare graduates for a lifelong journey of learning and a career path that may take several paths over time. In addition to technical knowledge, we need to ensure our graduates are prepared for ongoing learning and career evolution, as in other evolving professions such as medicine and engineering.

In ICT and digital technology the pace may be faster, but the requirement for lifelong learning is the same. Otherwise we risk falling into complacency.

We believe STEM in schools is essential to our future. This is why we’re working together with schools and universities to shape the right skillsets for our future.

SHAUN GREGORY
WOODSIDE ENERGY CIO
2017 IT NEWS AUSTRALIAN CIO OF THE YEAR
1.4 Smart vocational pathways in addition to STEM/STEAM

The development of vocational and qualified people is a cornerstone of Australia’s ability to become a 21st Century global economy. Many new ideas, opportunities and business ventures can and do unfold from the Vocational and Educational Training (VET) training environment.

In Silicon Valley, an increasing trend is for companies to recruit and foster talent directly from high school based on attitude and technology skills. To truly diversify the economy, we could consider on equal terms both VET and University elements of the post K-12 education framework.

This might include establishing dedicated post VET enterprise hubs, to help VET graduates consider creating their own new ventures as an alternative to conventional employment pathways within corporate or government.

Many of the qualifications for programmers and software developers are not highly prioritised on the State priority occupation list.

45% of the jobs that we know of today will disappear in the next 15 years.
75% of jobs replacing these will require STEM skills.

DELOITTE 2016 DIGITAL PULSE REPORT

1.5 Supporting our teachers and future ICT workforce

Across the community there is increasing demand for the upskilling of our children in coding and programming, the new skills that underpin problem solving and effective decision making.

The technology children are often exposed to at school, fails to translate the technology they will be exposed to at work, showing a clear industry and educational misalignment. Industry can work with government and education system stakeholders to address this.

The ICT industry is already encouraging and working with organisations like Coderdojo¹ and other community based initiatives to ensure the WA community is not left behind. ICT will play a pivotal role in working with our education sector and stakeholders such as schools and Scitech to link the ICT industry with our teachers and their students.

Teachers are struggling with ever-changing Digital Curriculum. The ICT industry can play an important role in connecting ICT of the classroom to the real world.

STEM skills will only become more important across the economy by 2030, and they apply throughout the life course.

DR CHARLIE DAY
CEO, OFFICE OF INNOVATION AND SCIENCE AUSTRALIA

¹ https://coderdojo.com/about/
1.6 Industry and professional certifications

Better recognition and reward for industry and professional certifications will improve the standard and professionalism of ICT service delivery and capability in WA - important in a high growth and dynamic industry. This lifts the standard of performance by ensuring peer review, assessments and ongoing training as in other professions such as engineering, medicine and law.

Government and industry can work on initiatives such as recognised certifications, procurement preferences, governance, salary and contract rewards and promotion of certifications such as Engineers Australia’s Information, Telecommunications, and Electronics Engineering (ITEE) College, and the Australian Computer Society’s Skills Framework for the Information Age (SFIA), developed by a consortium of 30 organisations over 22 years and spearheaded by the British Computer Society (BCS).

**Australia’s ICT sector had the fastest workforce growth of 2% from 1.4% p.a. in 2016**

DELOITTE 2016 DIGITAL PULSE REPORT

1.7 Promoting a diverse and inclusive workforce

ICT and digital skills provide an excellent pathway for industry and government to drive equality in remuneration, recognition and opportunity across society.

ICT and digital also lends itself to flexible and remote working and learning arrangements which facilitate upskilling, lifelong learning, diversity and inclusion - increasing participation and engagement across all of society.

We need to create a new approach built around the behaviours and aspirations of the emerging generation, and shake up the traditional paradigms that have persisted for the past decade so that they are fully engaged. Compared to the baby boomers and Generation X, this is a generation of digital natives and global citizens. We can work to review and question the traditional paradigms and practices and think how the leaders of tomorrow will approach things.

Many ICT and digital roles are exceptionally well suited to those with unique gifts and capabilities such as those on the Autism Spectrum, and encourage additional modes of employment. The work of the Autism Academy of Software Quality Assurance (AASQA) in Western Australia showcases the excellent results that can be achieved with the right thought leadership and industry collaboration.

**The Autism Academy for Software Quality Assurance (AASQA) aims to improve the participation rate by helping high school students on the autism spectrum identify and develop interests in STEM using coding and robotics**

HER EXCELLENCY THE HONOURABLE KERRY SANDERSON AC
GOVERNOR OF WESTERN AUSTRALIA
PATRON OF THE AUTISM ACADEMY FOR SOFTWARE QUALITY ASSURANCE
2. Improving the WA public sector

WA needs to be a 21st Century economy that is data driven, efficient and competitive on the global stage. This requires the right mix of culture, collaboration and leadership. ICT and digital transformation can deliver the catalyst to unlock significant results in these areas.

2.1 Service Priority Review

The AIIA applauds the new Government for undertaking the Service Priority Review (SPR) to drive major reform of the public sector to bring WA into line with the other major States in Australia.

This provides an unprecedented opportunity to deliver a more innovative, collaborative and efficient public sector. ICT and digital technology has a key role to play in both the SPR and addressing its recommendations, which will be key to delivering an efficient, innovative and cost effective public service that delivers real outcomes for Western Australia.

Digital technology and data analytics can also be used to implement, measure and monitor whole-of-government KPIs, to ensure a public service that is outcomes driven and consistently held to account. This will improve service delivery, accountability and efficiency across Government.

ICT and digital technology are key enablers to implementing the recommendations of the review, delivering a more user-friendly government at lower cost and increased convenience for WA taxpayers.

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Western Australians deserve and expect an efficient, innovative and effective public service that delivers real outcomes for the community

THE HON MARK MCGOWAN
PREMIER OF WESTERN AUSTRALIA

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2.2 Digital service delivery

Digital services can be used to deliver more convenient services to the community around the clock, eliminate unnecessary red tape, remove paper based and manual processes and improve coordination across Government.

Slow and inefficient government processes harm WA’s international and national competitiveness for no gain. It is all pain. Other jurisdictions have solved these problems with streamlined and integrated digital solutions. We can learn from, and collaborate with, our partners to rapidly progress and adopt proven solutions rather than reinvent the wheel.

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If you love paper, do origami.
But if you want to work in the 21st Century then it’s really got to be digital.

THE HON VICTOR DOMINELLO MP
NSW MINISTER FOR FINANCE, SERVICES AND PROPERTY
DIGITAL GOVERNMENT THOUGHT LEADER
2.3 Effective citizen centric government

Citizens compare digital government services to those of the technology, banking and private sectors. These provide fast, convenient and quality services that set the benchmark for consumer expectations.

Government is also a major service provider and must keep pace. Citizens expect the same level of increasingly personalised service, irrespective of whether they are engaging the public or private sector. With the pervasiveness of digital technology across all aspects of their lives, citizens are increasingly intolerant of inefficient, inconvenient or poor quality services from Government.

This has been repeatedly demonstrated in recent storms of social and traditional media around Australia from the technology failures of Centrelink, the ATO and the ABS. This also highlights the importance of Government working with industry to improve program design, governance and execution.

With WA starting at the lowest national position in public sector ICT delivery, we have the opportunity to leapfrog and deliver the world’s best digital services and lower cost to the taxpayer.

94% of digital opinion leaders are concerned that senior managers in Australia lack the understanding of what makes a great digital experience

EY AUSTRALIA: STATE OF THE NATION 2015-16

2.4 ICT procurement reform

The AIIA has worked closely with the State and Federal Governments on ICT procurement reform and AIIA’s best practice guide, and this continues to be an area of sustained focus across all Governments.

ICT procurement contrasts with other sectors in the pace of change, market dynamics and ever expanding range of technology choices. Government must continue to work closely with industry to stay up-to-date with best practices and deliver a stable and consistent environment that maximises outcomes for Government whilst ensuring a clear, fair and stable environment for industry.

Simple reforms such as requiring annual publishing of major ICT and digital initiatives on a rolling 3-year basis within departmental strategies will ensure better project definition, less reactivity and improved ability for the market to plan and respond with appropriate solutions and resourcing.

Pre-market consultation with industry as part of major ICT project initiation is another simple reform that can drive major improvements. ICT procurement reform offers unique potential for industry and economic development through startup, SME and local industry engagement.

Other reforms could include fast tracking data-driven decisions and business cases, mandating and publishing benefits realisation and post implementation reviews, linking funding to demonstrable outcomes, providing incentives for exceptional project delivery and promoting cross agency collaboration through funding incentives, open data, standards and APIs.

Measures such as a digital transformation taskforce are good ideas. They have the best chance to succeed if they are suitably empowered by being located close to the heart of the government structure.

Visible and central leadership on digital and IT delivery is increasingly apparent as a key factor in the success of government initiatives in these areas.

AUSTRALIAN GOVERNMENT ICT PROCUREMENT TASKFORCE
DEPARTMENT OF THE PRIME MINISTER AND CABINET
2.5 National and international collaboration

WA Government should explore national and international collaboration with regional Government exemplars such as New South Wales and New Zealand. This will allow WA to benefit from lessons learned, rapidly integrate proven solutions and facilitate development and extension of capabilities between partners with lower duplication.

Inbound and outbound collaboration opportunities should be considered on an ongoing basis to position WA as both a regional leader and an outward looking jurisdiction. For example, Australia’s first OpenGov forum was piloted by AIIA WA in Perth last year and delivered a high quality and cost effective inbound collaboration platform for public sector delegates across South East Asia and Australia, which has since been replicated in Victoria, NSW and Canberra.

Outbound collaboration opportunities exist through organisations such as the Australia Israel Chamber of Commerce (AICC), the American Chamber of Commerce and Industry (AmCham) and the Federal Government's AusTrade network who facilitate regular trade delegations and missions to provide linkages between industry, research and government.

Digital channels provide further collaboration opportunities. For example the 2015 Institute of Public Administration Australia (IPAA) National Conference held in Sydney was live streamed over the web and explored impacts and opportunities for federation reform using the digital economy.

2.6 Cross sector collaboration

As well as Government collaboration, WA Government can foster deeper collaboration with and between industry and academia at both state and national levels. This will bring additional perspectives from outside Government and develop new capabilities to work smarter and achieve better results.

Collaboration with other countries, governments, commercial organisations and communities of interest will allow WA Government to drive cultural change and to rapidly learn and adapt to new challenges and opportunities.

Deeper collaboration and understanding can be fostered through secondments between Government, start-ups, research and commercial enterprises. This would facilitate knowledge sharing and best practices across sectors, and provide real world environments that allow participants to develop and update skills in areas such as entrepreneurship, design, R&D, risk, negotiation, value creation and benefits realisation.

With all the rapid advances in technology, disruption is inevitable. It is beginning to happen across every industry from entertainment to insurance.

To thrive, or even survive, in this environment you must be proactive and invest in innovation. Coding is simply a form of literacy. As our society's dependence on digital technology grows stronger, so does our necessity to understand this new language.

Our LEGO team in Los Angeles works directly with headquarters in Billund, Denmark. Over the last few years there have been many advancements in tools and means of remote collaboration.
2.7 **Culture, attitude and mindset**

Culture, attitude and mindset are key to affect any lasting change.

All sectors in WA need to work on dramatically improving our performance in these areas. In the main, Australians are poor at celebrating and promoting our significant success and capabilities, we do not relate to failure constructively and we are highly risk averse.

This is holding us back, and is reflected in various statistics such as Australia having the lowest commercialisation rates for biomedical technology in the OECD, despite some of the best research capability in this same area globally.

Many examples in other jurisdictions locally and globally have shown what is possible with the right skills, technology and attitude. WA punches well above its weight in many key areas, and by engendering the right mindset there is no reason we can’t extend this to ICT and the digital economy.

We can be world class in ICT and digital technology by learning to take calculated risks, validating assumptions, measuring results, confronting failure early, learning from our mistakes, accepting accountability, avoiding blame, working collaboratively and challenging entrenched beliefs and practices.

We need to better identify and reward our local thought leaders and action leaders, and celebrate our incredible talent. We need to make room for new ideas and encourage entrepreneurial thinking in everything we do. The example needs to be set at all levels from Government, industry, universities, schools to households.

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The best way to futureproof Western Australia is through talent optimisation and ethical entrepreneurship.

JOHN CLUER, CEO
AUSTRALIA ISRAEL CHAMBER OF COMMERCE WA
3. Transforming WA into a 21st century global economy

ICT is both an industry in itself, and an enabler across all other industries. This is a key factor in how ICT can be used to transform WA to a 21st century global economy.

Western Australia has the potential to become a regional hub of technology, as the gateway between Asia and the rest of Australia, driving economic growth and creating new jobs and industries.

However, it will not happen automatically. It will take public and political will, and the smart and targeted reprioritisation of effort and expenditure, to achieve pragmatic and cost effective investment at this crucial time in shaping the future for WA.

3.1 Communications, Broadband and Wireless

As we transition to a digital economy, high-capacity broadband access becomes essential for households and businesses. A lack of access, or high cost of access to reliable communication services create a barrier to individuals, businesses and service providers fully engaging with the digital economy.

This is of particular concern to WA with major opportunities in areas such as smart mining and agriculture. With our large geographical scale, it is imperative that our cities and regions in particular have reliable communications, broadband and wireless connectivity to support agile clusters and local and regional industry development initiatives such as agriculture and mining.

In 2016 Perth internet speeds ranked as the worst of any capital city in the country averaging 7.1 megabits per second\(^2\). That is already off a low base, given Australia ranked 48 out of 180 countries for broadband speeds, which is projected to get worse over time.

Given Western Australia’s unique geography and communications requirements, the Government should consider and encourage innovative and radical proposals to resolve the major telecommunications challenges facing the State, and impacts on industry and on future growth.

High quality free wireless connectivity is also lacking in WA cities and regional centres. This is relatively straightforward to implement and can also benefit business and tourism. These services are increasingly expected by global travellers, and reflect poorly on WA’s technology adoption and capabilities.

3.2 Cybersecurity

Western Australia has unique strategic opportunities in Cybersecurity. Firstly through our initiatives such as the ECU Security Research Centre and Curtin University’s Internet of Everything Innovation Centre. These provide national thought leadership, and serve as excellent platforms for collaboration between industry, government and research. The announcement of ECU being selected by the Australian Government as one of only two Academic Centres of Cybersecurity Excellence provides national recognition of this.

Secondly our remote operations expertise, together with the advanced plant and assets of the mining and resources industry position WA the potential global leader in the field of industrial cybersecurity.

