

**Division 33: Western Australian Tourism Commission, \$66 631 000 —**

Ms L.L. Baker, Chairman,

Mrs L.M. Harvey, Minister for Tourism.

Mrs S.L. Buckland, Chief Executive Officer.

Mr J.A. Vaughan, Director, Executive and Strategic Services.

Mr D. Lowe, Executive Director, Corporate and Business Services.

Mr R. Sansalone, Chief Financial Officer.

Mr G. Dolphin, Executive Director Events.

Ms D. Belford, Executive Director, Infrastructure and Investment.

Mr G. Hamley, Chief of Staff.

**The CHAIRMAN:** This estimates committee will be reported by Hansard staff. The daily proof *Hansard* will be published at 9.00 am tomorrow.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their question.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the committee clerk by Friday, 30 August 2013. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

I now ask the minister to introduce her advisers to the committee.

[Witnesses introduced.]

**The CHAIRMAN:** Member for Warnbro.

**Mr P. PAPALIA:** I refer to the fifth dot point on page 382 of budget paper No 2, regarding event tourism. I have questions about two events: Perth International golf tournament and the V8 Supercars event. I understand that the funding for both those events ends this financial year. Can the minister confirm that, firstly, those two events are to be funded beyond this financial year; and, secondly, whether it is too late for Tourism WA to engage in negotiations for continuing those events without knowing that they have certainty of funding?

**Mrs L.M. HARVEY:** I thank the member for Warnbro very much for the question. The Perth International golf festival and the V8 Supercars form part of our major events program. Usually events programs are negotiated in tranches of three to five years, depending on the program of events, with the event organisers. As to the Perth International golf festival, my understanding is that we are very pleased with that event—we have had a long history of hosting golf in Western Australia. We are investing a further \$10 million over two years as part of this budget to continue sponsoring major events, and to engage in a comprehensive events marketing campaign. This is in addition to Tourism WA's recurrent event funding of \$35.5 million. We look at the overall ongoing sponsorship of events and look at the key events, such as V8 Supercars and Perth International golfing, in the context of ensuring, first of all, that they are meeting their performance targets with us, which might be linked around brand identification, market penetration and market exposure, as well as visitation. We have an assessment program at various different points in the funding tranches. I will refer to the chief executive officer, Stephanie Buckland, to talk more specifically about those aspects. I do not believe that we have missed the window of opportunity for negotiation for those events, and we do have \$10 million in the budget to allow for contingencies and to enable us to continue to support key events as they become available to us as part of a sponsorship arrangement.

**Mrs S.L. Buckland:** To add to what the minister was saying about the negotiating process for both of those events, given that we have one year to go on each of those events and each of those existing contracts, the conversations about the future have just started. It is certainly not too late to enter into future agreements. As the minister said, they will be considered in the overall context of the budget that we have available.

**Mr P. PAPALIA:** With respect to what the CEO has just said, the golf tournament relies on extensive lead times, I would imagine, to secure marquee participants and promote the event. Is there a deadline by which

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negotiations must be completed for next year's event; and, are the negotiations able to be undertaken without absolute confirmation that there is funding for the next three years, noting that that is the kind of term that is normally negotiated?

**Mrs L.M. HARVEY:** I will refer that question on to Gwyn Dolphin, who is with Eventscorp.

**Mr G. Dolphin:** In terms of the cycle for negotiation on those events, no, we are well within the process. We are working now on the October 2014 golf event, so that is well within our window of negotiation and we already have discussions underway regarding future years and beyond. The V8s are later, physically, in the financial year; we have literally just finished the event. Now we have one more, so we have another year until the final event. We have started negotiations, as well, on the future with the V8 management at the moment, so we have a suitable window in which to do that.

**Mr P. PAPALIA:** How can the negotiation process be undertaken if it is not known whether there is money in the budget for the subsequent years; or is it known that there are dedicated funds for this Perth international event?

**Mrs L.M. HARVEY:** I will answer that one, and then I am happy to pass on to the CEO, Stephanie Buckland, or to Gwyn afterwards. We do actually have a significant events funding budget as part of this budget; we have just over \$35 million to put towards events funding, with an additional \$10 million in there for events funding over the next two years. There is definitely sufficient funding in the mix to ensure that we have the ability to negotiate those strategic events into our calendar. I will defer to text Stephanie Buckland, but my understanding is that the board, the CEO and Eventscorp are happy to engage in those negotiations under the existing budget conditions. This is a big budget for Tourism this year, and we do have sufficient capacity to be looking at negotiating for these events.

