

Chairman; Ms Margaret Quirk; Mr Albert Jacob; Mrs Michelle Roberts; Dr Kim Hames; Dr Graham Jacobs; Mr Peter Abetz; Mr Martin Whitely

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**Division 9: Western Australian Tourism Commission, \$61 901 000 —**

Ms A.R. Mitchell, Chairman.

Dr K.D. Hames, Minister for Tourism.

Ms S.L. Buckland, Chief Executive Officer.

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

Ms D. Belford, Director, Strategy and Policy.

Mr R. Sansalone, Chief Financial Officer.

Mr C. Allier, Principal Adviser, Office of the Minister for Tourism.

Ms M. Hayes, Principal Policy Adviser, Office of the Minister for Tourism.

Mr I.E. Johnson, Policy Adviser, Tourism, Office of the Minister for Tourism.

**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 he 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, 8 June 2012. 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 his advisers to the committee.

[Witnesses introduced.]

**The CHAIRMAN:** Member for Girrawheen.

**Ms M.M. QUIRK:** I refer the minister to "Desired Outcome" under "Relationship to Government Goals" on page 156 of the *Budget Statements* which is an increased competitiveness and viability of the Western Australian tourism industry. How much does a lack of availability of hotel rooms impinge on achieving that outcome?

**Dr K.D. HAMES:** It has had a significant impact, particularly in recent times. We have been aware for a long period that there are nowhere near enough hotel beds in this state. As the mining surge continues, corporate occupancy is becoming an increasing problem. At different stages we have almost had full occupancy in our hotels midweek. There has been some availability on weekends, but lately that situation has been getting worse as more and more people come to WA. As the member knows, we put in place plans to increase the availability of hotel rooms. We will employ a range of different things similar to what Sydney did during the Sydney Olympics. The difficulty is that while some hotels are coming on, such as the redevelopment of the old Treasury building, it takes a long time to go through planning processes and construction. Realistically, we are probably looking at three to five years before we have new hotels. Our challenge is to bring people to Perth, but to get them into the regions so that they stay in hotels where the occupancy rates are still relatively low.

**Ms M.M. QUIRK:** Presumably the scarcity of hotel rooms has an impact on the price of accommodation.

**Dr K.D. HAMES:** It does. The industry itself is saying it is good in the sense that it has operated at very marginal profitability rates for a long period. Now they are starting to get reasonable returns on their investment. Previously the problem was that no-one wanted to build a hotel because the return on investment was far greater on an apartment complex or a commercial development. Now it is getting to the stage at which returns are getting better. The member may have heard the comment I made the other day that I was a bit concerned about some hotels charging very high rates when there is a severe shortage of beds.

**Ms M.M. QUIRK:** There are plans to redevelop the Fire and Emergency Services Authority headquarters. Can the minister provide a bit more information about that?

**Dr K.D. HAMES:** A committee in Tourism WA has been looking for opportunities to redevelop existing buildings or to use government land that is no longer required for hotel development. The FESA house and the Perth Chest Clinic have been identified as two of those places. As the member knows, the staff of FESA are

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moving to Rockingham. I think most them have moved. That presents an opportunity, because that is 7 000 square metres of land that is relatively close to the heart of the city. I think it is only a couple of hundred metres from the Hay Street Mall. It is not the ideal location for a five-star hotel; indeed, we would like a site closer to the water. What we may well get on that site is two hotels each with 240 beds and either a three or four-star rating, and a boutique hotel for those who want a better standard. Those two opportunities are there. We are looking at other opportunities to develop land in a similar fashion.

**Ms M.M. QUIRK:** What sort of companies does the minister expect to have an interest in that proposal?

**Dr K.D. HAMES:** I cannot specify exactly, but we have talked to people in the marketplace about that. Different groups have expressed quite a bit of interest in developing that site. We will ask for expressions of interest, leaving it open for developers to come up with options for the site. We will not dictate what we want, other than to say that there has to be hotels on the site with a mixed use of cafes, restaurants and shops. They would be needed to make the development viable.

**Ms M.M. QUIRK:** Can the minister confirm that the Fire Safety Education Centre Museum is not a part of the lot being offered; and, what is the time frame for a development?

**Dr K.D. HAMES:** The fire museum is not part of the lot. I will ask Ms Buckland to answer about the time frame.

**Ms S.L. Buckland:** The registration of interest process is a five-week process that opened last week. It will be followed by a short listing for expressions of interest. Hopefully, we will be in a position to announce the successful proponent by the end of this calendar year.