With heightened awareness of Cybersecurity risks and threats, this is an area that Western Australia can provide unique perspective and capability to the national and global landscape – delivering new skills, jobs and economic benefits across the State.


3.3 Smart industries

By harnessing our highly skilled engineering, business and technology talent, our industry specialisations, our world class research and entrepreneurial drive, WA has unique potential to tap into massive emerging industries in defence, agricultural technology, advanced manufacturing, biomedical and industrial automation.

For example, our world leading knowledge, skills and technical capability in areas including autonomous haulage, remote operations, industrial automation and processing can be expanded and translated to new industries and exported.

However this must be underpinned by proper investment in ICT and digital skills development such as coding, data analytics, artificial intelligence, machine learning, drones, robotics and cybersecurity. As new jobs and industries are created this will ensure we build relevant capabilities to support industry during the transition, allow talent to be sourced locally, and retrain and reskill the existing workforce.

This will ensure WA and Australia make the most of the unprecedented economic and industry development opportunities represented by technology.

Today on forbes.com I read the headline: Cyber crime to cost $2 Trillion by 2020. Add to that the geospatial industry worth $270B and the drone industry worth $127B.

It makes me ask why people aren't rushing to STEM careers or retraining staff. This isn't just for students, in Australia we are already lacking the skills we need.

How much worse is it going to get before we start to invest/change the way we see these career pathways? How do we achieve this quickly and effectively?

DR CATHERINE BALL
COUNCIL MEMBER, QUEENSLAND FUTURES INSTITUTE

3.4 Smart cities and smart transportation

Industry and Government can work on a WA Smart Cities Strategy, leveraging smart technologies and planning to create modern, vibrant, liveable, connected, green and collaborative cities that will underpin future prosperity in WA.

Smart Cities are beginning to get significant attention and commitment in Australia - with the release of the Federal Smart Cities Plan and appointment of a national Minister for Smart Cities and Digital Transformation in 2016.

The Adelaide and ACT City Councils recently signed a joint Smart Cities collaboration agreement, demonstrating the potential of cross jurisdictional collaboration to drive mutual learnings and benefits. WA is well positioned to collaborate with the best in Australia - we are set apart with our proximity to Asia, incredible lifestyle and weather, modern infrastructure, business and industries.

We can also our leverage our world class Universities through Smart Campus initiatives, being an ideal test bed for technologies and connectivity that can be transposed into the Smart City.

The global lesson is that smart cities collaborate to compete. There is great incentive here for everyone to work together.

THE HON ANGUS TAYLOR MP
MINISTER FOR SMART CITIES AND DIGITAL TRANSFORMATION
3.5 Smart infrastructure

Future capital works should have a minimum of 2% set aside to apply smart instrumentation (Internet of Things) and data analytics. This will provide improved measurement and monitoring, reduced maintenance, maximise the life cycle of the infrastructure and ensure value for public monies invested.

We also have a significant opportunity to commercialise and translate our world leading research outcomes from major infrastructure such as the Square Kilometre Array in areas such as remote operations, sensing, Internet of Things (IoT) and data analytics. These have global, cross industry applicability and further advance our existing advanced industry capabilities in these areas.

3.6 Supporting start-ups, scale-ups and SMEs

With low capital requirements and the ability to scale rapidly, start-ups, scale-ups and SMEs provide a unique path to growth and rapid diversification of the WA economy and jobs growth.

The competition to attract start-ups and scale-ups is intensifying as they are seen increasingly as a driver of jobs and growth. The WA Government can play an active role in attracting and growing this sector, and realising a commercial return for the State, by establishing a Venture Capital Fund for start-ups and scale-ups, as has been recently done in South Australia, New South Wales and Victoria.

Western Australia already has a strong reputation for the development of mining & resources software, however more must be done to replicate this success more broadly, to attract, retrain and retain talent, and cultivate an ecosystem that ensures start-ups, scale-ups and SMEs remain and reinvest in WA.

We risk losing our competitive advantage in this area if we do not upskill in delivering digital technologies such as artificial intelligence (AI), machine learning, cybersecurity, data analytics, robotics, 3D printing, automation, Internet of Things (IoT), remote operations and analytics. These capabilities apply to new growth areas of strategic relevance to the WA economy such as agricultural technology, mining & resources, defence, cybersecurity and natural resource management.

As the largest ICT customer in WA, Government can support this sector through innovative procurement practices such as proof-of-concept engagement, reverse pitching and technology pilots.

Increased penetration of digital technologies can lift Australia’s productivity and growth to deliver some $35 billion additional economic output over by 2020

3.7 Accelerating digital business capabilities

SMEs are regarded as the backbone of the economy in many countries including Australia. In WA SMEs with less than 20 staff represent 97% of business. However the rate of adoption of digital technology in SMEs remains low, and relatively small investments in digital capabilities can yield big results.

50% of future employment growth will be in the SME sector, with the highest growth in companies that are less than 5 years old and have less than 10 staff. Government has a role to play in supporting initiatives to enable WA businesses to easily assess the progress of their digital maturity, and to identify and address gaps and opportunities for improvement.

Digital can represent the next frontier of productivity and economic uplift for Australia, with the potential to contribute between AU $140 billion and AU $250 billion to Australia’s GDP by 2025, based on currently-available technology alone.
3.8 Digital State Development

Western Australia’s economy has traditionally been centred on primary industry where we have historical competitive advantage. Accordingly, State Development functions of WA Government have largely been focused on this sector for growing the State economy.

Our world is changing rapidly. The digital economy is already disrupting many industries, and the rate of disruption is accelerating. For WA to effectively compete and succeed in the digital economy as it evolves, State Development functions within Government need to focus increasingly on transformative and innovative digital services and industries, which will grow as the digital economy grows.

3.9 Commercialisation, entrepreneurship and intrapreneurship

Development of entrepreneurial and commercialisation skills are key to the success of countries like Israel. This goes beyond just innovation. Countries like Chile are pushing the limits of incorporating these key skills into the essence of their economic policy. Success is assured through understanding that economic growth is fundamentally based on having a vision for the future.

WA has historically enjoyed wide recognition for our entrepreneurial and independent streak, which can be harnessed with programs and policies to grow our entrepreneurship, intrapreneurship and commercialisation skills, and support our transition to a 21st Century global economy.

Entrepreneurs are unreasonable: they never accept the status quo, see opportunities in almost everything, learn from failure, and change systems from within.

But they also need partners to achieve success – team members, corporates and governments – and it is important to build bridges to enable these partnerships to flourish.

DR PAMELA HARTIGAN
FOUNDER OF THE SKOLL CENTRE FOR SOCIAL ENTREPRENEURSHIP
OXFORD UNIVERSITY SAID BUSINESS SCHOOL

3.10 A future worth investing in

The only way to realise a more efficient and productive future is to invest in it. This is very well understood when thinking of roads, schools, hospitals and utilities, but often not as well understood when it comes to ICT and digital assets.

We need to think differently about ICT and digital as the means to invest meaningfully in our future, rather than simply a cost item. When it comes to ICT and digital, we should be most worried about indiscriminate cost cutting which may be reducing our global competitiveness as a State.

If we are vigilant we can reduce waste and achieve targeted and effective cost cutting, and better efficiencies across the board. However, if we are short sighted and see an easy way to show a saving by cutting back on ICT, we risk the very future that promises to be one of the most rapid and scalable ways to diversify the WA economy and help improve our efficiency, growth and competitiveness.

The best way to predict the future is to invent it.

ALAN KAY
XEROX PALO ALTO RESEARCH CENTRE
Recommendations

There are many places to start and options to consider when faced with such a significant opportunity to transform the WA economy. The most important thing is to acknowledge the need, and commit to an effective course of action with strong and visible leadership.

AIIA would welcome the opportunity to work together and explore when, where and how to start. We, and those who have contributed to this paper, are in no doubt that this is the next major opportunity for Western Australia, and must be maximised to ensure that our State is not left behind.

Top 3 Recommendations

1. Digital Council

AIIA recommends the Government establish a Digital Council, with the specific aims of driving better Digital Government, Analytics & Cybersecurity for WA. The Council will drive major improvements in the key areas of digital service delivery, policy, efficiency, accountability, cost savings and security.

In order to be successful this needs to be established near the heart of Government and must have visible senior buy-in. Ideally this would be chaired by the Minister for ICT and would have broad stakeholder representation across industry, business and government. In addition, it should have strong authority to drive change across Government.

2. WA Priorities Programme

WA Government should articulate no more than 10 clearly understood, and readily measurable, targets that resonate with people across key public policy areas. This would model the success of New Zealand Government’s Results Programme and the NSW Government’s Premiers Priorities.

These initiatives have demonstrated the strong value in putting forward clearly defined results that focus on a clear and measurable outcome. Each should be explained in plain language so the average person can understand why it is being done, and what the value will be. Examples could include “reduce hospital wait times by …” or “ensure every child starting school has access to …”.

Delivery on these targets should rest with no more than two agencies in terms of accountability processes. This reflects learnings from New Zealand that fewer agencies involved delivers better outcomes, and aligns well to the Machinery of Government consolidation in WA.

3. Targeted “Easy Wins”

New Industries Fund (NIF): To reflect the unique position of ICT and digital as enablers across industry, we recommend the NIF have either an overall percentage allocated to ICT and digital projects, or alternatively that each NIF project include a percentage of ICT and digital investment to specifically deliver digital economy development outcomes.

Primary Industry Transformation: We recommend the State Government strongly engage with primary industry, the Federal Government and the research sector to position WA as a world leader in the use of advanced technologies to drive large scale industry transformation, building on our high concentration of global leaders and our existing capabilities in automation and remote operations.

Accelerating Digital Uptake: McKinsey & Co have estimated that digital, based on currently available technology alone, can potentially add another $140-$250 billion to Australia’s GDP by 2025. However this requires better education and adoption of digital technology. Government has a role to play in this, for example through an industry facilitation and support programme (ISFP) to support understanding and uptake of ICT and digital across the economy.

Procurement Reform: We recommend the WA Government prioritise innovative procurement reforms that deliver better services, create new jobs and skills, and support industry development outcomes.
Future State: How ICT & digital technology can improve our WA economy

Current Initiatives

STEM Advisory Panel: The AIIA commends the WA Government for establishing the STEM Advisory Panel chaired by the WA Chief Scientist and looks forward to contributing to this important initiative.

Industry Participation Strategy: The AIIA stands ready to collaborate with Government to reshape procurement benefits for WA through the Industry Participation Strategy in the new Jobs Bill.

Service Priority Review: ICT and digital technology are key to delivering on the outcomes of the Service Priority Review in delivering a more efficient, collaborative, adaptable and outcomes-based public sector. This is also key to State Government's strategic priority delivery of different, better and more affordable services. We therefore recommend ICT and digital technology be given specific visibility and focus and part of this process and in addressing the subsequent recommendations.

Premiers Roundtable - ICT & Digital: In view of the massive impact and opportunity represented by ICT and digital to the WA economy, we recommend a specific Premier’s Roundtable be hosted either by the Premier or the ICT Minister on behalf of the Premier.

Further Recommendations

Public Sector ICT Delivery

- Champion innovative initiatives that will improve capability, performance and outcomes across Industry and Government.
- Continue to promote and explore collaboration opportunities across government on an ongoing basis to position WA as a progressive and outward looking jurisdiction.
- WA Government must keep pace and/or leapfrog other jurisdictions in relation to public sector ICT outcomes to deliver better and more diverse services to the WA community.
- Deliver disciplined and targeted reprioritisation of both effort and expenditure to achieve pragmatic and cost effective investment in public sector ICT delivery.

State Development

- Develop a Strategic Plan for WA to exploit our many strategic advantages such as our time zone, our proximity to Asia, natural resources, industry specialisations, and our world class engineering, research, business and technology capabilities, and the enabling role of ICT and digital in realising this vision.
- Work to develop a positive and responsive technology environment in WA that drives innovation, economic growth and job creation with thoughtful design and practical application of specific, deliberate and targeted measures, and encouraging learning and collaboration with others.
- Focus all areas of Government on WA becoming a regional hub for technology and as the gateway between Asia and the rest of Australia.

Industry Development

- Work with AIIA and industry to build a strategy and real working plan for an ecosystem that ensures Startups, Scale-Ups and SMEs remain and reinvest in WA.
- Work with industry to develop strategies to reduce ‘brain drain’ and keep skills in WA, invest in up-skilling existing businesses and individuals, step up investment in digital skills and ultimately develop new export or exportable capabilities.
- Continue to work with AIIA on ICT procurement reform as an area of sustained focus.
Future State: How ICT & digital technology can improve our WA economy

Smart State

- **Smart Cities & Smart Transport**: Develop a pragmatic and outcomes focused Smart Cities & Smart Transport strategy for WA that leverages smart technologies, transport and planning to create modern, vibrant, liveable, connected, green and collaborative cities that will underpin the future prosperity of WA.
- **Smart Industries**: Work with industry on ways to leverage our highly skilled engineering, business and technology talent, our industry specialisations, our world class research and entrepreneurial drive to maximise WA’s opportunities to tap into massive emerging industries in defence, agricultural technology, advanced manufacturing, biomedical and industrial automation.
- **Smart Infrastructure**: Ensure future capital works projects have a minimum of 2% set aside to apply smart instrumentation (Internet of Things) and Data Analytics, in order to provide ongoing monitoring, reduce maintenance and maximise the life cycle of the infrastructure implemented and ensure value for public monies invested.

Jobs & Skills

- Work to develop a skilled workforce that can both ‘create’ and ‘consume’ technologies that maximise human and economic potential for WA.
- Continue to expand and promote STEM/STEAM education and vocations in WA.
- Ensure smart and supportive pathways for ICT related careers and/or skills in addition to STEM/STEAM.
- Ensure graduates are prepared for and have ready access to ongoing learning and career evolution.
- Work with AIIA and Industry on initiatives such as recognised certifications, procurement preferences, governance, salary and contract rewards and promotion of industry based certifications and reskilling opportunities.
- Work collaboratively on initiatives to drive equality in remuneration, recognition and opportunity across society.

Culture, Attitude & Mindset

- Encourage and/or invest in programs and policies to grow our entrepreneurship, intrapreneurship and commercialisation skills, and support our transition to a 21st Century global economy.
- Learn from Industry and/or teach Government broadly to take calculated risks, validate assumptions, measure results, confront failure early, learn from our mistakes, accept accountability, avoid blame, work collaboratively and challenge entrenched beliefs and practices. Industry can assist here with learnings from cultural changes/shifts of their own in this space as the transitioning of WA’s economy has necessitated many of these changes.
- Better identify and reward our local thought leaders and action leaders, and celebrate our incredible talent. Make room for innovative ideas and encourage entrepreneurial thinking in everything we do. Leadership needs to be shown at all levels - from Government, industry, universities, schools to households.
The Future Awaits…

Now more than ever we must move fast to set our course... or risk being left behind.