**Mrs S.L. Buckland:** I guess the only thing I want to add is to the question the member asked about negotiating for players to appear. Just to give the member a bit of background on that, for some of the events that involve marquee players, such as the golf or the Hopman Cup tennis, the negotiations with those players usually occurs in the six months in the lead-up in the year in which the event occurs. As Gwyn Dolphin mentioned, the event holders are now in negotiations about who will participate in the golf event, and that is simply because of the way the golf calendar and many major sporting calendars play out.

[2.10 pm]

**Mr F.A. ALBAN:** I refer to page 380, the heading "Spending Changes", and the amount of \$4 million to be provided over the next three years for increased tourism marketing. How will this benefit the state's tourism industry? I have a vested interest in the Swan Valley, as the minister can imagine.

**Mrs L.M. HARVEY:** I thank the member for the question. In the lead-up to the 2013 election, one of our commitments was to provide an additional \$24 million over four years for tourism marketing. Last year, \$9 million was provided over three years as part of that budget process, and we have now put in an additional \$4 million to be provided over the next three years as part of the 2014–15 budget cycle. Member for Swan Hills, 54 per cent of that promised funding has now been delivered, which I am very pleased about. An amount of \$2 million was allocated to Tourism WA for additional marketing in 2013–14, and \$4.5 million will be provided in 2014–15. At this stage, \$4.5 million is earmarked for 2015–16, and \$2 million for 2017–18. I am certainly working towards more marketing funding being provided to ensure that we meet that election commitment from 2013.

With regard to where we expect this money to go, we expect more funding to be spent on advertising and marketing. This will be the largest budget that we have had for advertising and marketing in Tourism WA, and this is part of our largest budget—we have an \$88.9 million budget this year for Tourism WA. We are working on the 2014–15 operational plan, which will outline how these additional funds will be spent. That will obviously be done in conjunction with the agency and with the Western Australian Tourism Commission board. During this financial year, the extra funding has been spent on tourism advertising and on some cooperative marketing programs with travel agents and airlines, particularly in the domestic market, and also in some of our key international markets. The areas that we are targeting are obviously domestic, for east coast tourists to come to Western Australia, but also the United States of America, the United Kingdom, Germany and New Zealand. We are also look at increasing our market share from China, Indonesia and Singapore. There is also a modest increase going into our regional tourism organisations to assist them to develop their marketing strategies.

The member is probably aware of our Experience Extraordinary marketing campaign. That domestic marketing campaign has now produced a return on investment of between \$13 and \$15 for every dollar that we have invested over the past three years. According to some of the independent research that we have had from Metrix Consulting, we are doing very well in the way that we are spending that marketing money, and I am pretty pleased with those results.

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**Ms S.F. McGURK:** With regard to the return on advertising that the minister referred to, what sort of assessment is done of the advertising? Is there any market testing on the success of that advertising?

**Mrs L.M. HARVEY:** Yes, there is. As part of our marketing program and our events program, key performance indicators are built into the contractual arrangements to ensure that we are getting the market penetration that we want. With our marketing campaigns, a wide range of testing is done independently. Metrix Consulting is one of the firms that does that market research for us. The advertising campaigns are focus group-workshopped, and they are also tested in the target markets that we are trying to attract; and, post campaign, evaluations are conducted at various different points to ensure that not only are the advertisements achieving what we want them to achieve, but also the placements that we have put into the various mediums are appropriate to achieve our return on investment. I will ask the CEO, Stephanie Buckland, to elaborate further on the type of testing that we do, and also the frequency of that testing.

**Mrs S.L. Buckland:** If I can talk firstly about the brand advertising—the Experience Extraordinary advertising that the minister referred to—in the development of those ads, and before they went into the marketplace, they were tested nationwide with approximately 1 000 consumers, and there was obviously a lot of modification and tweaking along the way based on the feedback that we had from consumers. That was both focus group research and quantitative research. The quantitative research was conducted through a company called Ipsos Australia, whose area of expertise and specialty is advertising testing. When those ads were tested with Ipsos, they tested above the norms that are established by Ipsos for both tourism advertising and also for advertising that Ipsos has tested in general for other categories, because, as I am sure the member can appreciate, when we put an ad on television, it is competing not just with other ads in the tourism space but also for the consumer's share of attention.

