

Mr Paul Papalia; Mrs Liza Harvey; Mrs Michelle Roberts; Mr Chris Hatton; Mr Chris Tallentire; Mrs Glenys Godfrey; Ms Simone McGurk

Division 10: Western Australian Tourism Commission, \$62 045 000 —

Mr I.M. Britza, 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, Eventscorp.

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 the 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: I give the call to the member for Warnbro.

Mr P. PAPALIA: I refer to "Spending Changes" on page 159 of the *Budget Statements* and to increasing tourism marketing funding. I note that the government's original election commitment was \$24 million over four years but, as is indicated in the budget, the tourism marketing fund will receive only \$9 million over three years. I understand that the commission and the industry had already planned how they would use that money. As a consequence, they have had to change their plans, which has been reported in the media. Is it not the case that Tourism Western Australia had already made plans based on the government's election promises and that it had allocated a considerable amount of effort on how it would spend that money?

Mrs L.M. HARVEY: Our election commitment was to increase the tourism marketing funding by \$24 million over four years. This budget provides \$9 million over the next three years, which is about half of those funds. Half of the funds will be spent on domestic marketing while the remainder will be spent on a new airline agreement that will look to cover Australia, the United States, the United Kingdom, Germany and Singapore. We are looking at increased marketing in China, Indonesia and Singapore and a modest increase to regional tourism organisations. As is the case generally with budgets, agencies do not go to work on determining a spend until the budget is handed down. The agency will progress with the allocation of funding for the marketing programs now that the budget is finalised

Mr P. PAPALIA: I understand that the minister was not the Minister for Tourism at the time and she did not sit in that seat—that is fine—but some people from the commission were present. I understand that significant work was done on what that funding would have been allocated to had the government kept its promise. That is what I am after. I understand a business case was drawn up to determine where the money would be allocated. Is the minister able to check whether that is the case?

Mrs L.M. HARVEY: Certainly project parameters were put around how the \$24 million would be spent if it was allocated. I can defer to Stephanie Buckland, the chief executive officer, to explain where the \$9 million is likely to be allocated for the next three years consistent with what is in the budget.

Mr P. PAPALIA: I am more interested in what the money would have been allocated to had the government kept its promise. That is a cut from what was anticipated.

Mrs L.M. HARVEY: It is not a cut if it has not been allocated. I can ask the chief executive officer to explain to the member how it is proposed to spend the \$9 million over the next three years.

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Mr P. PAPALIA: That is not the question I am asking.

Mrs L.M. HARVEY: I understand what the member is asking.

Mr P. PAPALIA: The government promised \$24 million but has given only \$9 million. What was the difference between those two amounts going to be allocated to?

Mrs L.M. HARVEY: The member is asking about what we are not spending rather than what we are spending and what has not been allocated rather than what has been allocated.

Mr P. PAPALIA: I will refine my question. It is a fact that on the basis of the government's commitment the private sector had decided what to fund towards its own activities. However, the fact that that money is not forthcoming is having an impact on it. How was the private sector planning to spend that money?

[4.10 pm]

Mrs L.M. HARVEY: I cannot speak for what the private sector might do with its spending or how it is going to allocate its marketing funding, and I would not care to speculate on what the private sector intends to do. What I can do is ask the CEO of Tourism WA, Stephanie Buckland, to explain how we anticipate spending the \$9 million, how it is going to be allocated and what kinds of partnerships we have set up with the private sector or anticipate will be met by the private sector as part of that funding, to get the best leverage.

Mr P. PAPALIA: I am interested in that, but really, it would perhaps be more helpful if Stephanie were able to explain the normal process through which we enter into partnerships with the private sector over our marketing funds; how a dollar spent by the government results in the oft-claimed \$20 return in revenue to the state; and the process, namely by how much our dollar is matched, how that matching takes place, how far in advance the commitment is made, and the negotiations that take place between the commission and the private sector. That is a normal process, and I assume that occurred when the private sector assumed that we would get \$24 million over four years.

Mrs L.M. HARVEY: Just to be really clear, the \$24 million over four years was a policy commitment of the Liberal government. The business case that Tourism WA is going to work on is the \$9 million that has been allocated. I know that Stephanie Buckland has heard the member's question, so I will ask her to answer. My understanding is that the return on investment we expect is somewhere upwards of \$15 for every dollar spent on marketing and tourism, and then it ranges depending on what is happening in the market, what kind of program it is, and what kind of partnerships we set up. I will let Ms Buckland elaborate on that.