Our ongoing prosperity hinges on our ability to innovate, which in turn will drive jobs, growth and importantly, our global competitiveness.

We look forward to working with the Government to improve our ICT performance and collaboration, enable our transformation into a 21st Century global economy, and deliver a truly fresh approach for ICT & digital technology in WA.
Thanks and Acknowledgements

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Australian ICT Industry Reference Committee  StartupAUS  
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Digital Transformation Agency  Curtin University  
CSIRO  University of Western Australia  
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National Energy Resources Australia  WA Government  
Scitech  NSW Government  
FutureNow  ACT Government  
Engineers Australia  Australian Government  
Bankwest  Singapore Government  
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Future State: How ICT & digital technology can improve our WA economy

WA AIIA Council Members 2017

Julian Coyne (Chair)
Cheryl Robertson (Deputy Chair/Previous Past Chair)
Paul Farrell (Treasurer)
Sharon Brown
Tom Gardner
Geoff Harben
Laura Holley
David Ridgway
Michael Scott
Jacques Giuffre
Dane Howarth
Gavin Strack
Stuart Strickland
Anthony Doig
22 June 2017

Mr Iain Rennie CNZM
Chair
Service Priority Review
Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Iain

Thank you for inviting Chamber of Commerce and Industry of Western Australia (CCI) to contribute to the service priority review on behalf of our members. CCI supports the State Government’s consolidation of public service departments to drive savings and create greater efficiencies and better service experience for business and consumers.

Please find below CCI’s views on some of the nominated questions, contained within the three major themes, based on feedback from our members.

THEME 1

- How can the public sector best interface with business and ensure that regulation is appropriate and targeted?

In CCI’s Vision paper for the State, it was identified that regulatory burden has a negative impact on vibrancy and liveability in WA. Vibrancy and liveability are critically important from an economic perspective because in an increasingly connected and globalised world, more and more businesses are less constrained by the ‘need’ to be located in a particular place. WA needs to be the place where businesses ‘want’ to be located so this means creating an attractive business environment which assists rather than hinders business; and is a place where workers want to live.

CCI believes that regulatory burden has a negative impact on vibrancy and liveability in WA, two factors that are critical to an increasingly connected and globalised world. Today’s businesses are less constrained by the ‘need’ to be located in a particular place so, to ensure WA is the place where businesses ‘want’ to be located, government must provide both an attractive business environment and place where workers want to live.

CCI’s not-for-profit (NFP) members stressed that increased regulation involving auditing and data collection in their industry does not lead to better outcomes for the state’s most vulnerable and at-risk people. Many regulations will state what a service ‘must have’ but there is no mechanism to review how well, or not, the service is being delivered. Simply complying provides no incentive to deliver better services and in some cases can lead to poor practices. The NFP sector is keen to see regulation drafted that is outcomes based and which holds providers to account.
A tangible example of where this approach works well is the (current) Department of Local Government and Communities - Education and Care Regulatory Unit which is responsible for visiting services and assessing them against a national standard. Instead of a ‘tick the box’ process which currently often exists in the NFP sector, their site visits to care providers result in delivering better, more consistent services.

CCI’s view is that regulation is only warranted where it addresses a market failure and the benefits of regulation exceed the costs. As I mentioned in our initial discussion, while it is important that we do not forget the lessons of the WA Inc Royal Commission, we also need to be careful that necessary approvals are progressed efficiently and effectively to allow investment decisions to proceed.

Our members have nominated the following areas that require improvement for better interaction with government:

i. Improving functionality of government websites;
ii. Removing duplication of audits by different levels of government;
iii. Improving planning and approval processes; and,
iv. Removing onerous and duplicative paperwork.

CCI often asks its members for examples of red tape and notes that the examples provided by our members are rarely the same. This suggests that problematic regulation is either very granular, affecting a small subset of a broader industry sector or it falls outside major policy reform areas.

CCI suggests that to address red tape, Government can:

i. Regularly review regulation, even in areas not identified as priority areas;
ii. Continue consultation with business and the broader community. CCI is happy to act as a conduit for consultation with industry;
iii. Focus more on prevention of red tape rather than cures by subjecting all regulation to a cost-benefit analysis before it is introduced; and,
iv. The Australian and WA Government’s Red Tape Repeal days kept up momentum for regulatory reform. CCI suggests these continue.

A Single Interface for Regulatory Engagement with Business

CCI recommends that responsibility for all regulatory reform and gatekeeping matters in WA should be transferred to a single, adequately resourced, independent body. The Economic Regulation Authority is well-placed to act in this capacity. A single Minister should also be made responsible and accountable for red tape reduction.

We also recommend that no new business regulation should be contemplated without a thorough and independent cost benefit analysis and full consultation with business.

Government should also ensure that new regulations are only introduced where there are net benefits, and that existing regulation also still delivers the benefits it was initially intended to create.
Continued Focus on Removing Retail Trading Regulations

The government department responsible for reviewing regulation should consider retail trading hours regulation as a priority as this outdated regulation affects all members of the community, including businesses. Small changes have been made, however businesses and consumers continue to be slowed down by retail trading regulations which restrict the hours shops can open and the items they can sell at one time. In the age of internet shopping and online marketplaces, our bricks-and-mortar retail trading hours must be fully deregulated to remain viable businesses.

The introduction of weeknight trading in 2010 and Sunday trading in 2012 were positive steps forward, and have provided businesses and consumers with greater opportunity and flexibility.

Small retail shops can trade whenever they like, 7 days a week, 24 hours a day. However, general retail shops can only be open between 8am and 9pm on weekdays and between 11am and 5pm on Sundays and public holidays. Special retail shops can trade for longer hours between 6am and 11pm any day of the year, but are restricted by what they can sell — for example they can’t sell decorative light fittings, safety clothes (except overalls) or electrical items (except for ceiling fans).

The costs of ensuring compliance with this outdated regime are significant for tax payers as well. The Department of Commerce conducted 33,577 inspections on retail traders to enforce compliance with regulatory requirements in 2015-16, and 95% were found to be compliant (2015-16 Annual Report, Key Effectiveness Indicator 1, pg. 124). The average cost per inspection or investigation was $365.47 (2015-16 Annual Report, Key Effectiveness Indicator 1.3, pg. 125), which suggests that over $12 million was spent on inspections alone in 2015-16. Inspectors targeted product safety and bait advertising, which are important aspects of consumer protection, however a proportion of this sum would relate to regulating opening hours and the products that retailers are allowed to sell.

The benefits of trading hours deregulation would include:

a. Lower prices for consumers through greater competition;
b. Increased employment opportunities; and
c. Greater convenience for consumers including businesses.

- What is the public sector doing well in terms of service design and delivery and what can it do better?

CCI strongly supports the work of the Economic Reform unit within the Department of Finance (soon to be moved into Treasury). By mapping regulations through their 90 Day Mapping projects they identify cumulative burdens to business where regulations may be required across several departments yet may not appear burdensome in any one department. They also approach the task with a collaborative and open mindset, helping to developing relationships and build cooperation between government departments. Holding a red tape ‘repeal week’ is positive as it provides a goal for CCI and government to work towards, in terms of identifying and reducing unnecessary legislation. Also, including various small aspects of legislation to be altered in one red tape reduction omnibus bill provides an efficient solution as small changes to individual laws may not have otherwise been considered.
CCI members advise that service design is done well in the NFP sector when government agencies choose to engage with the sector to co-design outcomes prior to tender. Involving all stakeholders – service providers, agencies and end users early in the design process results in well understood and solid outcomes. CCI understands this does not happen on every tender nor is it standard practice across agencies.

Conversely, when co-design is not part of the process, NFPs report that tender submission timeframes are tight and poorly communicated, response times from government can be too long and unrealistic expectations are placed on how quickly work can begin once tenders have been awarded. The decision to simply rollover contracts year to year appears to be left until the current tender is close to expiry, which breeds a culture of uncertainty and encourages some staff to seek more secure employment.

Similarly, Main Roads’ industry consultation to review tendering processes has been welcomed by industry. CCI members appreciate the open consultative process which allows them to provide input on tendering processes. In particular, the stakeholder workshop on Industry Bidding Practices to discuss the submission, consideration and acceptance of unusually low tender bids was well-received. Initiatives such as these improve transparency and confidence amongst the business community.

The government’s deregulation of the taxi industry last year represented an efficient and timely response to changing market decisions. Uber was made legal and taxi plate owners were offered a reasonable compensation package.

CCI members are also supportive environmental approvals taking place in one department. This allows regulation to be more effective and efficient without compromising environmental outcomes.

CCI members note, however, that environmental approvals would be better addressed if they were advised of a name and a face who was reviewing the submission. At present, members have noted there is no specific point of contact with whom to discuss the progress of a submission. Anecdotally, this may be specific to office location, with regional members generally more satisfied with service than their metropolitan counterparts. With clear boundaries, it should be possible for a regulator to be strictly impartial and not provide advice outside the realm of their scope, whilst satisfying the proponent that an approval is being diligently addressed by a known individual.

CCI supported the Department of Mines and Petroleum’s 2012 Reforming Environmental Regulation program. The program identified a number of reforms to clarify the Department’s role and responsibility for environmental regulation within the whole of government context, and inform the development of clearly articulated environmental outcomes and objectives.

CCI members have appreciated the Government’s level of consultation involved in the reform of water resource management legislation as well as consultation by the department of Environment Regulation on its regulatory principles.

CCI supports the McGowan Government’s plan to implement further reforms of WA’s liquor laws to create a more vibrant city and new tourism and employment opportunities.
Outsourcing

The WA community benefits from outsourcing components of Government service provision where these can be more effectively delivered by the private sector. As an example, Acacia Prison has been identified as the best performing prison in the state in terms of cost per prisoner per day\(^1\). The prison also has higher levels of performance, lower rates of security breaches and improved outcomes in reducing reoffending rates, which in turn provides indirect cost savings due to lower levels of crime.

There are a range of ancillary services in the health, community services and corrective services areas where private sector businesses, both in the for profit and not-for-profit sectors, can deliver services that are both cost effective and customer focused. Outsourcing ancillary roles also allows Government to focus on its core activities. This is especially true of the National Disability Insurance Scheme (NDIS) which is due to rollout on 1 July 2017. Efficient delivery of services is achieved because the Government can place strict obligations on private sector businesses that ensure benchmarked service delivery. These obligations are in large part not possible with public sector institutions.

CCI recommends closer collaboration between government departments, perhaps through interdepartmental meeting processes, to ensure that all government departments are coordinated on outcomes which affect business and the community. See section six below on collaboration for more details.

CCI recommends that the work conducted by the Economic Reform section of Finance (soon to be housed in Treasury) should be expanded. Their work reduces unnecessary regulations for business and promotes a collaborative and supportive approach to cross-government coordination.

- **What key outcomes should the public sector be trying to achieve? How can results be measured and shared with the community?**

The below outcomes have been taken from CCI's forthcoming 2017 pre-budget submission.

**Government Debt**

A key outcome for the public sector in the current fiscal climate should be to seek to return the budget to surplus. CCI recommends that this goal should be included in the overarching priorities of each department and build into the KPIs of individual performance agreements of public servants.

**International Education**

CCI commends the Government’s proposal to move the responsibility for promotion of international education into the Department of Jobs, Tourism, Science and Innovation. This recognises the significant export potential of the industry and should assist with the promotion of this export. CCI recommends the public sector design and implement and international trade strategy that sets specific targets and establishes a performance monitoring system. A specific result which could be measured and shared with the business community would be demonstrating how international education promotion has been closely linked to WA’s tourism promotion given that the families of international students represent a significant tourism market and linking the university calendar

\(^1\) Infrastructure Partnerships Australia, Submission: Inquiry into the efficiency and performance of Western Australian Prisons, 2015, p.8
(orientation week, graduation week) to WA’s tourism promotion could attract parents of prospective students to visit WA and enrol their students in international education. To do this, the universities would need to be coordinated with the government.

**Local Content Engagement with CCI – Increased Efficiencies**

CCI has operated Industry Capability Network WA (ICN) for the past 25 years and Project Connect for the past 13 years. In addition, CCI independently owns and operates several associated buyer-supplier databases, containing more than 73,000 company records. Our experience in this area has enabled CCI to create the WA Works prototype platform, an online algorithmic-based matchmaking tool which enables potential suppliers to find each other and form joint ventures to bid for projects they would otherwise not be able to compete for. It also has a local market search tool which enables buyers to search for local capability in any industry. These features are completely unique to WA Works and enable businesses to connect and deliver local solutions for projects.

CCI would be delighted to provide the review panel with a demonstration of the platform which could be used by government to roll out the WA Industry Participation Plans. WA Works would provide cost and time savings in procurement and maximise local industry engagement while maintaining a regulatory “light touch”. It would also remove the need for government agencies to develop their own lists of businesses when they are planning a project.

CCI’s databases also include the Aboriginal Business Directory, which provides an additional valuable resource for achieving other Government procurement objectives. As an example, CCI’s databases were used by Brookfield Multiplex on the new Perth Stadium, assisting with the identification and selection of the local contractors for the supply of materials and subcontracting services. This enabled the then Minister for Sport to highlight the use of local companies on the project.

**Public Sector Wages Policy**

CCI welcomes the Government’s new wage policy which will result in wage increases being capped at levels below the previous cap of 1.5 per cent overall.

Over recent years, public sector wages have been growing at a much higher rate than the private sector, with WA businesses and employees focussing on reducing costs to maintain the viability of their workplaces. The same level of restraint is needed within the public sector in order to help manage the costs of governing the state.

In introducing its new policy, the WA Government needs to take proactive steps to ensure the policy is effectively implemented by:

a. Ensuring it is rigorously applied to all public-sector department and agencies, with no special exceptions being granted for specific occupations or sectors;

b. Recognising that it will face difficulties in negotiating new industrial agreements under the revised framework and as such may need to consider allowing existing agreements to run past their nominal term and administratively apply any justifiable increases within the new wage policy;
c. Recognising that during the recent boom WA public servants have benefited from high wage increases. When renegotiating new industrial agreements the existing rates of pay should be compared to those paid by other relevant state government agencies and where they are above the national average no increases should be granted; and

d. Should the Government be forced to concede to rates above the cap, the higher costs should be recovered through reduced staffing levels.

Referral of Industrial Relations Powers

The WA State Government should refer WA’s residual industrial relations powers regulating private sector workplaces to the Commonwealth. The State Government should maintain control over IR for public sector functions.