**Ms S.F. McGURK:** Is there a report that would be available to us about how those ads were tested?

**Mrs L.M. HARVEY:** Stephanie.

**Mrs S.L. Buckland:** There is a report, yes.

**Ms S.F. McGURK:** Could I ask for that to be provided on notice?

**Mrs L.M. HARVEY:** What I will need to ensure, before I commit to providing that report, is that there is no commercial-in-confidence information in that report. I am happy to provide it, but I will put on the caveat that there may be some redacted sections in that report if it is commercial in confidence. But I will provide that as supplementary information. Does the member want the report by Ipsos into a specific campaign? There are a lot of reports, so could the member narrow down the area of marketing that she would like the report on?

**Ms S.F. McGURK:** I am interested to know what feedback Tourism WA got about the success or otherwise of the television advertising; so any report that relates to the current round of advertising.

**Mr P. PAPALIA:** Domestic or international?

**Ms S.F. McGURK:** The domestic one.

**Mrs L.M. HARVEY:** Is that for the Experience Extraordinary campaign?

**Ms S.F. McGURK:** Yes, please.

**Mrs L.M. HARVEY:** I will provide by way of supplementary information any analysis of the Experience Extraordinary campaign and the return on investment with respect to that campaign, but with the caveat that I will be redacting any commercial-in-confidence information that may be contained in that report prior to its provision to the house.

*[Supplementary Information No B11.]*

**Mr P. PAPALIA:** Mr Chairman, I have a follow-up, and then I have an actual question, which you have not given to me yet. The member for Fremantle's question was a follow-up. I have a follow-up as well.

**The CHAIRMAN:** Member, I think I decide who gets the questions.

**Mr P. PAPALIA:** Mr Chairman, you had already given the nod to me, and I said that I will do the follow-up first.

**The CHAIRMAN:** I am happy to give the member another question, but my first priority is to give every member one question, and then I will allocate the rest of the questions.

**Mr P. PAPALIA:** But you do realise, Mr Chairman, that we have only one hour for Tourism.

**The CHAIRMAN:** I do, and that is why I am trying to move it along as quickly as I can, but every time members start to ask supplementary questions, that slows down the process.

**Mr P. PAPALIA:** I have a follow-up question on this one.

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**The CHAIRMAN:** I give the member the call.

**Mr P. PAPALIA:** I note that there was a question about the \$4 million in the forward estimates, which confirms the broken promise made prior to the last election, when the minister promised an extra \$24 million. This indicates that there is a cut of \$400 000 per year from that promise; so the government is under-delivering. But, putting that aside, I sought at the last estimates to determine what the impact of that broken promise was, and the minister refused to provide any insight. I therefore FOI-d the board agenda papers for the time frame in which the \$24 million additional funding was made public, and that was delivered to me. Clearly, there was a strategic discussion going on at that time with regard to what Tourism WA was going to do with the additional \$24 million.

I note that the entire agenda referencing the strategic matters has been redacted, and that after the state election, when the promise was broken, there was a further redaction and reluctance to convey information. What was the nature of stakeholder engagement in the promise of an additional \$24 million? Were tourism businesses in Western Australia impacted by the broken promise, having made their own investment plans in view of the additional \$24 million?

[2.20 pm]

**Mrs L.M. HARVEY:** First of all, it is an additional \$24 million boost to marketing over four years.

**Mr P. PAPALIA:** I know what it is.

**Mrs L.M. HARVEY:** Over the last two budgets, the government has provided \$15 million of the \$24 million.

**Mr P. PAPALIA:** That is not \$24 million, is it?

**The CHAIRMAN:** Member, it is not a debate.

**Mrs L.M. HARVEY:** The government has until 2017 to achieve the remaining \$9 million of that commitment, and it is my intention to do that. I refer to information that has been redacted in the freedom of information process. My agency works in a very commercial environment in tourism, particularly around events in which there is a high level of competition across different states. The Auditor General and the Ombudsman have backed our efforts to maintain the confidentiality of those negotiations. Obviously, board discussions include commercial-in-confidence material, and information will continue to be redacted before it is released, through FOI or any other means, to ensure we retain our competitive advantage in negotiating for various contracts in the tourism space. I refer to stakeholder engagement with funding. We continually engage with stakeholders at a board level and in the agency around various marketing campaigns, strategies and discussions for events. Everybody within my agency and at the Tourism Commission board level understands that they do not have money to spend until the money is in the budget. They are now very pleased that they have \$15 million of the \$24 million commitment that is additional to what already exists in the budget to spend over the next several years. It is the government's intention to ensure that it meets the remainder of that commitment. Another aspect to the member's question is that any cabinet-in-confidence information or cabinet submissions that form part of those board minutes will be redacted, consistent with cabinet confidentiality.