**Ms M.M. QUIRK:** I actually meant the time frame for the completion of the project.

**Dr K.D. HAMES:** No-one knows. It depends on what project is put forward. I go back to what I said before in terms of designs, council approvals and construction time—we are looking at between three and five years. That time delay leaves us with a significant difficulty. I am not blaming the previous government, because we did not do any better when we were last in government. The reality is that it would have been good if these things had been put in place. However, it was not commercially viable back then. When the member for Girrawheen's party was in government, the prices of the occupancy rates were not high enough to drive the Labor government to do what we are now able to do.

**Mr A.P. JACOB:** I draw the minister's attention to the first dot point on page 157, where it notes that the government has significantly increased its investment in the China market on the back of a direct air service between Guangzhou and Perth. Can the minister advise how the direct flights are performing and the government's plan for this improving market in 2012–13?

[9.10 am]

**Dr K.D. HAMES:** I thank the member for the question. It has been a big success for us to be able to get those direct flights; attempts have been made to do so for a long time, so it is something of a coup to get agreement on those direct flights from Guangzhou. They will not only be from Guangzhou; that will act as a hub for the rest of China. They were charging—I do not know whether they still do—a single fee from China, so even people from Shanghai or Beijing will pay one single fee to get to Western Australia. Numbers are going up; we were at 18 000-odd before the flights started, and three flights a week are coming in. The numbers are increasing, but it is too early to actually put a figure on it. I guess the issue here is that the total number of tourists coming from China is increasing for the whole of Australia. Our problem was that our share of that was in the order of only three to four per cent, and that was nowhere near good enough. Our target is to get to at least our population share; we always tend to use that number of 10 per cent. Of course, as the member for Girrawheen said, one of our constraints is having somewhere for them to stay when they get here, so we are trying to put packages out to get them to, say, stay the weekend in Perth and then go out into the regions for the rest of their stay. We have put in a lot of money, and I will ask the director general to go through exactly what those additional funds are.

**Ms S.L. Buckland:** Last year, in 2011–12, the agreement that we entered into with China Southern Airlines was for a cooperative marketing partnership whereby Tourism WA put in \$1 million, Tourism Australia put in \$500 000 and China Southern Airlines put in \$1.5 million. Between the three of us, we ran a \$3 million cooperative marketing campaign in China promoting travel to Perth on China Southern Airlines. That campaign is just wrapping up and we are in the process of planning for the campaign for 2012–13.

**Dr K.D. HAMES:** We have a financial agreement with them that runs for more than one year. The trick is that eastern China is its industrial mining area, and people in China think that Western Australia is the same; they think that there are mines everywhere one turns. We need to go there and show them what a big state we are, to

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start off with—its size in comparison with China—and to point out that only about five per cent of our land area actually has mining on it, and all the rest is beautiful to see. We are trying to educate them as to what is here. We had the second or third-ranked leader in the Chinese political hierarchy over here for a visit last year, and the first thing he said when he came out of his hotel was, “Look at that beautiful blue sky!” I can tell members, when one is in China, one does not see that very often.

**Mrs M.H. ROBERTS:** I have a few questions about the appropriations table on page 155 of the *Budget Statements*. I note, first of all, that the total appropriation for 2011–12 was \$65.712 million, while only \$65.464 million was spent. I am interested to know where the underspend of \$248 000 occurred. Also, given that the appropriation for 2011–12 was \$65.464 million, why has the minister stripped the commission of \$3.563 million in this year’s budget to perform the same function? What programs will be cut? When was the decision to cut tourism funding made, and why was it made?

**Dr K.D. HAMES:** We need to go back to the previous year’s budget. The anticipated budget for this year in last year’s budget was significantly less than the amount that has actually been allocated. The reason for that is that a large number of things funded in that year drop off and do not occur this year. Of course, some extra things were added in as well, and I will just go through the list —

**Mrs M.H. ROBERTS:** What are the things that dropped off?

**Dr K.D. HAMES:** I will just go through the list of some of those things that are not being funded. There was \$2.8 million for the Australian Tourism Exchange, which was a one-off; \$2.15 million for the Australian Surf Life Saving Championships; \$875 000 for the V8 Supercars; and \$990,000 for the Commonwealth Heads of Government Meeting, which has been and gone, so we do not need to fund it more than once. They were the key ones that have dropped away. Once those are removed and we compare the budget for core services provided by Tourism—not one-off services—the budget has an increase —

**Mrs M.H. ROBERTS:** That is just a ridiculous statement, because surely you would have alternative programs.

**Dr K.D. HAMES:** I am just seeking some information from my adviser.

**The CHAIRMAN:** Member for Midland, the minister is still answering the question.

**Dr K.D. HAMES:** Sorry; the member has a further question?

**Mrs M.H. ROBERTS:** I note further that the projection forward is for a budget of only \$52.123 million by 2015–16. Where does the minister intend to make cuts to achieve that?