Mrs S.L. Buckland: In respect of the question about how we would ordinarily set up those partnerships with the private sector, on an annual basis we will go into the marketplace around May with an expression of interest process, whereby we will put out a request to a number of different private sector tourism operators and ask them to provide us with some concepts about what campaigns they would like to run, how much they would invest in those campaigns, how many tourists those campaigns might generate, and how much they might be looking to Tourism WA to invest in those campaigns. How much we invest and how much the private sector invests in those programs is never locked down until we know what our budget will be. We are in the final stages of negotiating those partnerships now.

Mr P. PAPALIA: It was distorted this year, because we had a delayed budget. Did the normal process of seeking expressions of interest from the private sector in May take place?

Mrs S.L. Buckland: I am not sure whether it took place in May, but it has taken place —

Mr P. PAPALIA: Did it happen prior to the budget?

Mrs S.L. Buckland: It did take place prior to the budget, yes.

Mr P. PAPALIA: I think the interest I have is also of interest to people more widely, particularly in the industry. That would indicate that a degree of certainty existed around the expectation of receiving \$24 million. I know that the budget had not yet been handed down, but it was a commitment that was made prior to the election and the same minister was in place post the election. I am sure, from what I have seen of his conduct in this place, that at the time he was expecting that funding to be met. I think there must have been some commitment, expenditure, or at least planning, on behalf of the private sector expecting \$24 million. Is that not the case?

Mrs L.M. HARVEY: I am not aware of any private sector contracts that have been entered into in anticipation of a government spend that had not been finalised with our budget process, so I cannot advise the member if they have occurred. I am not aware of any of those.

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Mr P. PAPALIA: What about planning? There must have been significant planning. If the request for tender was around May sometime, planning must have been conducted on the basis and expectation that they were going to get that \$24 million over four years, between that time and the delivery of the budget two weeks ago.

Mrs L.M. HARVEY: As I said previously, I cannot speculate on what planning has been done in the private sector. What I can tell the member is that of the government's allocation, we expect around 45 per cent—about \$4.35 million—to go into domestic marketing. We expect around \$1.65 million over four years to go into marketing in Indonesia and about \$1 million into marketing in China, and that is to support those links we have set up between China Southern Airlines and with Garuda now having direct flights from Jakarta into Perth. We are leveraging on that; we are putting about \$300 000 towards investment across the three years into Singapore and a further \$300 000 into regional tourism organisations. I can tell the member where it is anticipated our government spend will be, but I absolutely cannot speculate on where the private sector spend will be, except that Tourism WA will be entering into the usual kind of partnerships and arrangements with those operators to make sure that we get the best bang for our buck with our spend.

Mr P. PAPALIA: The minister understands that there have been publicly stated levels of loss of revenue as a consequence of this cut. There was a suggestion that \$80 million in revenue would not come into the state and that in the order of 1 300 jobs would be lost. That is based on the expectation that the government would deliver on its commitment. Was there a greater level of expenditure in each of those markets to which the minister referred, in each of those activities? Was money to be spent on a more diverse range of investments, or was it to be spent elsewhere?

Mrs L.M. HARVEY: Those were not figures that were put together by Tourism WA, so I cannot really speculate as to how those figures were calculated or what they were based on. They were figures put out by industry bodies based on the way that they calculate and anticipate the kind of return on investment that that sort of spend will give. I can have Tourism WA speak about the return on investment that we expect to get for the \$9 million that is in the budget, which is \$9 million more than it had before. That is a \$139 million marketing, promotional and advertising budget over the four years of this period of the budget. It is a not insignificant spend.

Mr P. PAPALIA: I would like to hear what anticipated return Tourism WA thinks we will get.

Mrs S.L. Buckland: As the minister said, the plan is that over the next three years we will be investing around \$4.3 million into domestic marketing. That will primarily be invested to promote some of the new advertisements that were created last financial year. One of those is a campaign called “1001 Extraordinary Experiences”, and we have also created two new brand advertisements, one featuring the north of the state and one featuring the south of the state. Those have not yet been aired in the marketplace, so the plan is to use some of that funding to air those new ads, as well as a campaign that we created for Perth. As I think I explained to the member previously, we calculate the return on investment for the brand advertising we do by running an extensive market research program in Perth, Sydney and Melbourne through a company called Metrix Consulting. Whether or not people are watching ads, whether they have seen the ads, whether they have booked a holiday to Western Australia as a consequence of the ads, is all measured and then a projection done of how much visitor spending that would have yielded. Last financial year, in 2012–13, between the Perth campaign and the 1001 Extraordinary Experiences campaign, we generated a return on investment of about \$19 in visitor spending for every dollar we invested in those brand advertisements, and we are projecting that, on the basis of that result and previous years' results, the new advertisements will generate anywhere between \$15 to \$19 for every dollar that we invest.