**Mr P. PAPALIA:** How can the minister claim that her intention is to provide the \$9 million that it is currently short in its promise when it is not in the forward estimates?

**Mrs L.M. HARVEY:** Last year's budget process included \$9 million of the \$24 million commitment. This year, the government has added another \$4 million to that. I refer to the CEO, Stephanie Buckland, to elaborate on where that \$15 million will be spent.

**Mr P. PAPALIA:** I would prefer that the minister did not, unless she really wants to. I can read about it later. I would rather we get on to other questions.

**Mr I.M. BRITZA:** Most of us are aware of the positive impact that the royalties for regions program has on the regions. I refer to spending changes on page 380 of budget paper No 2 that show almost \$4.6 million has been put aside for the Aboriginal tourism development program under the royalties for regions program. Could the minister explain what that is and the anticipated results from that?

**Mrs L.M. HARVEY:** The government will invest \$4.6 million through the royalties for regions program over the next four years to create the Aboriginal tourism development program. In recognition that the state government has prioritised Aboriginal economic development, the Western Australian Aboriginal economic participation strategy covers the period 2012–2015. One of the gaps identified in the experience that tourists can have in Western Australia is in Aboriginal tourism. This funding is specifically designed to address that gap in the market. Tourists to WA say they want an Aboriginal tourism experience. It is a cultural experience that will be unique to Australia and, if we can develop this Aboriginal tourism product, it will give us a significant

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competitive advantage in the global tourism context. The research shows a very high interest in this, with between 60 per cent and 70 per cent of interstate and international tourists wanting this experience, but between only 25 per cent and 30 per cent having the opportunity to participate in one. This is the gap I am talking about. The agency will use this money to help develop the various tourism regions and it is likely this will be in collaboration with other industry stakeholders, potentially the Western Australian Aboriginal Tourism Operators Council and some of our regional tourism organisations. I am really pleased about this. Product development and capacity building in the Aboriginal tourism sector in this state is long overdue and I look forward to this funding commitment being converted into more Aboriginal tourism businesses and products being available to tourists and visitors to Western Australia.

**Mr I.M. BRITZA:** Is it over a few years?

**Mrs L.M. HARVEY:** It is over several years.

**Mr P. PAPALIA:** I refer to the reference to event tourism contained in the fifth dot point on page 382. I referred earlier to the analysis by Metrix Consulting of the Margaret River Gourmet Escape. That makes interesting reading, partly because the spend survey has such a huge margin of error that it calls into question the value of the analysis at all. Beyond that, what is the minister's view of the reach of this event? Was there a diverse range of attendees, where did they come from and did that expenditure by the government achieve good value for money?

**Mrs L.M. HARVEY:** The member referred to the Metrix Consulting report on the Margaret River Gourmet Escape. The analysis we have done on that shows that 10 171 people attended that event from outside the region and 1 280 people from interstate and overseas. The analysis also shows that that event generated an economic impact of \$10.5 million for the region. We will continue to work with Brand Events to increase international and interstate visitation to these events. Most importantly, out of that analysis, we know that 93 per cent of attendees were satisfied with the event, and 69 per cent were very satisfied with most aspects of the event such as the high-profile celebrities and the way it was put together. I think that 93 per cent of the 153 companies that participated in the gourmet village were from WA, and event organisers worked with chefs, developing recipes and menus using WA products. We will continue to build on that event, which was a big success. We are satisfied with the visitation figures. I think that answers the member's question.

[2.30 pm]

**Mr P. PAPALIA:** How did the minister determine the financial return to the state or to Margaret River as a consequence of this report?

**Mrs L.M. HARVEY:** I will pass over to the CEO, Stephanie Buckland, to answer that in a more detailed fashion. It is a quite complex calculation to determine the return on investment, and a bit more technical.