**Dr K.D. HAMES:** Forward estimates, particularly that far out, are core estimates of base funding; they are only estimates. As the member can see for each year, as we move forward, and as the Premier has pointed out on numerous occasions, the budget changes significantly. The forward estimates provide a core level of funding. We have previously had changes in the structure of Tourism WA that have now largely been put in place, but that is just a forward estimate that I expect will change, as they always do each year.

**Mrs M.H. ROBERTS:** At the bottom of page 155, the budget estimate for the efficiency dividend for 2012–13 is \$1.126 million, increasing in the out years to \$2.406 million for 2015–16. In respect of the \$1.126 million, has the minister identified where the savings will be in this year’s budget?

**Dr K.D. HAMES:** The answer is no, and that applies for all my portfolios. That is the amount indicated in the budget for reduction, and the departments are currently working on where they may be. Those decisions will be made prior to 1 July.

**Mrs M.H. ROBERTS:** So once those figures are known in July or August, will the minister undertake to table them in Parliament?

**Dr K.D. HAMES:** I presume I will be asked those questions; I am not undertaking to table them. I will be doing the same things as I do with all my portfolios: members ask me the questions and I answer them.

**Mrs M.H. ROBERTS:** Just as a matter of principle, does the minister intend to be transparent about the cuts?

**The CHAIRMAN:** Member for Midland, I do not think the minister had finished responding.

**Dr K.D. HAMES:** I think that answers the question I was asked.

**Mrs M.H. ROBERTS:** Just to clarify, does the minister intend to be open, accountable and transparent and provide us with that information in the future?

**Dr K.D. HAMES:** My previous answer applies.

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**Dr G.G. JACOBS:** I draw the minister's attention to page 155 and the table under "Major Spending Changes". An amount of \$600 000 per annum—a total of \$1.2 million—is budgeted for aviation and market development. Can the minister provide more information on how this funding will be spent?

**Dr K.D. HAMES:** I am particularly pleased about getting this additional funding through the budget process; it focuses on where we see the need to spend money to grow our market share. We have been talking to different airlines about what opportunities exist. When I was recently in Japan, we met with most, if not all, the airlines there. We had very interesting conversations with Singapore Airlines in particular; it is promoting Perth as its major tourist destination. It can be understood why; it wants people to go through its hub, and it is no good their going to that hub and then back to the eastern states because it is a much longer distance and people are more likely to choose another route, whereas Perth is in the same time zone and Singapore has a lot of familiarity with Perth. It is promoting Perth so we will look to work with Singapore Airlines for marketing. In fact, for most of their destinations, including Singapore, we see great opportunities in that Singapore region. Qatar Airways has recently started direct flights to Perth in November, so we will be working through them. All of these airlines of course provide linkages to other countries, particularly through Europe and the Middle East, which will give us opportunities to extend our market share. That money is to work with those airlines on increasing services, particularly working with marketing to get more visitors coming into Western Australia.

[9.20 am]

**Dr G.G. JACOBS:** Can I just add to that, please?

**The CHAIRMAN:** Member for Eyre, that is not normally the process.

**Dr K.D. HAMES:** Madam Chair, can I just correct something? The flights from Qatar start in July. It was announced in November; it starts in July; my apologies.

**The CHAIRMAN:** A further question, Member for Eyre.

**Dr G.G. JACOBS:** I just have an interest because I went to Japan very recently. Since Fukushima the flight directly to Perth is no longer happening. I just wondered whether some of this would be to encourage the re-establishment of a flight from Japan to Perth.

**Dr K.D. HAMES:** Madam Chair, it definitely will. That was obviously a very disappointing outcome. We have had meetings with Qantas since then, and it says it was bleeding over that route; it was costing it a lot of money. It has been losing money for a long period of time, and the earthquake was really the last straw. Of course, overall, Qantas as a company has cut a large number of flights to make it a viable company, because it was looking to be in economic difficulties. That was one of a large number of flights that it cut. It was carrying, out of 22 000 to 25 000 visitors, about 11 000 to 12 000—something of that order. It was nowhere near the whole of the market, because it was using old planes, 767s, which were not all that popular. So people were choosing to go through a hub with Singapore Airlines or Cathay Pacific. Now we will work with those alternate airlines. We spoke to Japan Airlines, but as it said, it is just coming out of hospital, because the company in effect went bankrupt. We went to other airlines also, but it would seem that Cathay Pacific has the second-best potential and Singapore Airlines probably the best potential for increasing visitor numbers. We are working with them in promoting Western Australia to Japan; it seems a good opportunity.