[4.20 pm]

Mr P. PAPALIA: Does that mean that that same return on investment applies for markets like Indonesia or China that we may be expending funds on?

Mrs S.L. Buckland: No, not necessarily. So, for a market like China our focus is very different; we are focusing on working with travel agents in China and airlines in China. We do not have enough budget to do what we would call an above-the-line consumer marketing campaign in China; that would cost tens of millions of dollars to reach that market.

Mr P. PAPALIA: But there is a detailed planning process that is engaged in with, I am assuming, the board. In trying to justify the expenditure, there must be a projected return; I am assuming that it has that. I know the minister does not want to talk about it, but was there ever a discussion by the board of commissioners as to how that \$24 million would have been expended?

Mrs L.M. HARVEY: I am not on the board of commissioners, so I will refer to Mrs Buckland —

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Mr P. PAPALIA: I know the minister was not there.

Mrs L.M. HARVEY: — as to whether there was a discussion. I will preface it by saying that this is the biggest budget for Tourism ever, with an over \$85 million expenditure allowance. The board of the Tourism Commission is no doubt very busy trying to work out how it is going to spend its \$9 million extra. But as to whether there was a discussion about how \$24 million might be spent as opposed to the \$9 million that the government has allocated in the budget, I do not know if those agendas are available or if they are generally made public. I will refer it to Mrs Buckland.

Mrs S.L. Buckland: On an annual basis—on a regular basis—every year our board in sort of the October to November–December time frame will do some planning and have discussions about what the priorities are, and perhaps where there might be opportunities or needs for additional programs, and potentially additional funding. So in the nature of the way we do business, it is part of our normal procedure and process to have those discussions.

Mr P. PAPALIA: Did that happen in 2012?

Mrs S.L. Buckland: I am answering it.

Mrs L.M. HARVEY: I would like her to finish.

Mrs S.L. Buckland: So, yes, it did happen in 2012. There were discussions, and that is part of the normal budget process for Tourism WA, as we do every year. Sometimes we discuss things that ultimately get funding, and other times we discuss things that ultimately do not get funded.

Mr P. PAPALIA: Through the minister —

The CHAIRMAN: Member, just before you go further, we have had 10 questions on this one. I can just let you have one more and then we need to move to another question.

Mr P. PAPALIA: Assuming what Mrs Buckland said did occur—that normal process occurred—in October, November or December last year with the board of commissioners, regardless of whether they got the money, did they conduct discussions as to how they would use that \$24 million that was being discussed, and were those discussions recorded?

Mrs L.M. HARVEY: As to the discussions around projected expenditure, all these boards and government agencies understand that until the budget is handed down, they do not know what they are going to have to spend because that is allocated when the budget is handed down. I will ask Mrs Buckland as to whether it is standard practice for the agendas and discussion items at those meetings to be made public—if they are generally part of the public domain. I am not certain of the process and protocol with those board meetings.

Mrs S.L. Buckland: The board agendas and papers are publicly available documents in the main, and they are provided, on a regular basis, to the minister's office as the board meets.

Mr P. PAPALIA: Can I ask, minister, for that to be tabled —

The CHAIRMAN: Member, this is the twelfth question; you can come back to it, but I think —

Mr P. PAPALIA: I know, but it is regarding that document that was just referred to.

The CHAIRMAN: Okay.

Mr P. PAPALIA: Would it be possible for the minister to provide the minutes of that meeting when it was discussed as to what the \$24 million would be used for, as supplementary information?

Mrs L.M. HARVEY: I will not be able to provide any documents that would be cabinet-in-confidence regarding anything to do with the budget papers or budget discussion or deliberations to do with budget, as is standard practice.

Mr P. PAPALIA: No, but I am talking about the minutes of the board of commissioners' meeting.

Mrs L.M. HARVEY: What I would ask the member to do is ask me specifically with a question on notice about which meeting he might like. Because to provide by supplementary information potentially a discussion that might have been had at a meeting about a potential spend that could be a cabinet-in-confidence process is difficult. I need the member to narrow it down.

Mr P. PAPALIA: No, the minutes of the board of commissioners' meeting in late 2012 at which discussions were held about the \$24 million and how it would be allocated.

Mrs L.M. HARVEY: Member, I cannot provide that by supplementary information. I need the member to be specific and to put it in a question on notice.

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Mr P. PAPALIA: That is pretty specific.

Mrs L.M. HARVEY: No, it is not.