The vast majority of WA workplaces are covered by the national industrial relations (IR) system, but the state system – comprising the WA Industrial Relations Commission (WAIRC) and the Labour Relations division of the Department of Mines, Industry Regulation and Safety – still regulates around 10 to 15 per cent of the WA private sector, at a cost of around $19 million per year. Further savings could be made to the WA budget by referring these residual IR powers to the Commonwealth.

All other states have referred these powers, which – in addition to generating costs savings - has reduced the level of confusion amongst private sector employees and employers as to which system applies to their workplace.

THEME 2

- How can public sector agencies work together to better share and exchange workers’ knowledge and expertise?

CCI suggests that career advancement could be linked to gaining experience in different areas of the public sector. This may include developing an interstate public sector secondment or exchange program, particularly with resource-rich states such as Queensland. Best practice examples could be shared and adopted across the country.

THEME 3

- How could the public sector better collaborate – both between agencies, and with the private sector – to operate more efficiently?

There is also scope for top-down inter-agency coordination. Ideally, this should be led by example from the top (eg. coordination meetings between Directors-General) and flow down between other levels of government as required (eg. operational coordination). The government’s consolidation of Government departments will go some way to meeting this level of cooperation.

CCI members in the NFP sector are strongly supportive of the Partnership Forum which, established in 2010, brings together representatives from state government agencies, the NFP community sector and consumer advocates to improve the policy, planning, design and delivery of community services.
CCI members feel this is an excellent example of a collaborative approach that values the contribution of those involved and would like to see the forum strengthened and adequately resourced.

Industry always appreciates consultation — especially ahead of changes to regulations.

- How can government contracting and purchasing practices be improved to get better results?

CCI has been concerned that the State Government has not demonstrated a uniform commitment to its own buy local policy. In particular state government agencies, departments and their head contractors should be required to consult ICNWA and CCI’s Project Connect database to develop a local content strategy on all major procurement.

Where import replacements are available they should be required to engage ICN to assist in identifying local suppliers. As mentioned above, ICN and Project Connect assisted the new Perth Stadium with its local content strategy and Brookfield advised that it had awarded over $450 million worth of contracts to local suppliers, as of November 2016. By contrast, the Swan River pedestrian bridge did not use ICN or local suppliers with a very costly outcome.

Finally, some CCI members have raised concerns about the WALGA Preferred Supplier Program contracting mechanism which procures goods and services on behalf of its members. The concern stems from local companies not being able to supply local councils if they do not meet the tender requirements. CCI has not investigated these concerns however we pass this on in case this issue presents itself through other channels.

I trust that the above comments are useful for your review. Please do not hesitate to contact CCI, should you require more information on any of the above points.

Yours sincerely

[Signature]

Deidre Wilmott
Chief Executive Officer
SAS Submission

Executive summary

The opportunity afforded to WA Government from better leverage of data and analytics is significant. By way of example, a similar sized SAS customer in this submission has saved over A$12.4bn in forward liabilities and has improved the lifetime potential of significant numbers of individuals on welfare, while protecting their Privacy rights and securely managing sensitive information.

The purpose of this submission is to validate the Directions for Reform by providing case studies on where data sharing has been successful in other jurisdictions and the types of benefit it has delivered to customers, public sector employees and the Government’s bottom line.

Included in this report is a high-level summary of the difference between reporting, business intelligence and predictive analytics. Stakeholders typically have an inconsistent understanding not only of the differences, but also the different capabilities that each can deliver and are required to support them.

Given there are meaningful challenges to be overcome, this submission includes some observations and considerations associated with change that SAS has observed in its experience with more than 80,000 analytic customer sites.

SAS Institute is the largest private global analytics company, with a 41-year history in data analytics software and services. We work with over 600 government agencies, and have over 80,000 customer sites worldwide. We enable our customers achieve their strategic objectives by breaking down data silos, maintaining privacy and data governance, and leveraging that data to apply analytics which drive evidence-based decision-making.

Given the significant focus on data and analytics in the Interim Report to the West Australian (WA) Government (the “Report”) dated August 2017, SAS welcomes the opportunity to contribute insights it has from working with customers on similar journeys.

1. Case studies

Public sector focused on individual needs

The journey and initiatives undertaken by New Zealand’s Ministry of Social Development (MSD) could provide WA Government with valuable insights into data sharing and evidence-based decision-making to facilitate digital transformation.

Relevant insights include: benefits achieved using a data and analytics driven approach to transform service delivery, outcomes measurement, resultant service redesign approach, practical examples of a tailored customer focused approach, data sharing – how to enable it, and the importance of leadership and vision in driving change.

MSD faces similar challenges to WA: fiscal conditions, rising service demand, limited resources, rising expectations and over-representation of indigenous groups requiring its services.

In partnership with SAS, leveraging analytical software and SAS Result’s data scientists, MSD have transformed the way they target services and measure outcomes:

1. Lifecycle liability forecasting and ‘Investment approach’ - leveraging data and analytics MSD now forecasts its future liabilities (welfare support costs) by consumer segment. Using this, MSD has refocused its programs taking an ‘investment approach’ aiming to reduce the drivers of future liabilities.
liability. Segments most at risk of harm or at risk of long term welfare dependency are prioritised and targeted for improved interventions.


An overview of their measurement approach and outcomes to-date can be found at: https://www.msd.govt.nz/about-msd-and-our-work/newsroom/media-releases/2017/2016-valuation-of-the-benefit-system-for-working-age-adults.html

2. **Lifetime view of individual** – leveraging shared data and predictive analytics, MSD found ~70% of their future liability was attributable to those entering or who had entered the welfare system under the age of 20 years old. This highlighted the importance of focusing on and investing in earlier interventions to reduce the high individual and social cost associated with those individuals spending a lifetime on welfare.

3. **Service personalisation** – by enabling data sharing across agencies and adopting customer analytic approaches used in the corporate sector, MSD has been able to migrate away from a ‘one size fits all’ service delivery approach to a targeted intervention approach meeting the individual needs of consumers. MSD has also been able to track the outcomes and success of each of these interventions efficiently and effectively.

MSD’s Youth Service provides targeted support for young adults on welfare. Most are disconnected from school with no education/ training qualifications. With tailored interventions now addressing their individual needs, over 80% have re-entered education or training and are on a pathway off lifetime welfare dependency. A similar approach with tailored support offerings are being offered to other segments e.g. sole parents, indigenous groups etc.

**Enabling the public sector to do its job better – child welfare**

Florida’s Department of Children and Families (DCF) can predict the needs of families in crisis, alert overburdened case workers to families at immediate risk, and prioritise interventions targeting the most at risk children. DCF initially struggled with data sharing, they chose to start by using limited data sets to explore and evaluate policy decisions. DCF worked with SAS Results analysing data on ~1m children to identify factors influencing risk of death from abuse or neglect. The analytic model now helps investigators
better predict the needs of families in crisis and helps overburdened case workers to identify and prioritise interventions targeting the most at-risk kids.

DCF can see if services are available to children who need them the most, are being delivered per each child’s needs, and if funds are being spent effectively. Prior case outcomes, social network analysis and text mining case worker reports and notes were all key inputs.

Enabling the public sector to do its job better – health outcomes

Do you know where health dollars are being spent, for which services, and at what utilisation rates? Do you know the drivers, have an accurate forecast into the future and know how to optimise delivery? Can you combine claims data, medical records data, activity and cost data to predict the impact of policy changes on the costs or quality of care?

Rather than spending 80% of their time producing reports; with SAS data analytics, employees in New Hampshire can rapidly assess hundreds of thousands of lines of health data, drilling down and understanding the precise cost and impact of spending decisions. Previously they had to search large documents e.g. 700 page .pdfs for information, now their time can be spent driving actions and better stakeholder outcomes. The comparative data on outcomes is enabling both cost and quality of care service delivery efficiency improvements.

Enabling the public sector to do its job better – safety & criminal justice

The Victorian government tasked SAS with developing software that connects disparate police databases such as Leap and Interpose so that greater intelligence can be drawn from them. The system aims to cut the time it takes for Victoria Police’s 600-plus crime analysts to connect the dots, down from hours to minutes.

With the disparate databases connected, the police will be able to link people, events, vehicles, properties, and activities, as well as ingest “open-source social media” to pair up with police information to better identify and predict local crime trends and hotspots.

"Police have vast amounts of information. This new system connects it, analyses it, and puts it at their fingertips so they can fight crime much more quickly," said Victorian Minister for Police Lisa Neville. "This will give Victoria the best law-enforcement intelligence system in Australia. We are delivering more police, tough new laws, and the latest in crime-fighting technology to keep the community safe."

More databases will be connected in 2018 as part of the state government's $227m investment in technology to upgrade police capabilities. WA Police have embarked on a similar model with SAS.

Strengthening the public sector - fraud, waste and proper payments

Traditional approaches targeting fraud and waste are often insufficient given the high volumes of data involved and sophisticated methods used by fraudsters.
Los Angeles County’s Department of Public Social Services (DPSS) offers programs alleviating hardship, promoting health, personal responsibility and economic independence. DPSS offers financial assistance, employment services, free/low-cost health insurance and food benefits. DPSS uses big data and analytics solutions to identify potential fraud, enhance investigations and prevent improper payments. Social networks are analysed to determine if individuals are likely to commit fraud and to identify fraud rings. DPSS now identifies fraud sooner, resulting in lower investigative costs and losses, ensuring available funds go to where they are needed most.

2. Clarification of the terms: analytics, business intelligence and predictive analytics

In many organisations, stakeholders have different views of what analytics is and how to deploy the capability for value. Some think it is just reporting, others think it is visualisation. SAS recommends the Report defines and distinguishes ‘analytics’ given that delivering advanced analytic solutions entail fundamentally different capabilities to Business Intelligence, and deliver fundamentally different decision insights.

The curve below provides a high-level distinction between reporting and analytics and by extension the type of insight each would add to any outcomes based monitoring approach.

3. Critical Success Factors – for final report consideration

A. Leadership and vision - in any major transformation, strong leadership, a clear vision and articulation of the value at stake being targeted is critical to enable change to happen in a timely, coordinated and cost effective manner. From an information and analytics perspective, strong business engagement and ownership is critical to ensure any analytical solutions are well connected to business activities and value. Given WA Government’s policy direction towards better integration of service delivery (e.g. Target 120) to
customers. The Final Report would benefit with further recommendations and/ or a framework to deliver this.

B. Culture change - migrating an organisation’s behaviours to one for example that:

- treats information as a strategic asset,
- treats analytics as a core capability that is actively invested in and managed for performance (consider Woodside, Western Power or WA Police in a Perth context),
- actively seeks out ways to better leverage shared corporate data to improve decision making involves significant cultural change. The Final Report would benefit with a consideration of the requisite capabilities (i.e. beyond the technical considerations) that need to be in place to support an efficient move towards all public-sector employees having ‘the right information at the right time’ to support decision making. The cross-agency nature of the Directions for Reform is a key point to consider.

In many instances, organisations need to significantly alter their operating models to achieve the changes. They migrate from silo data management/ analytics approaches (each agency/ department having its own independent data management and analytics team) to a federated or a centralised data management and analytic insight service model. Sample benefits include: improved agility, reduced duplication of effort, consistency of views of information across agencies, improved control e.g. of sensitive data, improved ability to create a centre of excellence for analytical and data management skills etc.

C. Customer centric approach - a critical enabler for delivering integrated services better tailored to the needs of the individual, is the appropriate ability of service delivery teams to see a clear picture of an individual’s needs and prior history of service interactions. Success requires seamless data sharing, collaboration between agencies, community/ non-government organisations and outputs tailored to the decisions planners and practitioners. Significant lessons can be taken from the corporate sector in better segmenting customers, identifying and tracking customer journey touchpoints, measuring the customer experience and defining programs that cost effectively deliver against ‘what matters’.

D. New technology appraisal - arguably we are at the fastest point of technological change at any point in history. The opportunities to augment service offerings and improve efficiency from technologies such as; the Internet of Things, augmented reality, augmented or adaptive learning, digital transformation, virtual reality, machine and deep learning are significant. SAS sees many organisations critically re-evaluating the capabilities (people, process, technology, culture, innovation & information) needed to create a step change difference in their ability to rapidly and cost effectively identify, appraise these and if successful, deploy them. In many instances this means changing the way in which IT and business units
work together and how organisations partner with service/app providers. More detail on the framework for achieving this in the Final Report would be valuable.

E. Change approach - change rarely happens all at once, not every group will be willing to jump on board to implement the proposed reforms. Starting small with a meaningful pilot is a good way to prove the model/value of recommendations made in the Directions for Reform & create demand for new model.

F. Change at speed - quick learnings are important as an organisation improves its analytical maturity. SAS Results is frequently engaged to provide an outcomes-driven deliverable within 8-12 week timeframes. Whether it is: linking data to drive process changes, identifying child harm risk factors, identifying procurement efficiency improvements or fraudulent activity, the ability to gain quick learnings without capital expenditure and significant resource overhead is an immediate attractive option. Fixed price approaches such as these cap the new capability development risk for Government.

G. Delivering value at speed – traditional projects frequently promise benefits many years down the line. Approaches focused on delivering regular drops of value at speed i.e. 3,6,9… months etc. help build and sustain change momentum and investment in new capabilities.

H. Outcomes based measurement and efficiency - the need for systematic information on Public Sector Performance to drive effective resource allocation decisions is key but care should be taken to avoid costly or inefficient measurement approaches seeking to measure ‘everything’ or ‘what is easy to measure’ rather than ‘what matters’. Lack of automation and deployment of significant resources to generating basic reports rather than analysing them for the purposes of driving actions should be considered in the new design.

A very real efficiency opportunity exists for most organisations in moving away from a business model where 80% of reporting activity is spent manually producing reports on what happened to a model where the nature of reports and insights change to being more forward looking and prescriptive in nature, with the production process being largely automated. In this way resources are freed to analyse outputs and drive actions.

Source: Gartner

Close

SAS would welcome any requests from the Panel to provide further information or clarification.
**Telstra submission to the Government of Western Australia Service Priority Review**

Telstra welcomes the opportunity to provide a submission to the Government of Western Australia Service Priority Review (the Review) and thanks the Panel for this opportunity. Telstra’s input to the Review relates to the Government of Western Australia’s GovNext-ICT program. Telstra would welcome the opportunity to discuss this submission in further detail with the Panel and the Government in due course.

**Background:**

Telstra is an Australian company which employs more than 30,000 people nationally — including about 3,000 in Western Australia. Telstra provides a wide-range of communications and ICT services in line with its publicly-stated aim to become a world-class technology company. It is recognised both domestically and internationally as a leader in innovation. Telstra’s wireless network footprint is significantly larger than any other carrier either nationally or in WA, connecting 17 million mobile services across 2.4msq/km of the country.