**Ms M.M. QUIRK:** I refer to page 158, "Outcomes and Key Effectiveness Indicators", and in particular the reference to the number of inbound visitors to Western Australia from interstate and international sources. I note that the estimated actual number of inbound visitors from interstate and overseas was 14 900 fewer than budgeted for in the 2011–12 budget. Why did the visitor numbers not —

**Dr K.D. HAMES:** Sorry, I have lost you there. I am looking at the top column, and the member is talking about —

**Ms M.M. QUIRK:** The number of inbound visitors to Western Australia.

**Dr K.D. HAMES:** Yes. What does the line start with?

**Ms M.M. QUIRK:** "Number of inbound visitors"; do you have that?

**Dr K.D. HAMES:** Yes.

**Ms M.M. QUIRK:** The estimated actual number of inbound visitors was, as I understand it, 14 900 fewer than budgeted for in the 2011–12 budget. Why did visitor numbers not reach their target? What measures have Tourism WA taken to try to increase the numbers to reach that target?

**Dr K.D. HAMES:** Remember that budgets are forecasts of what is expected. It was going from the actual in 2010–11 of 1.784 million up to 1.820 million visitors. It did not hit that target, but it is still significantly higher than the actual number in the year before, so there has been a reasonable increase. I think it is fair to say that

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while international visitor numbers have been up and the number of intrastate trips has been up, interstate visitor numbers have been down. A number of factors relate to that. Of course we had floods in Queensland and many parts of New South Wales and we went through a global economic financial crisis, so people are more reluctant to travel and have holidays when the world is in financial difficulties. We assumed that provides some explanation. But I am very keen to do something about that and particularly increase our interstate marketing. We are getting some direct flights now coming from Sydney, Brisbane and Melbourne across into Western Australia, mostly up north and mostly to do with fly in, fly out workers. Nevertheless, there are opportunities for us to expand interstate to try to catch up those numbers that we have lost.

**Ms M.M. QUIRK:** The minister is speculating that it might be pessimism from the world economic position and also the Queensland floods. Has any concrete research been done to pin down those issues?

**Dr K.D. HAMES:** I will pass that on to my director.

**Ms S.L. Buckland:** No, no concrete research has been done to quantify why the decrease in interstate visitors has occurred. As the minister said, inbound numbers were up. That KPI is a combination of interstate and international. International numbers were up; interstate numbers were down. All up, we ended slightly up. I think that one of the things that the minister alluded to is that we are continuing to do marketing in the interstate market despite the fact that conditions are tough. We have not backed off. In 2011–12, one of the key aspects of our marketing campaigns is to do with marketing with industry. In 2011–12 we had 20 different companies—travel agents, travel wholesalers and airlines—that we did cooperative marketing campaigns with. Those campaigns have generated about 18 000 visitors that the companies that we are dealing with attribute to the marketing campaigns that we did with them.

**Ms M.M. QUIRK:** I am a bit intrigued as to how the minister could design a marketing campaign when specific research has not been done as to why there is a drop in numbers. How can the minister effectively target a marketing campaign if he does not know the reasons people are deterred from coming here in the first place?

**Dr K.D. HAMES:** We still have significant numbers of tourists coming here and significant opportunities to get people from other states, but to go back and specifically ask people who have not come, in a population of 20 million people, we do not know who the ones are who have not come, so we can only research those who come.

**Ms M.M. QUIRK:** That is fatuous, minister—absolutely fatuous.

**Dr K.D. HAMES:** Is it? Nevertheless, that is my answer.

**Mr P. ABETZ:** Minister, on page 155 under “Major Spending Changes” I note that the Perth Convention Bureau will be receiving \$2.5 million per year, adding up to nearly \$10.5 million over four years. Can the minister tell me what effect this expenditure is expected to have on business tourism in the state?

**Dr K.D. HAMES:** This does not represent a significant increase in funding even though it might look as though it does. There has been a core level of funding for the Perth Convention Bureau for a period of time. It had some boost funding for four years. That boost funding ran out. That was a serious potential difficulty for us, because the Perth Convention Bureau does a fantastic job. It works really hard. It is not linked to just the Perth Convention and Exhibition Centre—people often make that mistake. Its job is to bring conventions and exhibitions to Perth. It does a huge job. When members look at the number of visitors that it generates, it is really punching above its weight. Because the funding dropped off previously, it was absolutely critical that we keep its funding to at least those same levels and then grow it into the future. That is what this component of the budget does. It adds it up to the \$3.5 million. It is marginally higher than what it got last year. But the alternative was dropping back to the core base level of \$1.1 million, which it has been getting for a period of time. I have to say that this is one of our highest priorities in going to Treasury during the budget process and making sure we kept its level of funding up to what it had been.