Mrs M.H. ROBERTS: I would like to request some supplementary information based on the information that Mrs Buckland gave. Mrs Buckland advised that those board meeting documents were public documents; I would like to request a copy of the board meeting documents for the last 12 months.

The CHAIRMAN: Minister, do you want that as a supplementary?

Mrs M.H. ROBERTS: It is publicly available information, supposedly, so I cannot see why the minister could not provide that to me —

Mrs L.M. HARVEY: The —

Mrs M.H. ROBERTS: Sorry, I am still talking. Those documents have been provided to the minister's office, according to Mrs Buckland, so it should be a simple matter of photocopying them and making them available by way of supplementary information.

Mrs L.M. HARVEY: I am not prepared to make them available by way of supplementary information. There is a freedom of information process if the members want to ask for specific meetings.

Mrs M.H. ROBERTS: This Parliament is over and above the freedom of information process. There is a longstanding tradition in the Westminster system of Parliament.

The CHAIRMAN: Member for Midland!

Mrs M.H. ROBERTS: It is the minister's job to provide information, not to fob us off with FOI.

The CHAIRMAN: Member for Midland, I call you for the first time! Minister, do you want to accept one more?

Mrs M.H. ROBERTS: It is unacceptable.

Mrs L.M. HARVEY: I have said I am not prepared to provide a large swathe of information that is publicly available via supplementary information. If there is a specific request about a specific agenda or a meeting —

Mrs M.H. ROBERTS: What is the minister hiding?

Mrs L.M. HARVEY: — I suggest that an FOI or a question on notice is more appropriate.

Mr C.D. HATTON: I refer to the line item "Royalties for Regions – Caravan and Camping" on page 159 of the *Budget Statements*, which shows that a significant amount of money has been allocated over the next four years. Could the minister please explain what is proposed and what impact it will have on tourism in this state?

Mrs L.M. HARVEY: I thank the member very much. I am really pleased that the member has asked about the caravan and camping sector because it is a significant contributor to the state's economy. We had over one million visitors staying at a caravan park or a campground in WA in 2012, which is around 14.2 per cent of our total trips in WA, and that figure is growing. Our caravanning and camping sector has faced some challenges over the past decade. The Economics and Industry Standing Committee of this Parliament held an inquiry that identified a number of quite significant parks that had closed, and shortages of sites in some areas, particularly during the high season. Also, the sheer size of Western Australia creates a number of issues with the distances between towns, and caravanners—many of whom are of a certain age—prefer shorter travel times and more frequent stops. We have addressed that with our caravan and camping action plan 2013-18, which looks at improved infrastructure and increased promotion of the sector in an effort to ensure that more visitors to Western Australia can have an affordable holiday in WA. That program is worth \$34.42 million, which is being put towards implementation over the first four years of the five-year plan. The total plan is worth \$37 million, and includes a number of initiatives. I recommend that members read the Economics and Industry Standing Committee report. I was on that committee at the time, and one of the main issues raised by caravanners—particularly the recreational vehicle owners—was the lack of blackwater waste dump facilities. This plan goes towards providing blackwater waste dump facilities, new and enhanced rest areas between destinations, new caravan parks, new campgrounds in priority locations, the development of some overflow guidelines in our larger towns and a review of some of our regulatory policies that have cut back the ability for private operators to open overflow facilities.

[4.30 pm]

We are looking at increasing marketing and promotion, and legislative changes as part of our review of the Caravan Parks and Camping Grounds Act 1995. There is a lot on the go in caravanning and camping. Tourism

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WA has been working with the Department of Lands and with local governments to identify and release land in a number of priority areas around the state. It is envisaged that identifying that land will allow private investors to develop and operate commercial caravan parks and camping grounds. We are also looking at non-commercial camping facilities and establishing partnerships with the Kimberley and Indigenous communities so that we can provide employment opportunities in tourism as part of our Indigenous tourism strategy. The action plan has been well received by the sector. It contributes to local economies by increasing the spend of tourism visitors who pass through our regional areas. I look forward to seeing the implementation of the strategy. I thank the member for asking the question.

Mr C.J. TALLENTIRE: Following on from the question regarding the caravan and camping action plan, I refer to page 159, and the royalties for regions funding. My totalling of it is slightly different from the minister's. I make it at about \$40.7 million in the camping and caravanning package announced in this tourism budget and the budget for the Department of Parks and Wildlife. Is it not the case then that \$19.6 million is counted in the tourism appropriation, but that is immediately transferred over to parks and wildlife and Main Roads WA? Does this not lead to the minister's tourism budget being artificially inflated?