Telstra is committed to providing improved communications to regional Australia and over the last 10 years, 15 per cent of Telstra’s investment in the mobile access network has gone to provide services to the most remote two per cent of the population. Telstra has always been proud of its role in supporting the local community and frequently applies a non-commercial lens to the provision of services such as communications support to Emergency Services Organisations and the broader community during times of natural disasters.

Telstra is also proud of its capacity to add significant value to commercial arrangements. As an example, under the Regional Mobile Communications Program in Western Australia, Telstra returned $106 million in value to the then WA Government in return for its initial investment of $39.2 million, delivering 113 additional mobile sites while providing free access for emergency services to co-locate their own equipment as required.

Under the current Federal Government Mobile Black Spot Program, Telstra is providing a further 183 mobile coverage sites across regional and rural WA, with customers benefitting from new or strengthened 3G/4G mobile coverage.
 GovNext-ICT Program overview

On 1 July 2015 the WA Government established an independent agency called Office of the Government Chief Information Officer (OGCIO) to provide ICT leadership in WA. One of the OGCIO’s initiatives was the GovNext-ICT Program which had the following aims:

- Consolidate the 60 plus government data centres into a small number of interconnected, efficient, high grade data centres with a multi-tenant community cloud for WA government;
- Enable the migration of the majority of government computer and storage to public or private cloud;
- Establish a whole-of-government unified network, with secure standardised connections to public cloud providers; and
- Enable extensive user self-provisioning capability.

The OGCIO envisioned that most public sector agencies would transition their ICT infrastructure into the GovNext-ICT model over the following three years.

In January, 2017 the WA Government awarded GovNext-ICT contracts to three multi-national suppliers NEC, Datacom and ATOS to supply data centres, cloud, networks, internet, security, fixed voice and unified communications to WA Government departments and agencies.

Telstra concerns with the GovNext-ICT Program

Under the GovNext-ICT Program, Telstra is relegated from being a partner to the WA Government to simply becoming a supplier. Telstra is excluded from providing services such as security, cloud, networks and unified communications technology. This effectively removes Telstra’s ability to add value or apply innovation to WA Government ICT requirements.

The GovNext-ICT Program has also seen the WA Government lose millions of dollars per annum of savings as agencies have been unable to take up the reduced rates under CUA 56808 which have also now been cancelled by the Department of Finance and may impact existing pricing available to the agencies. Telstra can demonstrably deliver savings and innovation through its industry and government participation nationally and globally and this will be stifled as our role is reduced to become a vendor of telecommunications.

Telstra wants WA to benefit from the innovation, connectivity and sustainability programs that we can bring to the table through a partner relationship. Telstra also wants to stand side by side with the WA Government in times of need like natural disasters but these opportunities will be under threat in a vendor relationship.

It should be noted that Telstra also utilises many small local businesses and service providers to help deliver its services. Connectivity into regional and remote WA is also critical to nurturing development including small and large businesses and service delivery. With Telstra access to servicing Government being that of a vendor working through a third party, this will stifle the innovation Telstra can offer in WA, increase costs to the government and effectively preclude one of WA’s larger, Australian-owned employers from having a direct relationship with the Government.

Under the GovNext-ICT Program the only direct relationship Telstra will have with most Government agencies will be for mobility services.
Summary

GovNext highlights one of its core capabilities as: “Agencies should proactively and positively engage with peers, stakeholders, partners, suppliers and citizens to deliver better and mutually beneficial outcomes, seeking to identify and adopt innovative solutions and practices that have value”.

However, Telstra does not agree this capability will be enhanced under the GovNext model. Telstra considers the GovNext-ICT Program an inefficient telecommunications procurement model in a highly-competitive and dynamic ICT industry.

We believe the Government should remove telecommunication services from the GovNext-ICT Program so Telstra can demonstrate its value to the Government by being able compete through an open and transparent tender system for broader ICT services and continue its partner relationship which delivers additional services, solutions and innovation beyond the requirements placed on a supplier.

Telstra notes that other Australian jurisdictions do not have a similar model to GovNext in place and that large private sector businesses do not adopt a panel model similar to GovNext for appropriations. Telstra believes that GovNext is not the most efficient or cost-effective procurement model and restricts the potential for innovation.
6 September 2017

Mr Iain Rennie
Chair
Service Priority Review

Dear Mr Rennie

Re: Tourism Council WA Submission to the Service Priority Review

Thank you for the opportunity to consult with the Service Priority Review secretariat team on 17 July 2017. Since that meeting Tourism Council WA commissioned Churchill Consulting to research and analyse State Government tourism functions and operations across Australia. The report by Churchill Consulting underpins our enclosed submission and recommendations to the Service Priority Review.

Tourism Council WA has also had an opportunity to consider the Service Priority Review Interim Report and apply its observations and views to our submission.

On behalf of the tourism industry, I am delighted to present the enclosed Tourism Council WA Submission to the Service Priority Review. I hope you find the submission informative and able to be considered in your final report to the Western Australian Government.

Tourism Council WA would appreciate the opportunity to meet with the Service Priority Review panel to discuss the enclosed submission and recommendations. Please feel free to contact me on 08 9416 0700 should you wish to discuss this matter further.

Yours sincerely

[Signature]

Evan Hall
Chief Executive Officer
Tourism Council WA
Tourism Council WA Policy Paper

Submission to the Service Priority Review

tourismcouncilwa.com.au
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Glossary and Abbreviations

DBCA means the Department of Biodiversity, Conservation and Attractions.

Destination Marketing means consumer promotion, trade marketing and tourism event activity designed to increase visitation to the destination.

DJTSI means the Department of Jobs, Tourism, Science and Innovation.

DLGS&CI means the Department of Local Government, Sport and Cultural Industries.

DPI&RD means the Department of Primary Industries and Regional Development.

DPLH means the Department of Planning, Lands and Heritage.

DMO means Destination Marketing Organisation.

Marketing means promotion, product development, pricing and distribution.

OTA means online travel agents such as Expedia, Booking.com and Webjet.

PSM Act means the state Public Sector Management Act.

PSC means the Public Service Commission

STO means State Tourism Organisation.

STO Act means the state statute establishing the State Tourism Organisation as a legal entity.

Tourism Growth ROI means the growth in tourism and subsequent job creation achieved as a return on investment for a given level of budget funding into destination marketing and events.

Tourism Product means transport, accommodation, hospitality, attractions, tours, experiences and other goods and services purchased by visitors to a destination.

Visitor means international and interstate visitors to Western Australia.

Images courtesy Crown Towers, National Anzac Centre, Tourism Western Australia
1. Introduction

1.1 Overview
The new State Government has established economic diversity and job creation as a strategic priority and has identified tourism as a key growth industry to drive this job creation. The WA State Government undertakes a wide range of functions which affect the tourism industry, from managing National Parks to regulating tourism product and delivering destination marketing. These functions are performed by more than fifteen government entities. The effectiveness of the public sector in performing these functions is critical to achieving tourism growth.

This submission first examines the multiple public sector functions and agencies involved in tourism and makes recommendations on stewardship, agency consolidation and the use of state targets to achieve the state’s priority of job creation through tourism growth.

The submission then examines in detail the critical function of destination marketing, drawing on a detailed review of models of public sector delivery by Churchill Consulting. The submission makes recommendations on the governance and employment structures of state government destination marketing.

1.2 Western Australian Tourism
Each year Western Australia hosts 10,440,000 intrastate, interstate and international visitors travelling overnight across the State. The vast majority of visitors visit Perth and more than half also visit regional WA. These visitors include leisure visitors such as holiday makers and those visiting friends and relatives, business travellers and other visitors such as short-term students.

The expenditure of visitors in Western Australia is a significant component of the State economy. In 2015-16 WA tourism generated:

- $15.4 billion in tourism consumption;
- $3.2 billion in export earnings;
- $11.8 billion in Gross State Product ($6.0 billion direct GSP & $5.8 billion indirect GSP); and
- 109,000 jobs (72,000 direct jobs and 37,000 indirect jobs).

1.3 Tourism Council WA
Tourism Council WA is the peak body representing tourism regions, industry associations and businesses in Western Australia. The Council promotes the value of tourism, facilitates sustainable tourism development and advocates industry policy on behalf of members.

Tourism Council WA represents more than 1,300 public and private sector members in aviation, accommodation, venues, hospitality, tours, attractions, events and regional tourism.

1.4 Tourism and the Service Priority Review
The new State Government has established economic diversity and job creation as a strategic priority and has identified tourism as a key industry to drive this job creation. The State Government has committed substantial funding to destination marketing and events to deliver this priority.

The Service Priority Review is tasked with examining the functions, operations and culture of the WA public sector. This submission examines the functions, operations and culture of the WA public sector from a tourism perspective. Tourism Council WA requests that tourism be considered by the Service Priority Review because:

- Job creation through tourism growth is a strategic priority of the State Government;
- Tourism is a prime case study of a priority involving multiple government functions and agencies; and
- Destination marketing is a prime case study of a specialised function requiring a high-performance culture, leadership and workforce.

The purpose of this submission is to examine the functions and operations of the WA public sector as they apply to tourism, and make recommendations on reforms to best achieve the State Government’s strategic priority of job creation through tourism growth.

1 Tourism Research Australia, International Visitor Survey and National Visitor Survey, YE March 2017
2 Tourism Research Australia, State Tourism Satellite Accounts 2015-16, June 2017
3 WA Labor, WA Labor Plan for Jobs, 2016 pp 59-65
### Table 1. State Government Tourism Functions

<table>
<thead>
<tr>
<th>Government Function</th>
<th>Tourism Function</th>
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<tbody>
<tr>
<td>Strategic Planning</td>
<td>State-wide or regional strategic planning which affects tourism development.</td>
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<tr>
<td>Infrastructure and Services</td>
<td>Provision of essential infrastructure and services for tourism development.</td>
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<td>Public Attractions</td>
<td>Managing parks, precincts, venues and other natural and cultural assets which attract visitors.</td>
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<tr>
<td>Product Approval</td>
<td>Statutory planning, approval and regulation of tourism products e.g. approvals, permits, licences and leases.</td>
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<td>Event Funding</td>
<td>Funding or delivery of events which attract visitors.</td>
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<tr>
<td>Destination Marketing</td>
<td>Funding or delivery of marketing to attract visitors to the state and regional destinations.</td>
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### Table 2. Government Agencies Performing Tourism Functions

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<th>Government Agencies</th>
<th>Strategic Planning</th>
<th>Infrastructure and Services</th>
<th>Public Attractions</th>
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<td>Racing, Gaming and Liquor (DLGS&amp;CI)</td>
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<td>Swan River Trust (DBCA)</td>
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<td>WA Police Service</td>
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</tbody>
</table>
2. State Government Tourism Functions

2.1 State Government Tourism Functions

There are a wide range of State Government functions and operations which have a significant impact on tourism growth and job creation, as shown in Table 1.

Tourism operates throughout the state across a diverse range of regions, environments, assets, jobs and private sector products. Consequently, there are more than thirty government departments and statutory entities whose functions significantly impact on tourism, see Table 2. Each of these government bodies can undertake multiple functions affecting tourism, for example Parks and Wildlife performs the functions of strategic planning, asset management and product approval which affects tourism. Multiple government bodies also carry out the same function, for example more than ten agencies perform a regulatory function with significant impact on tourism product approval. These multiple agencies and multiple functions impact tourism at the product level. For example, a dinner cruise on the Swan River from Elizabeth Quay would be regulated by the Metropolitan Redevelopment Authority, Department of Transport, the Swan River Trust, Department of Health and Liquor Licencing.

Each of these agencies has multiple policy objectives which may or may not include tourism. There is only one agency where tourism is the primary objective, which is the Western Australian Tourism Commission (Tourism WA), the statutory entity now residing within DJTSI. Importantly, this is also the only agency which carries out the destination marketing function.

The effectiveness of the WA public sector in performing these functions is critical to achieving tourism growth and the government’s strategic priority of job creation. Tourism Council WA contends that the effectiveness of these functions can be enhanced by state targets, enhanced leadership and further agency consolidation.

2.2 Whole-of-Government Targets and Tourism

Multiple government functions and agencies can be aligned by establishing whole-of-government targets and devolving those targets to each agency depending on its function.

For tourism, this would be a whole-of-government target of job creation achieved by tourism growth. This target would be devolved to government agencies depending on their tourism function.

For example, a State target of 10% growth in jobs should be supported by a 10% growth in tourism. This target should in turn be supported by: a 10% growth in visitors to parks, a 10% increase in the number of tourism products approved by licencing agencies and a 10% increase in visitors to publicly-funded events. Through shared targets, disparate government agencies can contribute to the state priority outcome of job creation.

Recommendations

- Introduce a whole-of-state target for job creation and establish a subsequent tourism target for job creation by tourism growth.
- Apply the state target of job creation by tourism growth across multiple agencies depending on their function in accordance with Table 3.

Table 3. State Targets for Agencies Performing Tourism Functions

<table>
<thead>
<tr>
<th>Government Function</th>
<th>Target</th>
<th>Quantitative Measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Strategic Priority</td>
<td>Economic diversity and job creation</td>
<td>* No. of jobs created</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>Job creation by tourism growth</td>
<td>* No. of jobs created by visitor growth</td>
</tr>
<tr>
<td>Public Attractions</td>
<td>Visitor growth in public attractions</td>
<td>* Visitor growth per annum.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* Sales of bookable tourism products.</td>
</tr>
<tr>
<td>Product Approval</td>
<td>Developing products to attract visitor growth.</td>
<td>* No. of tourism product applications.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* % of product applications approved.</td>
</tr>
<tr>
<td>Event Funding</td>
<td>Developing events to attract visitor growth.</td>
<td>* No. of visitors attending events.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* No. of sales of bookable events.</td>
</tr>
<tr>
<td>Destination Marketing</td>
<td>Maximise tourism growth ROI and WA market share of national visitor growth.</td>
<td>* % market share of holiday makers, VFR and business event delegates.</td>
</tr>
</tbody>
</table>
2.3 Public Sector Leadership and Tourism

A lead agency can provide whole-of-government stewardship across the multiple functions and agencies of the state government which affect tourism. Tourism Council WA supports DJTSI undertaking this critical leadership and coordination role for tourism.

DJTSI would be the appropriate body for coordinating delivery of the whole-of-government target for job creation, including the sub-target for tourism growth. DJTSI should be responsible for in-destination matters, including policy, strategy and whole-of-government coordination of those agencies delivering tourism functions. While the Department should have the tourism leadership role, Western Australia should adopt the best practice applied in all other states of separating the Department (DJTSI) and the State Tourism Organisation (see Section 3).