**Mrs S.L. Buckland:** I will start and I may also ask Justin Vaughan to add to what I have to say. Metrix Consulting is the company that does our economic impact research for the events for which we conduct that type of research; we do not conduct it for every event we sponsor. Metrix interviews attendees at the event and asks them a series of questions, including how many nights they stayed, where they stayed, whether it was paid accommodation and how much money they spent while they were in the region. That information from the sample that Metrix interviews is then used to calculate the overall economic impact of the particular event. I will just ask Justin whether I have missed anything there.

**Mrs L.M. HARVEY:** I will get Justin Vaughan to give some more detailed analysis as well.

**Mr J.A. Vaughan:** I do not really have anything more to add to what Stephanie mentioned. I guess it is the standard methodology that Metrix uses that is applied to all the events we run, and that those reports are checked by the auditor each year as well in determining our assessment of the overall events calendar; so, it is a standard methodology that Metrix uses.

**Mr P. PAPALIA:** I have one follow-up question. Is the minister aware that the margin of error for the spend survey for interstate and international attendees at that event was plus or minus 9.9 per cent; and for WA attendees it was plus or minus 4.4 per cent? Does the minister think that is statistically valid to make the claims on the return to the state?

**Mrs L.M. HARVEY:** Obviously, any company that provides this kind of analysis will build in a margin for error. That is what I would call a professional way to conduct its business. In any event, whether it is 10 per cent under or over, \$10.5 million as an investment and flow-through into that local economy is still a significant benefit to that local area. In addition to that, it would be expensive and impossible to survey every event

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participant. The methodology used in this exercise to gather this sort of information on the return on investment to determine the economic impact in a region is standard practice across our industry.

**Mr P. PAPALIA:** I have a follow-on question. If the minister was polling her electorate and paying for it, would she accept a margin of error of plus or minus 9.9 per cent from the polling company that she was paying?

**Mrs L.M. HARVEY:** I can only answer with respect to the industry in which this polling and market research has been done. The assessment has been done —

**Mr P. PAPALIA:** So that is a no then.

**Mrs L.M. HARVEY:** Mr Chair, the assessment has been done based on the industry that we are in. It is done according to standard methodology —

**Mr P. PAPALIA:** Statistics are statistics; if you do not poll enough, you get a massive margin of error.

**The CHAIRMAN:** Member!

**Mrs L.M. HARVEY:** I am really proud of the Margaret River Gourmet Escape. I think it is a fantastic event. We have had great visitation from it. We have had a huge economic impact in the local community. If the member speaks to the business owners and the people who live in that community —

**Mr P. PAPALIA:** I have; they are not very happy.

**Mrs L.M. HARVEY:** — and the people who visited the Margaret River Gourmet Escape, he would find that they were all very pleased with it; 69 per cent of people said that they were very satisfied with the event. So, from my perspective as a minister, I support the event. I think it has been a tremendous success. Everybody I have spoken to who has visited it gave it five gold stars. In my view, therefore, regardless of the analysis, the feedback that we are getting is that it is a good event. Yes, there will be a margin for error in any kind of analysis of that kind. Whether it is plus or minus nine per cent with respect to the economic impact in the community, we can take off —

**Mr P. PAPALIA:** You may as well not poll. You may as well not do it. You are wasting your money.

**Mrs L.M. HARVEY:** It is either \$9 million or \$11.5 million. I am pretty happy with both.

**Mr J.E. McGRATH:** My question relates to page 382 of the budget papers, and again the dot point to do with event tourism. I guess I have to declare an interest here because I happen to be patron of Volleyball WA. I am aware that a submission was made to Eventscorp in the last couple of years about the possibility of holding an international beach volleyball event in Perth. I think the designated beach was very close to the minister's electorate—in fact it was in Scarborough. Volleyball is the second-most played sport in the world; it is a massive international sport. I think the concept—I do not know whether I am giving anything away—was to make it a team event similar to the Hopman Cup and we would get beach volleyball players from the great beach volleyball countries, including South America. I personally felt, and I think the Australian Volleyball Federation felt, that the event could deliver some great economic impact to Western Australia. I will say just quickly that beach volleyball was the first sport to sell out at the upcoming Olympics in Brazil in a couple of years. That indicates the popularity of this event. I know that the event had to be shelved because Eventscorp was unable to provide the funding needed, but I would like to think that it has not been dropped completely. We are a city that has great beaches and I am sure that our beaches are up there with some of the best beaches in the world. I am just wondering what has happened with that event and what the minister believes are the possibilities for that event.