Mrs L.M. HARVEY: The caravan and camping program has been allocated \$34.4 million over the next four years. Tourism WA's portion of that budget to implement the caravan and camping action plan is \$15.2 million, and \$19.2 million will be split between the Department of Parks and Wildlife and Main Roads WA. That is standard practice. Other initiatives also feed into this program through the Department of Environment that are not listed as part of the royalties for regions funding.

Mr C.J. TALLENTIRE: If we start with the minister's figure of \$34 million in total, and subtract the \$15.2 million under "Spending Changes", that still leaves the amount that is transferred across to the Department of Parks and Wildlife. Again, is there not an artificial inflation of this tourism budget because the minister is simply using this budget to funnel through to another agency funding for the upgrade of camping facilities in national parks and conservation areas? This is good work but should it really be double counted in this way?

Mrs L.M. HARVEY: We can only count the allocation of funding once in the budget. It appears in the Tourism WA budget and it is standard practice for a lead agency to be appointed when there is a cross-government strategy like the caravan and camping action plan. It is true that it crosses into the Department of Parks and Wildlife, Main Roads and Tourism WA. There may even be crossover as part of that strategy through the Small Business Development Corporation with the development of small business tourism initiatives. It is standard that the funding is allocated through a lead agency when it comes to a very broad and important strategy like this.

Mr P. PAPALIA: Further to that question, is the minister able to provide as supplementary information the specific sites and locations in parks on which this money will be spent?

Mrs L.M. HARVEY: The Brighthouse report —

The CHAIRMAN: Does the minister want to offer this as supplementary information?

Mrs L.M. HARVEY: I would like to answer the question. The Brighthouse report analysed the supply and demand data, reviewed feasibility studies, and consulted with stakeholders. The report identified a range of key sites around the state where the demand for caravan park accommodation had outweighed supply. The gap analysis highlighted 16 extreme-priority locations, among which were Broome, Lancelin and Exmouth. Sites are currently being progressed at specific locations in those three towns. Other sites will be developed over time. Did the member ask for a list of all those sites as supplementary information?

Mr P. PAPALIA: Yes, where the money will be spent.

Mrs L.M. HARVEY: The specific sites in national parks have not yet been decided. In the first tranche we have identified sites to develop in Broome, Lancelin and Exmouth. The other sites across national parks will be revealed in due course. We do not have a list of every site that will be funded through the strategy as it is quite a big strategy.

Mrs G.J. GODFREY: I refer to page 160 of the budget paper, and "Significant Issues Impacting the Agency". The first dot point indicates that China and Indonesia are strongly performing emerging markets, as the minister mentioned before. Could the minister outline what the state government is doing in these markets to increase visitations to WA?

Mrs L.M. HARVEY: In 2012, Tourism WA consulted with industry and government stakeholders to look at how we could capitalise on the massive outbound tourism growth from China, which is worth over \$70 billion globally as we felt we should be getting more of a share of that. The strategy we put together for China and Indonesia has been based on quite extensive research and market analysis. One of the key priorities over the next

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three years is to set a goal of growing our Chinese visitor market to Western Australia from 19 000 in 2012, to 100 000 by 2020. That will increase our market share from 3.7 per cent of the Chinese market to Australia, to 11.6 per cent, a value of over \$500 million to the WA economy. Tourism WA has taken a lead role in improving the quality of the tourism experience and ensuring that it is tailored to the market by supporting some industry training initiatives and hotel investment attraction, and looking at strategic partnerships that have been developed with the airlines. China is seeing tremendous growth, with the number of visitors up by 22 per cent, and the spend of those visitors has increased by 25 per cent over the past three years. Aviation is really important. We have developed a commercial agreement with China Southern Airlines that commenced direct flights from Guangzhou to Perth in November 2011. We are also looking at more comprehensive training of travel agents in China with 20 Chinese companies to develop a product for Chinese travellers to make sure they understand what is available in WA.

Indonesia is also a significant growth market. Due to the growth in that market we have seen the reintroduction of direct flights from Jakarta to Perth in June following negotiations and discussions with Garuda Indonesia, which exited that direct flight a number of years ago. We are looking at opening a marketing office in Indonesia, which will be co-located with the Department of State Development. The additional marketing funding we have received in this budget will help facilitate further marketing to encourage visitors from Indonesia and China into this region.

Mrs G.J. GODFREY: Well done, minister.

Mr P. PAPALIA: I refer to the table on page 159 titled “Appropriations, Expenses and Cash Assets”, and the line item on “Net Cost of Services”. I note that the tourism budget hits a peak in 2014–15 before falling away dramatically. What is the reason for that cliff in funding?