[9.30 am]

**Mrs M.H. ROBERTS:** My questions relate to page 156. The Tourism Council has been campaigning heavily for more funding in marketing.

**Dr K.D. HAMES:** Could I have a line item?

**Mrs M.H. ROBERTS:** Look at the service summary.

**The CHAIRMAN:** Member for Midland, you were asked to give the detail when you ask a question.

**Mrs M.H. ROBERTS:** I have just done it. It is “Service Summary”; it is the middle of the page. The minister should be on top of things. This is just wasting more time. The Tourism Council has been campaigning heavily for more funding in marketing.

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**Dr K.D. HAMES:** Madam Chair —

**Mrs M.H. ROBERTS:** I did not even get my question out, and everyone wants to butt in. Who decided that tourism marketing funding should be slashed? Which programs will be cut or reduced and when was that decision made?

**Dr K.D. HAMES:** No decision has been made that tourism marketing funding be slashed. As I have said previously, the marketing budget at the end of the budget year contained items that are no longer being done, such as the Australian Tourism Exchange and CHOGM. The marketing budget is continuing as it was.

**Mrs M.H. ROBERTS:** Looking at that same service summary, why has the “Destination Marketing” budget been slashed by \$3.475 million? How will that help reach the desired outcome, as stated in the budget papers, to increase the competitiveness and viability of the Western Australian tourism industry, particularly when WA is competing against other states and is rated sixth out of seven for government tourism investment compared with other states and territories in Australia?

**Dr K.D. HAMES:** The answer to that question is the same as the answer to the previous question. It has not been slashed. The reduction in funding that is listed there is a result of taking out CHOGM and ATE, which are not occurring this year.

**Mrs M.H. ROBERTS:** I seek some clarification. Is the minister saying that funding has not been cut for destination marketing by \$3.475 million?

**Dr K.D. HAMES:** That is exactly what I am saying. I will explain it again. I might have a budget that covers a certain amount of marketing and I decide to add a specific thing for one year only. I think the Australian Tourism Exchange is a good example. It meets in different places around Australia each year. This year is our turn. It contains an amount of money for this year that is not required for next year. It is not slashing; that money was added in. If we look at the previous year’s budget, the actual for 2010–11 is \$34 million. That will certainly also contain things that are one-off components. That is the nature of the tourism budget. The tourism budget varies enormously. It is almost certain that by the time we get to the end of the next financial year, the amount of money listed under the budget estimates for tourism will not be that amount because we will approve other things, in the same way as we approved the golf, for example, this year. That added a significant amount of money to the budget during the year. The nature of Tourism WA funding is that it does not get allocated lots of extra money up-front to make decisions on where those funds will be spent. There are things that need to come to government—to cabinet. Cabinet makes decisions about supporting those specific events and adds that funding in. I think the golf is a good example.

**Mrs M.H. ROBERTS:** The total under “Service Summary” for 2011–12 was \$81 696 000. That was the budget when the minister sat here this time last year. The estimated actual for 2011–12 is not more but less; it is down to \$75 481 000. How does that accord with what the minister has just said?

**Dr K.D. HAMES:** That is marginally different from what I said because it contains other components, particularly event tourism. If we go up the page —

**Mrs M.H. ROBERTS:** I am just saying that there is less money since the last budget, not more.

**Dr K.D. HAMES:** Madam Chair, it is really difficult to answer when someone is talking.

**The CHAIRMAN:** Yes, I agree.

**Dr K.D. HAMES:** The 2010–11 actual under “Event Tourism” was \$22.8 million. It increased in 2011–12 to \$36 697 000 but the actual figure is \$29 671 000. That does not relate to the destination market reduction, as I explained; it relates to the event budget. The member will know that we allocated \$10 million a year through royalties for regions funding to promoting events. While we are spending almost all of that in the second year, in the first year we did not have the opportunity to approve sufficient events to use all that money, so not all of that events money was used, hence the actual is less. The reduction in actual has those components. It is a reduction in one-off events, and an inability to spend all the money for specific events through the events budget. The member will still notice that the budget has gone from the actual in 2010–11 of \$64 320 000 up to \$75 million, an \$11 million increase, which is a significant increase in funding, just under 20 per cent by my rough calculations, but if not, still a significant amount.