**Mrs L.M. HARVEY:** Thanks very much for the question. I remember having a conversation with the member about this event. Yes, it was intended to hold it at my own beautiful Scarborough Beach, so it certainly sparked my interest. A total of 92 events have been sponsored by Tourism WA over 2014–15. Unfortunately, we cannot fund or sponsor everything. The volleyball event, as I understand it, was looking to be a full program over 10 days at Scarborough Beach. I acknowledge the member's advocacy for beach volleyball and that he is a patron for beach volleyball in Western Australia. We anticipated that it would have a strong media impact. It would have been the first world beach volleyball grand slam in Australia. Although the last proposal did not eventuate, the stakeholders and project managers for the event—the Fédération Internationale de Volleyball, the World Corporate Games Project 3 and the City of Stirling—were all involved in putting that proposal forward to Tourism WA through Eventscorp, and I would encourage them to keep the conversation active and see whether there may be an opportunity in the future to fund that as part of our beach events. We have had a strong commitment to beach events as part of our events program. We have just hosted the Australian Surf Life Saving Championships, known as the Aussies; we have Sculpture by the Sea at Cottesloe, which is also part of our

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events and arts program; and obviously the Margaret River Pro, one of our key events at Surfers Point that has been elevated to world series status. I would encourage Sunset West and Project 3 to continue to engage and see whether there may be some opportunity in the future to fund a program like that.

**Ms S.F. McGURK:** My question relates to the second point on events tourism under the service summary on page 381 of the budget papers. In the 2014–15 budget, just under \$36 million is allocated, but in the forward estimates to 2017–18, that amount is more than halved. This question relates to the member for Warnbro's earlier question. Can the minister comment on that 2017–18 allocation and how that will affect the planning of event tourism?

[2.40 pm]

**Mrs L.M. HARVEY:** Yes, I am happy to comment on this. The very nature of event tourism—I think we talked earlier about the Perth International golf tournament and the V8 Supercars—means that events tend usually to be negotiated in contracted periods of three years. As the member looks through the budget cycle, she will notice that the event funding appears in the forward estimates once the contract is negotiated and the event and the sponsorship are committed to. To give an example of how this can fluctuate, we were looking at a \$55.065 million appropriation for 2008–09 and a \$49.28 million appropriation for 2011–12, which was the out year. What eventuated in 2011–12 was a \$65.7 million appropriation, and that was basically due to some of the spending changes linked to event tourism and events being funded and coming online as part of the cycle. There are funding boosts and all sorts of things that happen. One example is the ISAF Sailing World Championships, which added \$2 million to the out years once the agreement to enter into that sponsorship arrangement occurred, but, obviously, three years prior to the year that that event was funded—before the contract was entered into—it did not appear in the budget. It fluctuates according to when the contracts are negotiated and committed to.

**Ms S.F. McGURK:** I understand that the department needs to be nimble in the way that it reacts to different circumstances in this portfolio, but the minister's answer, with all due respect, does not give us a lot of confidence in the budget process. The budget process is supposed to be as accurate as possible. It does not really answer the question about why the amount for the event tourism line item is being more than halved in the 2017–18 forward estimates. I understand that there might be changes within that line item, but the way that I read that now, I would say that the government will halve its allocation to event tourism by 2017–18. Is that not the case in the table that we are looking at?

**Mrs L.M. HARVEY:** This question comes up every year in estimates and every year the same sort of response is given. The agency is very nimble in the way it negotiates event sponsorship, but various things happen along the way. There may be funds for certain events in the out years, and sometimes event organisers pull out of the event and the funding comes back into the budget. All I can say to the member is that as the events calendar firms up over time—for instance, the V8 Supercars event and the Perth International golf tournament are drawing to the end of their three-year contracts—and if we are successful in renegotiating the sponsorship for events, they will appear in the forward estimates, but they cannot appear until the contracts have been negotiated.