Mrs L.M. HARVEY: As is usually the case, it is due to the way tourism funding works and the way we fund various programs over time. We have events that will be funded for tranches of perhaps one or three years and, over time, new events come into the budget that are not envisaged as part of the forward estimates. To give an example of how that works, back in 2010-11 the cost of services for tourism was estimated in the budget as \$67 million, and in the out years for 2013-14 the forward estimates predicted that that cost of services would be \$51 835 000. This year it is \$85 284 000. In the interim, a range of new strategies have come online and a range of new events funded for specific periods have come into the budget. Therefore, the forward estimates, particularly for tourism, are not a good indicator of what will occur in that budget at the time that those budgets are brought down.

[4.40 pm]

Mr P. PAPALIA: The department is operating in an environment in which the Treasurer’s fiscal action plan is in place, and his projected savings are based on cutting expenditure over time. How does the minister rationalise the suggestion that the department will get more in the out years than currently projected when the Treasurer will try to cut more from the department as time goes by, and his projections are currently based on the department not getting any more money?

Mrs L.M. HARVEY: In the context of that conversation, I will go back. I thank the member for Warnbro for the opportunity to reiterate that in these tight fiscal circumstances this department has the biggest Tourism WA budget ever handed down.

Mr P. PAPALIA: For two years and then it drops off the cliff.

Mrs L.M. HARVEY: But, as I said, there are tranches of funding. For example, over the next year, there is a range of major spending changes. There is the Australian Tourism Exchange, event tourism, V8 Supercars and a range of programs through Eventscorp that inflate the funding, and at the end, when those contracts either get renegotiated or something else moves into their place, the funding will change. All I can say to the member for Warnbro is that in this tight fiscal time the department has the biggest tourism budget ever, and the government has made a commitment to grow the spend for tourism in this state from \$7.5 billion to —

Mr P. PAPALIA: The minister is tempting me to ask about broken promises again when she does that.

The CHAIRMAN: Further question.

Mr P. PAPALIA: Are programs projected to end in fiscal year 2015–16 and can the minister project such a drop in expenditure because they have not been either renewed or replaced?

Mrs L.M. HARVEY: There are.

Mr P. PAPALIA: What are they?

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Mrs L.M. HARVEY: A domestic marketing program is projected to end in 2015–16. That is not to say it will end entirely, but there was a specific period of funding. The Perth Convention Bureau funding of \$14.54 million is due to end in 2015–16. The WA Visitor Centre marketing will finish in 2015–16. There is the regional tourism marketing program, and supplementary funding for the V8s, the golf, the Margaret River Pro and the cricket. They have large amounts of funding in 2013–14 and 2014–15 and then that drops away in the out years.

Mr P. PAPALIA: Is that because they are yet to be negotiated?

Mrs L.M. HARVEY: It is very much the nature of those events. Sometimes they get funded for finite periods of time, and the funding goes into the budget for the time of the contract in which we have to secure those programs and events.

Mr P. PAPALIA: But the other ones—domestic tourism marketing, Perth Convention Bureau, WA Visitors Centre and regional tourism—are not negotiated; they are just the normal practice of government.

Mrs L.M. HARVEY: They do get negotiated, but whenever a marketing program is targeting a specific area of tourism, be it domestic or whatever, those programs will get evaluated towards the end of the funding period, and if that evaluation determines that we have had good value for money and it is worthwhile to continue that funding, or perhaps tweak it slightly, and run with it for another three or four years, then papers are prepared for cabinet and those discussions occur and cabinet will invariably make decisions about whether it will start with a new tranche of funding.

Ms S.F. MCGURK: May I ask a question about the Rottneest Island Authority?

Mrs L.M. HARVEY: I have no advisors with me for the Rottneest Island Authority because I was advised there would not be any questions on the Rottneest Island Authority. It might be best if the member for Fremantle puts a question on notice and I would be happy to answer it.

Ms S.F. MCGURK: Is there no capacity to answer any questions now?

Mrs L.M. HARVEY: It is a different division.

Mr C.D. HATTON: The third dot point on page 160, under the heading “Significant Issues Impacting the Agency”, reveals that the state government strategy for tourism in Western Australia 2020 has a stretch goal to increase the value of tourism in WA to \$12 billion by 2020. Would the minister please explain the strategy and how things are tracking in relation to the \$12 billion goal by 2020?