**Mrs M.H. ROBERTS:** I have a further question on page 156.

**The CHAIRMAN:** Is it related to the matter you were just talking about?

**Mrs M.H. ROBERTS:** It is related to page 156, the same page I was talking about.

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**The CHAIRMAN:** It is not the whole page, member for Midland; it is a specific item that you were referring to. Is the further question related to the service summary?

**Mrs M.H. ROBERTS:** No, it relates to the state government strategy for tourism, as referred to in the final dot point.

**The CHAIRMAN:** I think that is an additional question that can be asked at a later time.

**Mr A.P. JACOB:** I bring the minister's attention to "Major Spending Changes" on page 155. I note that \$2.15 million has been allocated for the Australian Surf Life Saving Championships in 2014. Being a proud member of one of Australia's strongest clubs, the Mullaloo Surf Life Saving Club, could the minister please explain how this money will be spent, particularly how the government can work to ensure the safety of our competitors?

**Dr K.D. HAMES:** I thank the member for the question. We are particularly excited about the Surf Life Saving Championships. As the member has noticed, \$2.15 million has been allocated to that event. It is a fantastic event. Western Australia has a proud record in lifesaving events and we are funding lots of additional events across the state. Some are in the regions and have come under the royalties for regions' \$10 million program, but we are obviously maintaining a significant number of events in the city. The Surf Life Saving Championships is one of those events, as is the International Sailing Federation Sailing World Championships that we just had. The golf event is a further significant event that we are funding in the state.

The surf-lifesaving group has an excellent record of safety management in this state. We have seen the problems that recently occurred with surf-lifesaving in Queensland. A whole team is looking after that and are working particularly hard to ensure that this is a safe event in Western Australia.

**Mr M.P. WHITELY:** I refer to pages 158 and 159. There is a reference to a cut in the number of full-time employees in destination marketing from 61 to 49 and in event tourism from 25 to 21. Twelve FTEs are disappearing from destination marketing and four from event tourism. Could the minister outline what positions have been cut, whether those functions are continuing and who will be performing those functions? Who made the decision, when was the decision made to cut these positions, when were the staff notified about redundancies and what redundancy packages did these staff receive?

**Dr K.D. HAMES:** I will ask the director to respond to that question.

[9.40 am]

**Ms S.L. Buckland:** In response to the question about the reduction in the number of full-time equivalents, the member will probably recall that a few years ago we did a restructure of Tourism WA. We still have within our total number of staff about 11 people who are classified as redeployees. However, those individuals are not included in our FTE cap under the budget. They are individuals who are still employed by Tourism WA and we are working with the Public Sector Commission to try to place them elsewhere within the public sector or to find them placements outside the public sector, but they are not included in our cap.

**Dr K.D. HAMES:** I will ask David to provide further information. The answer is not exactly clear to me.

**Mr D. Lowe:** To clarify those numbers, in previous years the transition staff—the redeployees—the chief executive officer referred to were included in that cap. For this year, the cap of 88 assigned to the agency does not include those redeployees.

**Mr M.P. WHITELY:** I am just trying to clarify what is going on. Are the redeployees included in the 61 figure or the 25 figure? Are they part of the headcount?

**Mr D. Lowe:** They are included in the previous year's figures and the estimated actual for 2011–12.

**Mr M.P. WHITELY:** Presumably, they were working on destination marketing and event tourism and doing useful functions.

**Dr K.D. HAMES:** In the previous restructure, which obviously occurred before I became the minister, there was an agreement that all the staff in the peripheral regions would come back and the focus of Tourism WA would change to marketing, particularly international marketing, and the coordination of events. There was an agreement to get down to a certain number of staff. We have since had agreement to grow that a little beyond the original agreement because we have started doing some extra things. But there are still staff within the organisation who are classified as redeployees and who are, in effect, surplus to requirements, but who do not want to be redeployed or for whom alternative redeployment options have not been found.

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**Mr M.P. WHITELY:** But presumably they have been doing useful things; they have not just been sitting there reading the newspaper, one would hope. If that is true, how can the agency cut the number by 16, which effectively is what it is doing, and still achieve the same functions?

**Dr K.D. HAMES:** Some of those staff have been transferred and have been doing work elsewhere; some of them have been doing work within the department that is surplus to requirements.

**Mr M.P. WHITELY:** So they are effectively doing nothing.

**Dr K.D. HAMES:** That is not happening.

**Mr M.P. WHITELY:** Either they are doing nothing or the functions that they are performing have to be picked up by someone else.