**Mr P. PAPALIA:** That is not how the budget works. If \$15 million is not allocated to the event tourism budget in the out years, either there will be a \$15 million black hole in the forward estimates or \$15 million will not be allocated or it will have to come from some other budget in the following three years. I know that the Premier does not believe in the out years in the budget, but that is how the budget papers work; they identify the expenditure that taxpayers will be up for, which impacts on how much debt we have and how much interest is paid on that debt. The minister cannot just say that the events budget will suddenly be doubled in three years' time. It does not make sense. She is saying that, for the purposes of her budget, the third out year is irrelevant and is not real.

**Mrs L.M. HARVEY:** No, that is not what I said. I said that the way that the events calendar is negotiated and the way that we enter into, for example, three-year contractual arrangements for some events mean that the out years will change once those events have been committed to. I know that the member wants to interrupt me, but our total cost of services for tourism in 2013–14 is \$85.284 million. In 2010–11, it was looking pretty sick in the final out year with \$51.835 million. That is a result of the funding decisions of government around event tourism. I will refer to the CEO, Stephanie Buckland. I know that every year a question is asked about the events program being dropped in the out years of the budget cycle, but it does not occur. It is one of those anomalous scenarios around the way that these events are negotiated.

**Mrs S.L. Buckland:** The only thing I would add to what the minister has said is that 2016–17 is the last year of funding for the royalties for regions regional events program; that will cease at the end of 2016–17. However, we are already in discussions with the department, our minister and the Minister for Regional Development about putting forward a business case for a potential continuation of that funding, and that will all be based on the

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results of the existing regional events program. To add to what the minister has said, that is an example of the discussions that are underway for the future.

**Mr P. PAPALIA:** What the CEO just said was an interesting difference from what the minister said. The CEO indicated that this might be tied to royalties for regions funding, which will terminate in that time frame. Noting that \$3 billion has been taken out of royalties for regions funding in the forward estimates, could it be that this will not come back no matter what is done in making an application? Is it likely that the cuts will be real and will not be magically replaced, as argued by the minister?

**Mrs S.L. Buckland:** I would suggest that that is a question for the minister.

**Mrs L.M. HARVEY:** Yes; I will answer that. As Stephanie illustrated, one of the reasons there is a drop off in 2016–17 is that we have a four-year royalties for regions program and there is also the events program that has additional funding of \$5 million. That goes out to 2016–17. For 2017–18, which is a number of years down the track, we are starting negotiations on whether the royalties for regions regional events program will continue in its current form or whether it will be expanded. It may well be that there is an expansion in that program in 2017–18, but that will come down to our assessment of the effectiveness of the program and the willingness of the government to continue with the royalties for regions funding pool to fund the program. That is a reason for it dropping off. That is not to say it will drop off forever. As I previously illustrated, a consistent pattern in the tourism budget shows a significant drop in funding for the furthest out year, but that has not eventuated in the time I have been a member of Parliament, since 2008. It has continued to grow.

[2.50 pm]

**Mr F.A. ALBAN:** I refer to the continuation of additional events under “Spending Changes” on page 380. The minister touched on the forward estimates of \$5 million for the years 2015–16, and another \$5 million to a total of \$10 million in 2016–17. How will Tourism promote our growing food and wine industry to benefit our tourism industry, especially in light of our new opportunities with our free trade agreement with Japan?

**Mrs L.M. HARVEY:** Thank you for the question, member for Swan Hills. We have a really good strategy around food and wine tourism. We are promoting a variety of food and wine tourism experiences across the state by sponsoring events such as Taste Great Southern, the Margaret River Gourmet Escape, which we have previously talked about, along with lots of smaller regional culinary events through the royalties for regions regional events scheme. An example is the cherry festival in Manjimup, the truffle festivals and all those sorts of things. *My Kitchen Rules*, *MasterChef Australia* and *Food Safari* episodes, sponsored by Tourism WA, have all been filmed in Western Australia as part of our strategy of promoting Western Australia as the gourmet paradise that it is. Last year we had the Taste Master campaign, which attracted a lot of interest by social media. It was a perfect fit for our state to have the Taste Master travelling around our extraordinary destinations and tasting and commenting on the culinary delights as he negotiated the various coastal towns and tourism areas of the state. This development of the food and wine tourism strategy will indeed help us to raise our profile. The purpose is to elevate food and wine as a key tourism experience in Western Australia and we are looking at having it encapsulate existing events and marketing initiatives, as well as looking at ways to explore new produce and experiences that we can develop as concepts as part of this strategy. The member will be pleased to know that we have been involved with stakeholder consultation in Perth, Fremantle, the Swan Valley—in the member’s own backyard—and the Margaret River region, as well as the Great Southern, Kimberley and Gascoyne regions. So far we have spent \$95 000 on research and consultation in the development of this strategy. This is also fulfilling one of our election commitments in the 2012–13 election.