Recommendations

- Establish DJTSI as lead Department for tourism responsible for delivering the state tourism target through whole-of-government tourism strategy, policy and coordination of delivery by multiple agencies.
- Establish a Tourism Cabinet Sub-Committee to oversee the state tourism target and DJTSI.

2.4 Consolidation of Government Agencies and Tourism

Consolidating government bodies can streamline regulation and focus performance on strategic outcomes rather than processes. For tourism, consolidating public attractions into a single agency would be a substantial reform.

Consolidating public attractions would enable the public sector to:
- Streamline regulation of private tourism product which enhances these attractions;
- Develop the skills, capability and focus to improve the customer experience of attractions; and
- Better manage attractions to deliver the strategic priority of job creation through tourism growth.

This consolidation has commenced with the establishment of the DBCA incorporating Rottnest Island, Kings Park, Perth Zoo and Parks & Wildlife Services. However, it should be noted that while the CEO roles and staff of these agencies have been merged into DBCA, the legislation establishing each entity has not been changed.

Similarly, while these agencies have merged into DBCA, they still report to separate Ministers. Only one agency, the Rottnest Island Authority, reports to the Tourism Minister. The remaining agencies report to the Environment Minister.

The regulation and governance of assets such as Kings Park and Perth Zoo is determined by their statutes. Public sector changes alone cannot streamline regulation or institute broader governance if legislation establishes a separate governance board and regulatory regime for these attractions.

Four public attractions have been consolidated into DBCA. Museums WA and VenuesWest also both include multiple attractions and venues. However, a significant number of public attractions, from Whiteman Park to the Art Gallery of WA, remain as stand-alone agencies or scattered across multiple Departments and Ministerial Portfolios.

Recommendations

- Ensure the Tourism Cabinet Sub-Committee includes all Ministers responsible for public attractions e.g. Environment, Planning, and Culture and the Arts.
- Undertake further Machinery of Government changes to consolidate remaining attractions into a single body, “Attractions WA”, or similar organisations.
- Reform legislation to replace multiple statutory regimes for public attractions into a single regime for “Attractions WA”, or similar organisations, which includes:
  - Tourism as one of the statutory objectives for public attractions;
  - A single skills-based board, including tourism skills, for public attractions; and
  - A single streamlined regulatory regime for tourism products in public attractions.
- Work with industry to undertake a strategic review of public attractions and tourism, including the potential costs and benefits of merging Tourism WA with “Attractions WA.”
3. The Destination Marketing Function

3.1 The State Government Destination Marketing Function

While many government agencies and functions have an impact on tourism, the most critical function of government is destination marketing. Direct public investment in promoting discretionary consumer products is an unusual role for state government, but can achieve a high ROI in tourism growth and job creation.

Tourism is a predominantly private sector industry and the tourism industry is responsible for marketing its own tourism product. However, market failure exists in destination marketing and the state government is responsible for marketing its own destinations.

Consumers select destinations before they select tourism product, but consumers must purchase tourism product, e.g. airfares, to visit the destination. State Government investment in destination marketing increases sales of private sector tourism product in-market, which secures additional visitors. Expenditure by these additional visitors in tourism product injects significant new money into the State economy.

The fundamental purpose of State Government investment in destination marketing is the economic development, diversity and job creation generated by additional visitor expenditure.

Common failings are:

- Low expertise in tourism marketing leading to overinvestment of funds and purpose in external providers such as branding and creative agencies.
- Paying above market rates due to poor procurement in advertising production and media buying.
- Low ability to attract private investment and tourism product for cooperative marketing campaigns.
- Lacking the commercial acumen to deal with airlines and marketing channels such as OTAs.
- Inability to compete for State destination market share with more commercially-effective STOs.
- Unintentionally misusing public funds to shift market share between products and channels rather than between destinations.
- Focusing on the views of stakeholders in the State, rather than the actual consumers in the market.
- Pursuing conflicting objectives due to multiple lines of accountability and control within government.
- Misallocating funding to activities and events which are popular with voters but have a lower ROI for job creation by tourism growth.

3.2 Accountability and Performance in Destination Marketing

Normally in marketing, the performance outcome is increased sales of product. Sales provides immediate accountability for marketing efforts and drives performance. However, for destination marketing there is no direct accountability mechanism, because the State Government does not sell tourism product.

The state priority of job creation by tourism growth can only be achieved through increased sale of private tourism product. To succeed, both government and industry must work in collaboration to maximise the sale of tourism product. In destination marketing, industry is not a business to be regulated or stakeholder to be managed by government. Industry is government’s partner in driving destination sales.

Without the direct accountability of product sales, it is very easy for the State Government to misspend public funds on destination marketing activities and events which do not maximise the tourism growth ROI for growth and job creation.

3.3 Destination Marketing Organisations

Fundamentally, industry has the accountability mechanism of product sales needed to drive performance in destination marketing. This accountability mechanism is best embedded in destination marketing by industry involvement in destination marketing governance, attracting product marketing skills from industry and maximising industry financial contributions to marketing campaigns. This is achieved through establishing Destination Marketing Organisations (DMOs).

Across the world, governments have established funded DMOs to act commercially, drive performance and embed the accountability of sales into their destination marketing. The role of government is to invest in the DMO to create jobs through tourism growth. The role of DMOs is to maximise ROI for the government through the most effective delivery of destination marketing.

DMOs are usually independent statutory authorities, government-owned corporations or non-profit industry bodies funded by government. Typically, there is a separation between a government department, which is responsible for whole-of-government tourism strategy and coordination, and the DMO which delivers destination marketing in a commercial manner for the government.
3.4 State Tourism Organisations

Australia was an early adopter of independent government-funded DMOs, and was one of the first countries to establish a National Tourism Organisation, i.e. Tourism Australia, and State Tourism Organisations (STOs). STOs emerged across Australia during the late 1970s and early 1980s. All States, and the Commonwealth, moved tourism marketing out of government departments into independent specialist STOs established by statute.

STOs were established to increase the effectiveness of destination marketing through more independent governance and commercial outcomes-based delivery. Originally, most STOs were established as ‘one-stop-shops’ undertaking both the government role of strategy, policy and coordination and the DMO role of delivering destination marketing.

Around the period STOs were established, many State Governments (QLD, NSW, VIC and WA) also established independent corporations to attract major events to their State. The most notable of these was the Victorian Major Event Corporation (VMEC), which is generally credited with driving Victoria’s success as a tourism destination.

Over the past decade, States merged their event corporation functions into the STOs. All States now have destination marketing and events combined in the one organisation and this is widely regarded by industry and government as the most effective model.

In the 2000s several states (QLD, NSW, VIC and TAS) went through a process of recentralising the STO destination marketing and event functions within a Department. Because all these State’s STOs continued to exist in statute as legal entities, this centralisation was implemented by using public sector management legislation to bring the STO executive into Departmental control. The most typical structure saw the Director General of the relevant Department appointed as the STO CEO and those responsibilities then delegated to another individual to perform the STO CEO role but report to the Director General.

These more centralised structures proved less effective in-market. All States have since reversed this centralisation and moved their STO back out of the Department. Tourism WA is now the only State to have the STO centralised within a Department.

What has now emerged at the Commonwealth level with Tourism Australia, and in all States except WA, is a clear separation between the relevant Department and the STO. The STO has separate governance board and executive to the relevant Department. There is typically an agreement between the Department and the STO which spells out the deliverables and KPIs of the STO, and often the Director General is on the STO Board. This model is akin to a purchaser-provider split between the Department and the STO.

In this model, the STO is responsible for in-market activity and maximising visitation through the commercial delivery of both destination marketing and events. The Departments are responsible for in-destination matters, including policy, strategy and whole-of-government coordination.

The latest model to emerge is in Victoria. In this new model the separation of Department and STO continues, but the STO has been merged with VMEC and the Melbourne Convention Bureau and changed into a public company limited by guarantee. The STO is no longer a statutory authority but a true corporation. Industry expects this model will give Victoria a distinct competitive commercial advantage over other states’ in-market activity.

3.5 Enhancing State Destination Marketing Performance

To deliver effectively for State Government, the STO needs to co-opt the industry’s accountability mechanism of product sales. This accountability for performance is best embedded in the STO by industry involvement in governance and attracting tourism product marketing skills from industry. To perform effectively an STO needs:

- The sole objective of maximising tourism growth ROI with the budget funding allocated.
- A MoU between the STO and Department spelling out deliverables, accountabilities and funding.
- Predictable untied funding from government to allow the STO to determine how to maximise ROI.
- Sufficient independence to ensure funding is not diverted to other objectives.
- Industry skills and accountability on the STO Board.
- Ability to attract tourism marketing talent, including from other STOs.
- A high performance culture able to compete with other STOs for market share.

<table>
<thead>
<tr>
<th>DMO Model</th>
<th>Sector</th>
<th>Statutes</th>
<th>States</th>
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<tbody>
<tr>
<td>1. Statutory authority within Department</td>
<td>Public Sector</td>
<td>STO Act and PSM Act</td>
<td>WA</td>
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<tr>
<td>2. Stand-alone statutory authority</td>
<td>Public Sector</td>
<td>STO Act</td>
<td>QLD, NSW, TAS, SA</td>
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<tr>
<td>3. Government-owned public company</td>
<td>Public Sector</td>
<td>Corporations Act</td>
<td>VIC</td>
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<tr>
<td>4. Industry-owned public company</td>
<td>Industry</td>
<td>Corporations Act</td>
<td>Industry</td>
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</tbody>
</table>
3.6 Independent Analysis of STOs Across Australia

Tourism Council WA commissioned Churchill Consulting to examine STO structures across Australia to determine the most effective model to deliver the state target of tourism growth (Appendix A). Examining other states is of critical importance. Other states are not just examples of best practice, they are direct competitors for WA’s tourism market and its ability to attract visitors and create jobs.

The Churchill Consulting report identified four current and emerging models of DMOs for State Governments to deliver their destination marketing function, summarised in Table 4 on page 6.

Churchill consulting found that the preferred model is “one that sees Destination Marketing undertaken at arm’s length from Government (in terms of both governance and employment conditions outside of a Public Sector Act) and working closely with industry.”

Tourism Council WA contends that the current model of Tourism WA centralised within a Department puts Western Australia at a competitive disadvantage in destination marketing compared with other states. Tourism WA will achieve a lower tourism growth ROI for the State Government’s budget investment than would be achieved by a more commercially-effective model with the same budget.

To best deliver on the state priority of jobs growth, Tourism Council WA recommends the government move to a more effective model to deliver destination marketing by separating Tourism WA from DJTSI and reforming Tourism WA to become a more effective destination marketing agency.

In the short term, Tourism WA can quickly progress to Model 2 through minor amendments to the Western Australian Tourism Commission Act. This would put Western Australia on a level playing field with other States.

Tourism Council WA has considered which of the four models is best for Western Australia in the medium to long term. The Board of Tourism Council WA has determined that Model 3 is the most effective destination marketing model to enable the industry to compete, achieve growth and create jobs.

Model 3 would see the destination function remain in the public sector, but as a government-owner public company limited by guarantee. While remaining in State Government ownership, the public company structure would enable WA to act commercially in the highly competitive tourism market.

3.7 High Performance Destination Marketing Workforce

Tourism marketing skills reside with private tourism product, tourism industry DMOs (e.g. Perth Convention Bureau) and government DMOs (e.g. STOs and Tourism Australia). Successful tourism marketers typically move between tourism businesses and destination marketing organisations and move between states to develop their product and destination marketing skills.

Tourism marketing is not seen as a public service job, although a successful career will involve roles in a government-funded DMO. The flow of skills between tourism product and DMOs is essential to performance, particularly given the rapid change in digital distribution and marketing of tourism product. The application of the Public Sector Management Act to Tourism WA has created significant barriers to attracting a high-performance workforce, particularly at the leadership level, see Case Study 1 – Tourism WA Marketing Leadership.

Including a government agency in the Public Sector Management Act coverage is ideal when the agency performs government functions such as regulation. The PSM Act creates an internal labour market for the transfer of professional regulation skills across the sector. However, STOs operate in the tourism sector, not the public sector, and need to attract private sector expertise.

3.8 Recommendation for State Destination Marketing

Recommendations

- Establish a separation between DJTSI as the lead government department for tourism, and Tourism WA as the commercial delivery arm for destination marketing and events.
- Develop a MoU between DJTSI and Tourism WA detailing destination marketing deliverables and accountabilities.
- Reform the Western Australian Tourism Commission Act to:
  - Implement a skills-based board of Commissioners with appropriate industry expertise including destination marketing and tourism product knowledge; and
  - Remove Tourism WA from the coverage of the PSM Act and enable the organisation to attract a high-performance workforce from the tourism sector to deliver destination marketing and events.
- Establish recruitment strategies which encourage the transfer of skills between Tourism WA and the tourism industry.
- In the medium term, transform Tourism WA into a government-owned public company able to compete and out-perform leading STOs such as Visit Victoria.
Case Study 1 – Tourism WA Marketing Leadership

The most important role in an STO is the senior executive responsible for trade marketing. This is the role which maximises destination appeal and enables industry to convert that appeal into additional visitors, spending and jobs.

The executive role requires skills and expertise in both tourism product and destination marketing. The individual must understand how to work trade and distribution channels (such as wholesalers, ITOs, OTAs, airlines, etc) to achieve a result for the state.

The senior executive role has been particularly important in Tourism WA because successive CEOs have not had tourism marketing experience before commencing at Tourism WA. The CEO and the organisation are therefore highly dependent on the marketing executive role to achieve the purpose of the organisation.

Despite the importance of the role, Tourism WA has struggled to attract a suitably-qualified candidate. Since 2010:

- Seven individuals have occupied that role;
- None of those individuals had tourism marketing experience prior to joining Tourism WA;
- None of those individuals lasted three years in the role; and
- The role has been substantially vacant for most of that time.

A variety of reasons has been identified for the inability to attract and retain a suitably-skilled trade marketing executive, including:

- Failure to recruit tourism trade marketing skills in the past has resulted in a lack of internal talent developed within Tourism WA;
- Tourism marketing skills do not reside in the WA public service, but in the tourism industry and other states’ STOs;
- The boom in tourism in other states has resulted in strong interstate competition for the best talent from industry and other STOs; and
- Tourism WA has not been able to offer the salary, career prospects or the performance culture to attract these in-demand skills from industry or other states.