Mrs L.M. HARVEY: The goal of the strategy is to double the value of tourism in Western Australia, from \$6 billion in 2010 to \$12 billion by 2020. That state government strategy for tourism in Western Australia 2020 commenced in March 2011. Significant consultation was conducted with government and tourism industry stakeholders created a strategy that we think is fit for purpose to meet the demands of the WA tourism industry until 2020. Seven strategic pillars are identified through which the goal for tourism will be achieved: our brand, infrastructure, business travel, Asian markets, events, regional travel and Indigenous tourism. The strategy is broad and requires a partnership model that recognises the investment of not only government but also various departments and other agencies that have an impact on tourism. It is designed around enabling delivery of the strategy in partnership with industry.

There are actions for government and industry to be identified each year as part of that strategy, and Tourism WA has a corporate plan that is tracked and updated annually. There has been some not insignificant success at the early stage of the strategy. At the end of March 2013, statistics indicated our total visitor spend was up to \$7.5 billion; that is \$1.5 billion ahead of the 2010 figure. We are well on our way and we need to maintain the pace.

Mr P. PAPALIA: The minister said that that strategy was developed in 2011 and released in 2012.

Mrs L.M. HARVEY: It was released in March 2011 but endorsed by cabinet and released by the former minister on 10 December 2012.

Mr P. PAPALIA: Was the additional \$24 million in destination marketing funding promised this financial year a component of the strategy to grow tourism revenue to \$12 billion by 2020, noting that it is all based on modelling and projections based on government expenditure?

Mrs L.M. HARVEY: As I said, to achieve the outcomes of the strategy, it is broad. It includes branding events and also infrastructure. We are focused on ensuring that we have hotels and we are doing our best to develop hotel sites.

Mr P. PAPALIA: It must include government investment.

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Mrs L.M. HARVEY: It is very broad. It does include government investment, which is part of our caravan parks and camping grounds strategy.

Mr P. PAPALIA: And marketing.

Mrs L.M. HARVEY: There is a range of other across-government investment that feeds into the tourism strategy to reach that target.

Mr P. PAPALIA: Will the cut have a direct impact on achieving the objective, because it must have been considered at the time of developing the strategy that this sector was to receive that additional injection of funds?

[4.50 pm]

Mrs L.M. HARVEY: The two pillars of the brand marketing campaigns that are in train as part of that strategy are the Perth campaign and the 1001 Extraordinary Experiences campaign strategy. The events pillar is also part of the strategy; we have increased our sponsorship of events from 48 events up to 95 events. We have a China marketing plan, a cruise shipping strategy and an Aboriginal tourism strategy. There is also investment in infrastructure such as Elizabeth Quay and the redevelopment of the entry statements to Perth. We also have a caravan parks and camping grounds strategy. A broad range of cross-government investment has been captured as part of the strategy to increase our attractiveness as a tourism destination. Certainly, the new stadium, which has a capacity seating of 60 000 spectators at events, forms a significant part of our tourism strategy. It makes us very attractive for a very broad range of new, sporting and other recreational events that will feed into the strategy.

Mr P. PAPALIA: All those other things remain unchanged since the development of the strategy, but what has changed is that the minister's commitment to provide an additional \$24 million in funding over four years has been reduced to \$9 million. Is that undermining the strategy?

Mrs L.M. HARVEY: No; there is \$139 million worth of marketing and promotional funding across the four years of this budget. As I said, it is the biggest Tourism WA budget that we have ever had—\$85 million. We are not reliant on any sole part of that strategy to achieve the outcome.

Mr P. PAPALIA: But they all contribute.

Mrs L.M. HARVEY: We have got seven strategic pillars of the strategy and the government is investing in all those pillars to reach our goal of doubling the value of tourism to \$12 billion by 2020.

Mr P. PAPALIA: The one area that the minister can very accurately predict the result of her investment—probably with more accuracy than just about anywhere else—is government expenditure, because of things like the Metrix marketing research and the sort of data that it gathers over time. The accuracy of that allows the minister to say that if the government injects a dollar of state funding into tourism, it will get so much in return. All those other things are variable, subject to how they go. The minister knows that if she injects a dollar, she will get a return of between \$15 and \$19. That is what we have heard. Nevertheless, cutting the funding from the amount the minister promised must have an impact by undermining the government's strategy.

Mrs L.M. HARVEY: I might ask Justin to respond to the member for Warnbro's question to provide some insight into the analysis that went into putting that strategy together. It is not just about a marketing spend; it is also about a marketing spend that is showcasing a reason for people to come to Western Australia and to Perth, and it feeds into the events that underpin the strategy. If Justin could, perhaps, elaborate on that marketing spend.

Mr P. PAPALIA: Keep it brief, because we are near the end.