**Dr K.D. HAMES:** I am afraid that our organisation is not the only one in that boat.

**Mr M.P. WHITELY:** It has people doing nothing.

**Dr K.D. HAMES:** We have not moved down the path of voluntary redundancies.

**Mr M.P. WHITELY:** So they have been sitting there doing nothing.

**Dr K.D. HAMES:** No; they have been assisting the other people doing their work. It is the assessment of the department that those individuals can still do that work without those additional staff.

**Mr M.P. WHITELY:** I am going to see *Yes, Prime Minister* on the weekend; this sounds a lot like what I think I am going to hear there.

**The CHAIRMAN:** Member for Bassendean, are you asking another question?

**Mr M.P. WHITELY:** I am.

**Dr K.D. HAMES:** I think I read the chapter. Unfortunately, I have no mechanism for moving those people on who are surplus to our requirements.

**Mr M.P. WHITELY:** But surely if they are sitting in the office, they are doing something useful. My question is: if they are now being moved on, who is going to do the work that they were presumably doing?

**Dr K.D. HAMES:** The people who are currently getting those people to assist them to do that work.

**Mr M.P. WHITELY:** So therefore they were doing nothing.

**Dr K.D. HAMES:** They have been doing work assisting people doing other work. It is quite clear. If the member is digging a hole and I am helping him dig the hole, the reality is that he could probably dig that hole on his own. But with me helping him, it would be easier to do.

**Mr M.P. WHITELY:** But I would dig the hole a lot slower if I had someone helping me, presumably. And we would dig more holes if there were two of us.

**The CHAIRMAN:** Member for Bassendean, I think we need to move on as other members wish to ask questions.

**Mrs M.H. ROBERTS:** I refer to page 162. It states that \$11.28 million was budgeted for royalties for regions for 2011–12.

**Dr K.D. HAMES:** Can I have a line item?

**Mrs M.H. ROBERTS:** I have not finished my question yet.

**The CHAIRMAN:** Member for Midland, before you do that, you referred to page 162. Would you now refer to the specific part of page 162 so that we can attend to it?

**Mrs M.H. ROBERTS:** It is where it states “Royalties for Regions Fund”; it is about halfway down the page. You are just wasting my time.

**The CHAIRMAN:** I wish to know.

**Mrs M.H. ROBERTS:** If you look halfway down the page, you will find the heading “Royalties for Regions Fund”. It was budgeted for \$11.28 million, yet the estimated actual was \$3.766 million. Where was the underspend? Which programs were budgeted for and not funded? Can the minister itemise those programs that included royalties for regions funding and provide a breakdown of how much funding each region received under the royalties for regions funding?



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**The CHAIRMAN:** Member for Midland, you referred to a figure of \$3.76 million. Do you actually mean \$7.76 million?

**Mrs M.H. ROBERTS:** I do, yes—\$7.762 million.

**Dr K.D. HAMES:** Thanks, Madam Chair.

**Mrs M.H. ROBERTS:** If I can just clarify, the figure I referred to was the difference, not the actual figure—\$7.762 million plus \$3.766 million equals \$11.28 million.

**Dr K.D. HAMES:** Just to make it easier for members who ask questions, I am sure they all heard the directions of the Chair at the start of this meeting. They are required to give a page number and a line item. When they give that line item, as was the instruction of the Chair, it makes it easier to find it quicker.

**Mrs M.H. ROBERTS:** I did not think the minister would waffle this much.

**Dr K.D. HAMES:** The member for Midland is Jekyll and Hyde. She is so nice outside, but when she comes in here, her personality changes.

**Mrs M.H. ROBERTS:** The minister is still waffling and being personally abusive.

**The CHAIRMAN:** Thank you, members. We will get on to the questions and answers.

**Dr K.D. HAMES:** I am disappointed in the member. I think I have already answered the question about the budget for royalties for regions. That is referred to on the previous page, and we talked about not spending the full allocation of the royalties for regions funding. It is anticipated in the future that we will spend those funds.

The member will be aware that working up an event to the stage of getting approval cannot occur quickly. A lot of work has to be done by both Tourism WA and the regional development commissions to work through an event before it comes to cabinet. It was not possible to get sufficient events through that process in the first year of the allocation of funding, but quite clearly by the second year we are anticipating that we will use the full component of that funding in promoting events.

**Dr G.G. JACOBS:** I refer to the golf championship line item in the major spending changes listed on page 155. I am not a great follower or an exponent of golf, but I know that we had a golf classic at The Vines about seven years ago. I believe there are preparations for the Perth International golf championship. How are they progressing? Will we have an event this year? How will it benefit our economy?