The board of Tourism WA is fully aware of the critical skills gap and has undertaken multiple recruitment exercises, using external recruitment agencies, in an effort to attract these external skills. These recruitment exercises were hampered by:

- Public service-wide recruitment freezes during recruitment exercises;
- Inability to offer market-level salary due to the agency salary cap, SES salary levels and other lack of legal authority to negotiate salary with selected candidates;
- Losing candidates due to the time taken to achieve PSC approval to improve salary offer; and
- Perceptions by potential external candidates that Tourism WA was not a performance-oriented STO and was a poor career choice for a tourism marketer.
4. Summary of Recommendations

Tourism Council WA recommends the following reforms to the Service Priority Review:

**State Priority and Targets**
- Introduce a whole-of-state target for job creation and establish a subsequent tourism target for job creation by tourism growth.
- Apply the state target of job creation by tourism growth across multiple agencies depending on their function in accordance with Table 3.
- Establish DJTSI as lead Department for tourism responsible for delivering the state tourism target through whole-of-government tourism strategy, policy and coordination of delivery by multiple agencies.
- Establish a Tourism Cabinet Sub-Committee to oversee the state tourism target and DJTSI.

**Consolidating Agencies**
- Ensure the Tourism Cabinet Sub-Committee includes all Ministers responsible for public attractions e.g. Environment, Planning and Culture and the Arts.
- Undertake further Machinery of Government changes to consolidate remaining attractions into a single body, “Attractions WA”, or similar organisations.
- Reform legislation to replace multiple statutory regimes for public attractions into a single regime for “Attractions WA”, or similar organisations, which includes:
  - Tourism as one of the statutory objectives for public attractions;
  - A single skills-based board, including tourism skills, for public attractions; and
  - A single streamlined regulatory regime for tourism products in public attractions.
- Work with industry to undertake a strategic review of public attractions and tourism, including the potential costs and benefits of merging Tourism WA with “Attractions WA.”

**Destination Marketing**
- Establish a separation between DJTSI as the lead government department for tourism, and Tourism WA as the commercial delivery arm for destination marketing and events.
- Develop a MoU between DJTSI and Tourism WA detailing destination marketing deliverables and accountabilities.
- Reform the *Western Australian Tourism Commission Act* to:
  - Implement a skills-based board of Commissioners with appropriate industry expertise including destination marketing and tourism product knowledge; and
  - Remove Tourism WA from the coverage of the PSM Act and enable the organisation to attract a high-performance workforce from the tourism sector to deliver destination marketing and events.
- Establish recruitment strategies which encourage the transfer of skills between Tourism WA and the tourism industry.
- In the medium term, transform Tourism WA into a government-owned public company able to compete and out-perform leading STOs such as Visit Victoria.
Appendix A

State Tourism Organisation (STO) Governance Model

Prepared for the Tourism Council of WA
August 2017
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Disclaimer

The purpose of this report is to provide analysis on model options and reference case studies for TCWA as it considers a policy position to improve the model for the delivery of tourism and events marketing of Western Australia. It is intended to provide inspiration and contrast rather than concrete recommendations and it must be noted that there is no ‘one size fits all’ approach.

There are however clear directions and conclusions against which further detailed due diligence and business case analysis should be conducted if they are to apply to Tourism WA and the marketing of Western Australia.

This report is for the use of TCWA only.
The purpose of this paper is to generate high level discussion on model options and reference case studies for TCWA as it considers a policy position to improve the model for the delivery of tourism and events marketing of Western Australia. It is intended to provide inspiration and reference points rather than concrete recommendations, but there are clear implications and conclusions that have been reached through research.

There are a number of different destination marketing models operating across Australia. They range from models of high government control (which is typically wielded through board and CEO appointment and financial control), through to industry led models that are more likely to cover a smaller regional area compared with State Tourism Organisations (STOs). Destination marketing organisations can have responsibility across leisure, business and international education sectors and they can also have control over both supply (destination development, policy and strategy) and demand drivers (marketing and events). Destination marketing organisations can have responsibility across leisure, business and international education sectors, and they can also have control over both supply (destination development, policy and strategy) and demand drivers (marketing and events).

Successful delivery, market share and brand building are key for destination marketing organisations. Core capabilities of senior executives from the private sector are also needed to attract and retain the highest quality senior executives, effective attraction of visitors, specific sectoral expertise and other staff to deliver models that achieve sufficient funding and employment control over employment conditions in order to optimise performance (Statutory Authority or Corporation that is outside of the control of the relevant Public Sector Acts). Competitors to WA such as Victoria have recognised and embraced this giving them an advantage in the market.

Leadership in terms of General staff and the private sector. They also lack of core capabilities of senior executives from the private sector. They have government control over employment conditions and are less likely to be able to pay the levels required to attract and retain the skills and models that achieve sufficient funding and employment control over employment conditions in order to optimise performance (Statutory Authority or Corporation that is outside of the control of the relevant Public Sector Acts). These critical success factors have been addressed in the conclusion.

<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Comment on Government vs Industry Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overarching Criterion: capacity of destination marketing model to optimise the size of the visitor economy and compete most effectively with other DMOs</td>
<td></td>
</tr>
<tr>
<td>Conclusion</td>
<td>Model need to have control over employment conditions in order to optimise performance (Statutory Authority or Corporation that is outside of the control of the relevant Public Sector Acts). Competitors to WA such as Victoria have recognised and embraced this giving them an advantage in the market.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Model needs to have control over employment conditions in order to optimise performance (Statutory Authority or Corporation that is outside of the control of the relevant Public Sector Acts).</td>
</tr>
</tbody>
</table>

What model will drive the best return on taxpayer money?

Given the importance of tourism to most economies and the need for strategies and an approach that addresses market failure, there is always a role for government in tourism. The more pertinent question is what this specific role should be for government and how far it should extend into the activities of destination marketing in order to deliver a best return on public funds. The best return should be judged on the capacity of a destination marketing model to optimise the size of the visitor economy and compete most effectively with other DMOs.

1. Leading Marketing and Events Capability

Note: funding has been assumed. Able to attract and retain the highest quality Senior Executives and other staff to deliver specific capabilities including leadership, industry experience, effective attraction of visitors, sectoral expertise and other staff to deliver models that achieve sufficient funding and employment control over employment conditions in order to optimise performance (Statutory Authority or Corporation that is outside of the control of the relevant Public Sector Acts).
<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Comment on Government vs Industry Led Model</th>
<th>Conclusion</th>
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<tbody>
<tr>
<td><strong>Overarching Criterion:</strong> capacity of destination marketing model to optimise the size of the visitor economy and compete most effectively with other DMOs</td>
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</table>
| 2. **Effective Governance** | Effective governance includes:  
- Accountable, effective and efficient decision making that best delivers on the purpose of driving increased visitation to a jurisdiction.  
- Board independence, where a Board is of the highest calibre, skills based and free from a political persuasion is key.  
- Effective destination marketing requires trade-offs – for example focusing on a specific attraction and not marketing everything. Such trade-offs can conflict with vested industry or political interests. | Government led bodies are more limited in their ability to make trade-offs. For example, STOs with limited independence have to serve the broad population and also have to react to political pressure points such as promoting areas effected by, for example, economic or social etc. crisis.  
Industry led models can also have issues around governance – for example where vested interests take too much control; and also require a robust fit for purpose governance framework. | Both industry and more government led models require a robust governance framework. Models that are at an arm’s length from a particular political or undue member/stakeholder interference are the most likely to drive effective performance. |
| 3. **Industry Connectivity & Commercial Nous** | The capacity to engage with industry stakeholders and speak their language. Similarly, commercial nous and ability to negotiate outcomes based on experience is key.  
*“Their (private sector) input into our marketing campaigns goes well beyond financial contributions... over and above that is their marketing “know-how and experience”* CEO of European DMO – Urban Destination Marketing in Contemporary Europe: Uniting Theory and Practice, 2015, John Heeley | Government departments are more likely to recruit people with transferrable skills across government departments. The closer to industry the model is, the more likely it is able to attract staff with commercial, trade and specialist tourism and marketing skills that are also transferrable between industry and the STO. Industry led models also need strong government relationship building skills too. | Models towards the industry led spectrum are more likely to connect with industry and have a commercial outlook. Model needs to have control over employment conditions in order to optimise performance (Statutory Authority or Corporation that is outside of the control of the relevant Public Sector Acts). |
<table>
<thead>
<tr>
<th>4. <strong>Collaboration across Leisure, Education and Business</strong></th>
<th>Having a level of collaboration across leisure (events and marketing), education and business sectors is key. This includes less duplication and political division in terms of branding, marketing and stakeholder engagement.</th>
<th>Being an integrated model under one organisation is more likely to lead to collaboration and cross pollination. However, integration should not be a stand-alone criterion. For example, many successful sector specific destination marketing organisations exist outside of government, and should not be brought into government in order to achieve this objective, since this may negatively impact what has made them successful and engaged with industry.</th>
<th>Cross sector integration is not a feature that is specifically unique to industry or government led models. Pursuit of this should be secondary to critical success factors 1, 2 &amp; 3 and not jeopardise the achievement of these. Collaboration is the key and can be achieved through other mechanisms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. <strong>Collaboration across Supply and Demand</strong></td>
<td>Ensuring that the supply side destination development matches market or demand side requirements.</td>
<td>Similar to above, integration between destination development (supply) and marketing (demand) is preferable. However, destination development, policy and oversight are more suited to government and marketing to industry led models (see Capability section above)</td>
<td>Supply and demand side integration should be secondary to critical success factors 1, 2 &amp; 3 and should not jeopardise the achievement of these. Collaboration is the key and can be achieved through other mechanisms.</td>
</tr>
</tbody>
</table>
Conclusion

The preferred model for driving a stronger visitor economy and STO competitiveness is one that sees Destination Marketing engaging industry and being representative of their needs first. This model would have light government control, undertaken at arm’s length (in terms of both governance and employment conditions outside of a Public Sector Act).

This is not to say that there is no role for Government but on the contrary that it needs to continue to provide at the very least the critical role of destination development, oversight, policy and strategy in collaboration with the entity undertaking the more commercially oriented marketing and events.

As with all structural decisions there is no one size fits all approach and these conclusions and principles should be the subject of detailed due diligence if they are to be applied to Tourism WA and its specific circumstances:

Government Department

- Policy and Strategy
- Oversight
- Destination Development
- Operates within the Public Sector Act

Public and Private Partnership

- Marketing and events
- Industry engagement
- Independent governance
- Outside of the Public Sector Act and able to manage employment conditions and attract capability

Figure 1- Ideal Structure - subject to Due Diligence
1. Document Purpose

Purpose:
The purpose of this report is to provide analysis on model options and reference case studies for TCWA as it considers a policy position to improve the model for the delivery of tourism and events marketing of Western Australia. It is intended to provide inspiration and contrast rather than concrete recommendations and it must be noted that there is no ‘one size fits all’ approach.

There are however clear directions and conclusions against which further detailed due diligence and business case analysis should be conducted if they are to apply to Tourism WA and the marketing of Western Australia.

Approach:
The approach to developing this paper was as follows:

- Primary research was gathered through discussions with TCWA
- Publicly available information from websites, reports and leading academic studies was collated and analysed

The focus of the research has been within the Australian context with some findings taken from international comparisons.

Audience:
This report is for the use of TCWA.

2. DMO Governance Models

Destination Marketing Organisation’s (DMO’s) typically have a role centred on optimising the visitor economy. This is usually measured through indicators such as visitor spend, number of nights and visitor numbers. The governance capability, functions and funding arrangements to deliver on growing the visitor economy vary across the states of Australia and have seen significant change over time.

For the purposes of this assessment the models examined in this review have been viewed on a continuum ranging from government controlled through to industry led:

Government Levers of Control

There are no examples of a Department model (as a legal structure) for tourism in Australia because tourism has been viewed as requiring less involvement and benefit from this strongest vehicle for government control. The majority of entities were instead set up as Statutory Authorities, who have seen government control wielded through legislation that accompanies the legal entity. In Western Australia, this has been achieved through the passing of the Financial Management Act 2006 and the Public Sector Management Act 1994, and these types of acts are also seen in other states.
Key aspects of Financial Management Acts (each State has their own) that effect Government control over tourism marketing organisations include:

- Funds are appropriated from Parliament directly to the Department
- Total funding directed to tourism is determined by the budget, which changes with the Parliament in charge
- There are a number of sections in the Acts which dictate where the tourism funding has to be spent. This varies from State to State (and between the parties in power) with the level of control they wish to place on the Department

Key aspects of Public Sector Management Acts across different states include:

- Government selection of the Board
- Government selection and dismissal of the CEO and Executive
- Employees hired under Public Service pay, conditions and IR arrangements

The diagram below shows the various levers of Government control that may affect the delivery of tourism and event marketing:
3. Case Studies

Within Australia, a number of State Tourism models have been explored over the years. There is no one size fits all model and an assessment of the unique situation including the objectives, risk, focus, funding and skill set are just a number of key factors that should be considered in each model choice. The continuum below shows where each of the chosen case studies fall in relation to level of government control.

The following case studies have been included based on the success of their performance in destination marketing. They provide inspiration and contrast in relation to the various model options available for State tourism destination and events marketing. Further analysis can be found in appendix A.

5.1 Tourism and Events Queensland

Tourism and Events Queensland (TEQ) was established in 2012 as a corporation under the Department of Tourism, Major Events, Small Business and the Commonwealth Games. It is one of two statutory bodies within the department (the other being the Gold Coast 2018 Commonwealth Games Corporation)\(^1\). The responsibilities of TEQ as a statutory body include:

- Marketing Queensland as a destination
- Building unique tourism experiences
- Identifying, attracting, developing and marketing major events for the state, and
- Researching and analysing tourism in Queensland

TEQ are currently led by a CEO with over 30 years’ experience in the tourism sector both in Government and private entities. She was the previous executive of Marketing, Destination and Experience development.

The Tourism division, within the Department (structure in appendix A), works in partnership with industry, the Queensland Tourism Industry Council (QTIC), Tourism and Events Queensland (TEQ) and the Regional Tourism Organisation Network. The functions of the Tourism division are to:

\(^1\) Source: Tourism and Events Queensland Act 2012
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5.1 Tourism and Events Queensland (TEQ)

Structure: Corporation
Annual Budget (FY16): $115.5M
% Share Overnight Visitors (FY16): 23.6%

Tourism and Events Queensland (TEQ) was established in 2012 as a corporation under the Department of Tourism, Major Events, Small Business and the Commonwealth Games. It is one of two statutory bodies within the department (the other being the Gold Coast 2018 Commonwealth Games). The responsibilities of TEQ as a statutory body include:

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The Tourism division, within the Department (structure in appendix A), works in partnership with industry, the Queensland Tourism Industry Council (QTIC), Tourism and Events Queensland (TEQ) and the Regional Tourism Organisation Network. The functions of the Tourism division are to:

• Develop policy that will grow Queensland tourism and tourism jobs
• Attract and coordinate government support for the delivery of major events
• Increase the ability of the tourism sector to be more competitive in global and domestic markets, in partnership with industry
• Facilitate new investment into Queensland tourism infrastructure

This partnership is facilitated through DestinationQ, a formalised agreement between the parties mentioned above (overseen by a Tourism Cabinet Committee) to come together on an annual basis to discuss industry issues. These forums also bring in the regional tourism organisations, to facilitate growth not only in Brisbane, but in wider Queensland.