**Mr F.A. ALBAN:** I am being selfish here —

**The CHAIRMAN:** So you will be quick.

**Mr F.A. ALBAN:** Often when the food and wine industry is mentioned, it always means Margaret River. There is a feeling in the Swan Valley that we are being largely ignored. It is not as recognised as Margaret River obviously internationally, but it is keen —

**Mr P. PAPALIA:** If it is just a discussion, can they do it in the party room?

**Mr F.A. ALBAN:** But it is keen to be part of it. I would like to make the point that the Swan Valley needs to be —

**The CHAIRMAN:** I am sorry, member, you cannot make a point; you are here to ask a question.

**Mrs L.M. HARVEY:** Yes; the Swan Valley is part of our stakeholder groups and will certainly be included as part of that strategy. It is an unrecognised jewel in our gourmet tourism crown.

**Mr P. PAPALIA:** The last dot point on page 381 refers to China, where it states —

China is now Western Australia's fastest growing international market with Chinese tourists increasing by 50% (to 33,000 visitors) in the past two years.

Is not that observation a bit deceptive, noting that a story in *The West Australian* yesterday confirmed that the number of visitors from China to Western Australia dropped this year compared with the number in the previous year? Is it not also true that our share of the rate of Chinese visitations to Australia is about three per cent of overall numbers as opposed to what we would hope, of around 10 per cent, noting that is generally the ratio we would hope would return to our state?

**Mrs L.M. HARVEY:** I am pleased the member has asked this question. As part of this budget, we are investing \$3.9 million over three years to deliver our state government strategy for tourism, specifically to continue with our cooperative marketing campaigns with airlines and travel agents in China. Last year 32 500 people from China visited Western Australia. China is now one of our fastest growing international tourism market contributors with more than \$165 million going into the Western Australian economy in 2013. We have a goal to grow the Chinese visitor numbers to 100 000 by 2020 and we want that visitor expenditure to be in the realm of \$500 million. Airline partnerships are a crucial part of that strategy, along with our engagement with tourism operators on the ground in China. We have special purpose marketing activity in China, which is helping us match funding from China Southern Airlines. A lot is happening in the China space.

With respect to that report about the decline in the visitor numbers from China, that international visitor survey, which reported a decline of 200 Chinese visitors to the year ending December 2013, is the report the newspaper article was referring to. The member for Warnbro mentioned earlier the margin for error in the marketing analysis of the Margaret River Gourmet Escape. The decline of 200 visitors is well within the margin of error in that international visitor survey. In fact, WA is therefore the fastest growing international tourism market for China. The number of visitors has increased at a three-year average of 21.5 per cent. We know there is a good market in China and we want a bigger part of it. There has been an increase in the rate of visitation from China and this funding commitment of \$3.9 million over the next three years is to build on the last three years' worth of groundwork we have done in China in developing that market to ensure we can get a bigger share of the market for WA.

**Mr P. PAPALIA:** Is it true to say our share of the overall national visitation rate from China to Australia is about three per cent?

**Mrs L.M. HARVEY:** It is 4.9 per cent at present, and we intend to continue growing that. As I said, the work on this started in the state about three years ago, and we intend to continue to build on that. That \$3.9 million investment by the state government in this budget for the next three years will go a long way to helping us further understand that Chinese market. There has not been a lot of understanding among our tourism operators in Western Australia about how to tap into the Chinese market. We have done a lot of that groundwork now and we need to build on that and make sure we build our visitation numbers from China.

**Mr P. PAPALIA:** We came off a very low base and that is why there has been substantial growth in the last three years but, effectively, in the last two years we have got to a point and stabilised that. What different strategy will the minister use next year to grow it?

**Mrs L.M. HARVEY:** I think the most important thing we need to do as a government is, first of all, make sure we have a strategy and that we are funding that strategy appropriately. The \$3.9 million will go towards that. We are focussing on generating a stronger consumer awareness in China of what is available here in Western Australia. We will also drive some demand from China through cooperative marketing campaigns through PR and events marketing.

**The appropriation was recommended.**

[3.00 pm]