Mr J.A. Vaughan: Sure. This strategy complements a national approach towards increasing the value in tourism nationally. There is the goal for Australia to double the value of tourism to Australia as well. We are complementing that national strategy. Our goal is to double visitor expenditure in WA to \$12 billion by 2020. That includes expenditure by daytrip visitors, which are Western Australians travelling within Western Australia on daytrips. Events are an important part of getting people into the regions for daytrips. As the minister said, there are seven pillars to the strategy. The pillars cover the demand-side priorities and objectives and the supply-side priorities and objectives. The supply side are things like aviation access and new flights. The China Southern Airlines flights and the Garuda Indonesia airline flights are a key part of that by providing opportunities. We have launched two new marketing campaigns in the past 18 months; one was for the Perth brand and the second was for the new 1001 Extraordinary Experiences campaign. We will be launching some new advertising later this year, as Stephanie alluded to earlier today. There are a broad range of strategies. The idea is that all those strategies together will complement each other and, when combined, will add value to reach the \$12 billion goal.

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Mr C.J. TALLENTIRE: The fifth dot point at page 161 refers to plot ratio bonuses that are now available to developers of hotels in Perth. What is the cost of that plot ratio? In other words, how much money have we forgone by giving hotel developers this plot ratio bonus?

Mrs L.M. HARVEY: That is a very technical question. I will need to defer to Stephanie Buckland, CEO, to answer that.

Mrs S.L. Buckland: The plot ratio bonus refers to the change in the City of Perth's planning scheme, which provides for a developer who is going to build a hotel, to build a larger building on the plot than if they were going to build an apartment block or an office block. There really is not a cost to that change. It is merely a change in the planning scheme that allows a developer to build a larger building on a piece of land, provided they are building a hotel. It means if a developer builds a larger hotel that has more rooms, they can generate more function space, thereby generating a better return on investment as a hotel compared with something else.

Mr C.J. TALLENTIRE: How much money are we asking hotel companies for when they have access to these plots?

Mrs L.M. HARVEY: The issue with trying to construct hotels is that the numbers do not stack up and it is very difficult to get people to invest in constructing hotels. The plot ratio bonus is about trying to encourage more hotel development. It is not actually a cash incentive; it is an incentive to try to get these structures to come out of the ground. I will let Ms Buckland elaborate further.

Mrs S.L. Buckland: I will just add that it is a City of Perth planning scheme change. That applies to any type of land that may be available for development in the City of Perth, and much of that would be owned by the private sector. In fact, some of the applications for a new hotel development, or an additional hotel development expansion and the like, have come from private owners of private plots of land who have put in a development application. For example, the Duxton Hotel has submitted a new development application to add several storeys to the top of its existing hotel. There is no cost to government for that particular program.

Mr C.J. TALLENTIRE: But some government land is being sold off, and I am curious to know what amount the government is demanding for that. Is the government working on a hectare rate or square metreage?

Mrs L.M. HARVEY: The government is looking at some sites, but all those discussions at the moment are confidential and they have not been determined.

The CHAIRMAN: Member for Midland, before you ask your question, we have only four minutes. In three minutes, I will be putting the question that the appropriation be agreed to.

Mrs M.H. ROBERTS: I will be quick. I refer the minister to the "Royalties for Regions — Regional Events Program" towards the bottom of page 159. The minister will notice that no money is allocated for 2013–14 or 2014–15, and then \$9.5 million is allocated in 2015–16 and 2016–17. What is the expected life of the program for the Western Australian Tourism Commission? What funding is allocated —

Mr P. PAPALIA: We are mixing them up.

Mrs M.H. ROBERTS: All right. My inquiry is about that. I refer to the heading "Service Summary", item number 2, "Event Tourism" on page 160. In the out years, the amount of funding allocated to event tourism goes down by \$10 million from 2015–16. Are those two events related? Why is there no money for the regional events program in the next couple of years?

The CHAIRMAN: I am sorry, minister, but you have only one minute.

Mrs L.M. HARVEY: The royalties for regions regional events program relates to an extension of the existing program by a further two years. Funding for event tourism drops off because there are tranches of funding for particular events that are for specific periods. Obviously, there will be opportunities for the government to fund other events as part of events tourism into the out years. It is fairly consistent with budget practice, particularly around events for which the out years are not necessarily reflective of the actual spend.

[5.00 pm]

Mrs M.H. ROBERTS: I get that; thank you, minister. Given we have only 30 seconds left, I refer the minister to the bottom of page 159. Why does the \$330 000 to fund the Western Australia Indigenous Tourism Operators Council not continue?

Mrs S.L. Buckland: This is also an extension of an existing contract we had with WAITOC for the last three years. We are extending it for a further year and —

The CHAIRMAN: I will have to stop you there; I apologise.

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The appropriation was recommended.