5.2 Destination NSW

Structure: Corporation
Annual Budget (FY16): $156.6M
% Share Overnight Visitors (FY16): 33.8%

Destination NSW was established in 2011 as a corporation that is subject to the control and direction of the Minister for Tourism and Major Events and is one body underneath the NSW Department of Industry. Destination NSW was the result of a merger of Tourism NSW, Events NSW, the Homebush Motor Racing Authority and the Greater Sydney Partnership into one entity. The diagram below illustrates the formation of the new entity.

---

2 Source: Destination NSW Act 2011
The organisation is led by a CEO with extensive tourism and marketing experience. Prior to working for Destination NSW, this CEO worked across some influential tourism organisations in Melbourne.

Key characteristics of the Destination NSW model include:

- Board consists of the CEO of Destination NSW and a number of members appointed by the Minister
- Decision making is controlled by the Board with the Ministers direction
- CEO and staff are employed under Public Service conditions
- Destination NSW is responsible for driving tourism and developing major events, while Business Events Sydney concentrates on the attraction of business events.

In addition to Destination NSW, the Government established the Visitor Economy Taskforce, tasked with the development of a State wide strategy to double overnight visitor expenditure in consultation with industry.

### 5.3 Visit Victoria

**Structure:** Company Limited by Guarantee  
**Annual Budget (FY16):** N/A  
**% Share Overnight Visitors (FY16):** 25.2%

In the early 1990s Melbourne and Victoria were positioned as world class visitor destinations through the creation of Tourism Victoria and the Victorian Major Events Company which increased collaboration between industry and Government. Following a review in 2015, “it was concluded that this model was very successful for some time, however it was realised that to maximise growth potential across different visitor segments (e.g. business events and students), a more integrated approach to planning, industry engagement and delivery was required”\(^3\). With a more mature visitor economy in Victoria and increasing competition, issues within the supply side such as lacking infrastructure and skills needed to be addressed to drive visitation. The structure of Tourism Victoria prior to 2017 is shown in Appendix B.

In 2016, the Victoria Government restructured the tourism function; the marketing functions the Tourism Victoria authority were merged into a new company limited by guarantee called Visit Victoria and the policy, strategy and research functions became part of the Department of Economic Development, Jobs, Transport and Resources. Visit Victoria now also comprises the Victoria Major Events Company and Melbourne Convention Bureau alongside the marketing functions. The interim structure for Visit Victoria can be found in appendix B.

---

\(^3\) Source: Victorian Visitor Economy Strategy  
The organisation is led by a CEO with extensive tourism and marketing experience. Prior to working for Destination NSW, this CEO worked across some influential tourism organisations in Melbourne.

Key characteristics of the Destination NSW model include:

- Board consists of the CEO of Destination NSW and a number of members appointed by the Minister
- Decision making is controlled by the Board with the Minister's direction
- CEO and staff are employed under Public Service conditions
- Destination NSW is responsible for driving tourism and developing major events, while Business Events Sydney concentrates on the attraction of business events.

In addition to Destination NSW, the Government established the Visitor Economy Taskforce, tasked with the development of a State-wide strategy to double overnight visitor expenditure in consultation with industry.

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Visit Victoria has a CEO and executive with significant marketing and trade capability. This is likely to have been made achievable due to Visit Victoria being outside of Public Sector employment conditions.

Key characteristics of the Visit Victoria Model include:

- Government is the sole owner/shareholder
- Government selects the Board
- The board selects the CEO through an application process
- The majority of funding in this arrangement comes from the government, through a Department, that then enters into a funding arrangement with the corporation.
- Under this structure, funding can potentially be enhanced through additional funding from the private sector (funding in addition to cooperative marketing).
- As a company limited by guarantee, a tourism entity of this type does not follow Public Sector arrangements, with selection of employees controlled by the organisation itself. The pay conditions and IR arrangements are set out by the Federal legislation that applies to all non-government organisations.

In addition to the creation of Visit Victoria, the Government established a Visitor Economy Ministerial Advisory Committee, reporting to the Minister for Tourism and Major Events, to ensure linkage with industry and across Government. This advisory committee oversees the Victorian Visitor Economy Strategy which sets a goal of increasing visitor spending to $36.5 billion by 2025. The committee is not a Cabinet sub-committee but rather a group of industry stakeholders advising the Minister for Tourism. The Victorian Visitor Economy structure is shown in Appendix B.

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5.4 Perth Convention Bureau

Established in 1972, as a Company limited by guarantee, the Perth Convention Bureau (PCB) is responsible for marketing Western Australia nationally and internationally as a destination for conventions, exhibitions and incentive travel groups⁵.

PCB has been included as an out of the box comparison to provide inspiration and contrast as part of this case study review. There are no pure industry led models operating at a state level across Australia. There are however number of regional/city based industry led or public private partnership models in operation across the globe and Australia. These operate at a regional level and source their funds from a range of sources including State Government, Local Government and members. The Gold Coast Tourism Association is strong example of a public private partnership built principally from a differential rate applied by local government. In the USA a number of similar models exist that are also funded by a Tourism Improvement levy that is administered and applied by industry rather than Government (Visit Oakland is good example of this).

The PCB model is industry led but with the majority of its funding still coming from the government through Tourism WA and the City of Perth. It also receives a proportion of funding from members, cooperative campaigns and sponsorships. In terms of its board governance, the board is made up of key stakeholders and industry members who are elected. An industry led structure is more likely to be achievable where there is a sense of like mindedness among members, which is often connected with geographical proximity.

⁵ Source: Perth Convention Bureau Constitution
5.5 Summary

There are a number of subtle but important variations between the STOs (and these are described in further detail in the case study section above and in the appendix). However, for the purposes of clarity the major model options have been captured as below:

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>• High level of Government control</td>
<td>• Less Government control of employment condition.</td>
<td>• Less direct control over delivery, Government and Department oversight</td>
</tr>
<tr>
<td><strong>Legal structure</strong></td>
<td>• Statutory Authority within Department</td>
<td>• Standalone Statutory Authority</td>
<td>• Company limited by guarantee</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>• Coverage over both the supply side (destination development, policy and strategy) and the demand side (marketing and events)</td>
<td>• Government department with responsibility for supply side (destination development, policy and strategy) • Statutory Authorities have responsibility for tourism marketing and events</td>
<td>• Government department with responsibility for contractual oversight and supply side (destination development, policy and strategy) • Corporation has responsibility for marketing and events</td>
</tr>
<tr>
<td><strong>Ministerial Control</strong></td>
<td>• Depends on legislation but most commonly authority reports to the Minister</td>
<td>• Depends on legislation but most commonly the authority reports to the Board and in turn through to the Government.</td>
<td>• Department provides oversight of the execution and contractual arrangements conducted by the corporation (Department retains Tourism policy, oversight and strategy role)</td>
</tr>
</tbody>
</table>
### Funding

- Appropriation from Parliament
- Controlled by Financial Management Act

- Appropriation from Parliament
- Controlled by Financial Management Act

- Company enters into funding agreement with Department
- Department provides an oversight and budgetary control role

- Company enters into funding agreement with Department and other contributors
- Department provides an oversight and budgetary control role

### Employment Conditions

- Employed by the Public Sector (Employment conditions determined by Public Sector Act)

- Employed by the Statutory Authority (Employment conditions determined by the STO Act)

- Employed by the Corporation
- Common law employment conditions

- Employed by the Corporation
- Common law employment conditions

### Board

Board is selected by Government and operates as an advisory board.

Board is selected by Government and has more authority

Board selected by Premier as sole owner/shareholder

Board selects Chair and existing members and has highest level of authority.

### CEO appointment

Government selects CEO

Government selects CEO (although legislation has varied on this for example with TWA pre 2010)

Board selects CEO

Board selects CEO

### Executive Team appointment

Minister or Public Sector Commissioner selects Executive

Authority selects the Executive

Corporation selects the Executive

Corporation selects the Executive

### Australian Examples

- Many elements can be seen in:
  - Tourism NT
  - Tourism WA (from 2017)

- Most elements can be seen in:
  - Tourism and Events Queensland
  - South Australian Tourism Commission
  - Tourism Tasmania
  - Destination NSW

- Most elements can be seen in:
  - Visit Victoria

- Most elements can be seen in:
  - Perth Convention Bureau

### Pros

- Can take a long term view.
- Potential for stability of funding (depending on the importance placed on tourism).
- No time invested in member attraction

- As with model one, being more Government led potentially provides it with a stable base of funding and the ability to take a state wide/objective perspective.

- More flexibility to release under performers and attract high performers
- Could become more connected with industry and able to attract private funding.

- Commercial and industry minded
- Less political interference
- More likely to attract experienced marketers,
<table>
<thead>
<tr>
<th>Cons</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees are hired under Public Service pay, conditions and IR arrangements which are lower than industry (particularly at senior levels), making it hard to attract the right people. Also results in less flexibility of labour.</td>
<td>Potentially able to take a public good / objective perspective. Can influence other policy areas. Skills can be transferred across government departments, with staff moving among departments. Supply and demand side integration.</td>
<td>Employees are not employed under Public Sector Act, meaning conditions can be determined by the STO. An example from the Tourism and Events Queensland Act states, “The employing office may decide the terms of employment of the employees of the employing office.” However, other models have seen legislation that curbs such flexibility.</td>
</tr>
<tr>
<td>Government selects Board which means they may or may not have industry specific skills. Board selection may be based on political reasons.</td>
<td>More effective Governance with less political interference.</td>
<td></td>
</tr>
<tr>
<td>Relationship and understanding of industry is dependent on the selected CEO and Executive group.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple policy objectives. Can be risk adverse. Politics of public perception overrides the goal of visitor numbers.</td>
<td></td>
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<td>Board being selected by government means they may or may not have industry experience unless it is specified that certain skills are required.</td>
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<td></td>
</tr>
<tr>
<td>The Financial Management Act determines the budget and use of funding.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less government funding — drops away as industry picks up funding.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less control over the supply-side of the industry. Management of expectations of multiple industry members creates its own political challenges.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4. Conclusions

Given the importance of tourism to most economies and the need for strategies and an approach that addresses market failure, there is always a role for government in tourism. The more pertinent question is what this specific role should be for government and how far it should extend into the activities of destination marketing in order to deliver a best return on tax payer money. The best return should be judged on the capacity of a destination marketing model to optimise the size of the visitor economy and compete most effectively with other DMOs. Underneath this broader criterion are the following critical success factors, against which conclusions have been made: These critical success factors are interrelated, as illustrated in the diagram below:

“The preferred model for driving a stronger visitor economy and STO competitiveness is one that sees Destination Marketing undertaken at arm’s length from Government (in terms of both governance and employment conditions outside of a Public Sector Act) and working closely with industry. This is not to say that there is no role for Government but on the contrary that it needs to continue to provide at the very least the critical role of destination development, oversight, policy and strategy in collaboration with the entity undertaking the more commercially oriented marketing and events.

As with all structural decisions there is no one size fits all approach and these conclusions and principles should be the subject of detailed due diligence if they are to be applied to Tourism WA and its specific circumstances.

“Public-private partnership is a much more sustainable model going forward... when opportunities present themselves we can take decisions and move quickly, there is much less bureaucracy” – The head of marketing at Visit York.

“I would say that the freedom to ‘hire and fire’ is a great advantage, and one which by and large does not apply to public sector bodies” John Heeley
### APPENDIX A – Case Study Summary

The table provides a high-level description of the features of the different types of models in Australia:

<table>
<thead>
<tr>
<th>Government Led</th>
<th>Tourism NT</th>
<th>Tourism and Events Queensland</th>
<th>Visit Victoria</th>
<th>Perth Convention Bureau</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal structure</strong></td>
<td>• Statutory Authority within a non-corporate state entity</td>
<td>• Corporation, but covered as statutory body under financial management act</td>
<td>• Company limited by guarantee</td>
<td>• Company limited by guarantee</td>
</tr>
<tr>
<td><strong>Board Governance</strong></td>
<td>• Board is selected by Government based on expressions of interest</td>
<td>• Board appointed by Minister by recommendation to governor based on experience and knowledge</td>
<td>• Board selected by Government as sole owner/shareholder</td>
<td>• Board is appointed</td>
</tr>
<tr>
<td><strong>Executive Team Governance</strong></td>
<td>• Minister may select CEO • Minister exercises control of staff through Public Sector and Management Act</td>
<td>• CEO appointed by Minister by recommendation to governor based on experience and knowledge • Corporation employs staff</td>
<td>• CEO appointed by Board • Company employs the Executive</td>
<td>• Board selects CEO • Corporation selects Executive</td>
</tr>
<tr>
<td><strong>Budgetary Control</strong></td>
<td>• Controlled by Financial Management Act • Financial reporting every 6 months</td>
<td>• Financial Accountability Act • Strategic plan and budget approved by Minister</td>
<td>• Department of Economic Development, Jobs, Transport and Resources provide an oversight and budgetary control role</td>
<td>• Board and Executive</td>
</tr>
<tr>
<td><strong>Staff Pay and Conditions</strong></td>
<td>• Controlled by Public Sector and Management Act</td>
<td>• Employment conditions determined by the TEQ Act not the Public Sector Act</td>
<td>• Corporation determines employment conditions in compliance with Federal IR arrangements</td>
<td>• Employment conditions in compliance with Federal IR arrangements</td>
</tr>
</tbody>
</table>
APPENDIX B – Organisation Structures

Northern Territory

The structure of the Department of Tourism and Culture is shown below:

![Organisation Structure Diagram](image)

Figure 4 – Northern Territory Government Department of Tourism and Culture Organisation Structure

The organisation structure of Tourism NT is shown below:

![Organisation Structure Diagram](image)
Queensland

The structure for the Department of Tourism, Major Events, Small Business and the Commonwealth Games is shown below:

The structure of Tourism and Events Queensland is shown below:
Destination NSW

The structure of Destination NSW is shown below:

Visit Victoria

The Victorian Visitor Economy Structure is shown below:
The interim structure for Visit Victoria is shown in the figure below.