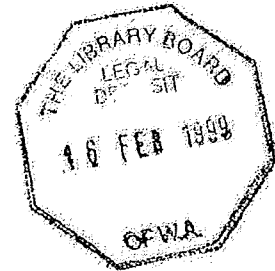


T.I.A.C. REPORT

SUPPORT FOR WEST AUSTRALIAN
SOFTWARE INDUSTRY



Technology and Industry Advisory Council
July 1988

RECOMMENDATIONS CONCERNING SUPPORT FOR THE WEST AUSTRALIAN SOFTWARE INDUSTRY.

On the basis of the "Australian Software Industry" report, and after discussion with representatives of the W.A. Software Industry Associations, the Technology and Industry Advisory Council makes the following recommendations:

RECOMMENDATIONS:

Recommendation 1. As an international market focus is required for most successful software developments, and a critical range of skills is required for effective development, production and marketing, Government incentives should be structured so as to encourage the involvement of small firms in consortia.

Government incentives should not support mergers themselves, but should support, for example, exporting software and services. Market forces would then encourage mergers, or joint ventures, to exploit the business opportunities encouraged by the export incentives.

Recommendation 2. Off-sets policies should continue to be used to strengthen overseas interest in local products. However, offsets should encourage the use of local products, companies and services rather than simply the setting up of W.A. branches of interstate or overseas companies.

Recommendation 3. Support should continue to be given to ways of effectively protecting intellectual property.

- Recommendation 4. Export incentives for locally developed software products and services should be enhanced and widely advertised.
- Recommendation 5. DOCIT should encourage Government departments to purchase Australian products where they are available, even if the cost is slightly higher. Where a suitable local product is available, the purchase of overseas software should require justification.
- Recommendation 6. A register of locally developed software should be prepared so that Government departments are made aware of what is available.
- Recommendation 7. A co-ordinated analysis of anticipated Government needs should be circulated to the software industry so that they have the opportunity to gear up to try for the business.
- Recommendation 8. Government departments which have developed software that successfully meets local needs should be encouraged to commercialise the product. Joint Venture arrangements should be encouraged in this process. Industry should be invited to tender for the rights to market Government developed software.

Recommendation 9 Incentives should be offered to encourage more people to learn the skills required for software development, production and marketing.

Such incentives should be targeted on encouraging skill development in the particular skill areas in which shortages of appropriate staff are anticipated.

Recommendation 10. A Computer Software Assessment Facility should be set up to assess the viability of locally developed software and assist developers with information regarding refining, producing and marketing their software.

Advertising for this facility should emphasise that developers are encouraged to seek advice and assistance before they invest a lot of time on the software.

Developers should be encouraged towards realistic expectations and joint ventures if they wish to see their software marketed successfully.

Recommendation 11 The State Government should urge the Commonwealth Taxation Department to review the Sales Tax arrangements regarding software. Currently, interpretation of the legislation provides a 10% tax on imported software and a 20% tax on locally developed software.

Recommendation 12. Export incentives should be devised in the knowledge that the software industry is different from most product industries. To be effective, export incentives would need to apply to the export of services and skills as well as to products.

Recommendation 13. In view of the recent Government tender for a significant amount of new computing equipment, consideration should be given to supporting local industry and encouraging the capacity for training and product support to be provided by West Australian firms.

Recommendation 14. West Australian computing expertise should be encouraged as an exportable service to neighbouring countries.

SKILLS SHORTAGE PROJECT

BACKGROUND

In order to achieve its full short-term and long-term economic growth potential, it is critical for WA to be able to access the labour force it needs. In an economy with record low unemployment and record high participation, skill availability, population growth and ageing are key constraints to economic development. Industry is already indicating difficulty with finding suitable labour. This shortage is due to a sustained period of strong economic growth driven the resources sector, which has exhausted the available labour supply.

On the demand side, the rapid extension of the resource sector, high levels of domestic consumption and high levels of business investments have put considerable pressure on WA's pool of skilled and unskilled workers. This has been exacerbated by favourable economic conditions in WA's major export markets, which have greatly improved over the last five years, thus boosting foreign investment and general economic activity in the state. On the supply side, the slowing in population growth and the ageing of the labour force, along with fall in course enrolment and a reduced participation in education and training have started to contribute and will contribute further in the coming decades to limiting the pool of skill workers available to WA employers.

In practice, the labour shortage in WA seems to have been a significant contributor to the fall in the state's economic growth from 8% in 2004, to 3% in 2005 at the height of the shortage. The labour shortage has also influenced a deceleration in business investment growth from 28% in 2004 to 11% in 2006, companies delaying investing in projects requiring an unavailable work force. (NB. It is important to note that the exact impact of labour and skills shortages on economic performance is very hard to quantify or assign direct causation.)

THE ROLE OF TIAC

Following a meeting with the Chair of Engineers Australia, Mr Jim Brown, to discuss this issue, the Minister for Industry and Enterprise, the Hon Francis Logan, has asked TIAC to assist in identifying possible pathways to address the shortage of skilled personnel in WA.

The Chair and Mr David Lee met with Mr Jim Brown Chair and Ms Janice Lake, Executive Director, of Engineers Australia (EA) to discuss the opportunity for collaboration between TIAC and EA on a series of forums to tackle the issue of attracting school students to engineering and science related studies at all levels of education. Although EA recognised the seriousness of the issue, it is not in a position to run the project itself and has sought a partnership with TIAC for this purpose.

At the TIAC meeting of 23 November, Council agreed that the project fitted with TIAC's the role of facilitating discussion on issues of importance to, and raising the profile of, science and technology.

STAKEHOLDERS

There are already many stakeholders looking at this issue and it is important that they are identified and asked to engage with TIAC and EA in this process. Stakeholder groups are wide ranging and those readily identified include:

Department of Industry and Resources
Engineers Australia

Department of Education and Training
Office of Higher Education
Minerals Institute
Chamber of Minerals and Energy
Chamber of Commerce
Council for Economic Development of Australia (WA Division)
Department of the Premier and Cabinet (Public Sector Management Office)
Association of Petroleum Producers Australia (WA Division)
The University of Western Australia
Curtin University of Technology
Edith Cowan University
Murdoch University
Notre Dame University
WA Local Government Association

ACTION – COUNCIL TO IDENTIFY ADDITIONAL STAKEHOLDERS GROUPS

WAYS FORWARD

EA indicated that an exercise conducted by the Department of Water on water policy, involving extensive consultation through a series of forums held across the State, could be considered as a useful model in identifying possible pathways to address the issue. This process is time and people intensive but is effective for engaging stakeholders and developing ownership of project outcomes.

Professor Henderson has indicated that a two stage process could be used, taking up to 12 months, with each stage would requiring different skill sets. The first step was to identify all the relevant stakeholders and bring together the different threads of the project into a fairly tightly focused and manageable project that could be completed within the timeframe.

The second step involved the facilitation of forums throughout Perth and the regions to raise the issue with the broader community, culminating in a symposium in Perth the latter part of 2008.

The agenda for this meeting is to scope a project process and identify TIAC's role in that, prior to further discussion with EA.

To assist with discussion, Mr Rob Meecham has provided a copy of the State Training Board Document Beyond the Resources Boom.