**Dr K.D. HAMES:** We will have an event this year. It will be in October at Lake Karrinyup Country Club. It is progressing very well. It will be the first time a European championship event has been held in Western Australia. It will be the richest event in Australia with a \$2 million prize. As the member knows, in the past we had the Heineken Classic and the Johnnie Walker Classic, but those events were taken away. We have had a desperate need for a replacement for those events for some time. We have been working hard through Tourism WA to bring that to fruition. This event has been co-sanctioned by the European tour and by the Professional Golfers Association. Everyone is very excited about it. In fact, I was with some PGA professionals on the weekend. A young fellow called Scrivener, who is one of our best up-and-coming young golfers, will fairly certainly play that event. We will make sure that Western Australian and Australian players play key roles in that event. It will also give us an opportunity to work with some of our neighbours that are particularly keen on golf. A good example of that is China. China has a golfer who is in the top 20. Although he is not from the European tour, we are trying to ensure that he comes so that the Chinese will have a particular interest in the event. We are talking to China Southern Airlines about that and whether it will sponsor him. If we can bring him here, we could get a lot of Chinese interest in the event. It is fantastic to get a new event in Western Australia. The total cost of the event will be about \$4 million a year. We have put up some funding of course, but the organisers, sponsors and the like have put up the rest. We are very much looking forward to that event.

[9.50 am]

**Mrs M.H. ROBERTS:** “Destination Marketing” appears halfway down page 156, and the budget for it is \$34.262 million. Can the minister provide a breakdown of how much will be spent on international, domestic and intrastate destination marketing, excluding event marketing or one-off events such as the Australian Tourism Exchange?

**Dr K.D. HAMES:** That spend has not been decided yet; that is for the next financial year. That is decided by the board, and I understand that it will be considering the split-up of that marketing fund in the near future. So it is not available.

**Mrs M.H. ROBERTS:** Can the minister provide that information for the 2011–12 year then?

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**Dr K.D. HAMES:** Yes.

**Ms S.L. Buckland:** I do not have it to hand.

**Dr K.D. HAMES:** We will provide that as supplementary information.

**The CHAIRMAN:** Will the minister clarify what he will be providing?

**Dr K.D. HAMES:** We will provide the break-up of marketing funding between intrastate, interstate and international marketing funding for the 2011–12 financial year.

**Mrs M.H. ROBERTS:** Minister —

**The CHAIRMAN:** Just a minute, member for Midland. I will allocate a supplementary information number.

**Mrs M.H. ROBERTS:** I really just wanted to clarify what I would like. Is it possible to have that information for the last three financial years rather than just the last financial year?

**Dr K.D. HAMES:** Sure. Can the Chairman alter that to make it for the last three financial years?

**The CHAIRMAN:** Thank you.

*[Supplementary Information No A18.]*

**Mr P. ABETZ:** On page 155, under the heading “Major Spending Changes”, I note that the Western Australian Visitor Centre will receive more than \$4.5 million over four years. Can the minister explain what that funding is used for?

**Dr K.D. HAMES:** We contract out the management of that service to Best of Western Australia; that is the group that manages that site for us. We lease the building and pay some service charges, and then contract to that group—it is called BOWA—to provide the service of the visitor centre. Again, it is one of those things that under previous plans we were not going to fund any more, but we regard it as critical to have a well-functioning tourism information centre in the heart of Perth for international visitors. I was there late last year and it is excellently located, if there is such a term, and functions really well. I think that covers that question.

**Ms M.M. QUIRK:** I refer to the total appropriations on page 155. Is the WA Tourism Commission subject to the two per cent efficiency dividend and have those savings been identified; and, if so, can the minister list what they are?

**Dr K.D. HAMES:** I have in fact answered that question already, but I am happy to do so again. Yes, it will be subject to the two per cent efficiency dividend. If the member looks at the bottom of that very same page, she will see that beside “Efficiency Dividend”, it has \$1.126 million. The member for Midland asked a question earlier about where those savings would come from, and my answer was that that has not been decided yet. We will be doing that in the lead-up to the next financial year.

**Ms M.M. QUIRK:** So the figure there is just based on two per cent of the commission’s total budget.

**Dr K.D. HAMES:** Yes.

**Mr M.P. WHITELY:** At the bottom of page 156, under “Significant Issues Impacting the Agency”, the last dot point makes reference to the state government strategy for tourism in Western Australia. The Tourism Commission website says that the strategy will be released in June 2012. Why is it taking so long for the strategy to be released? According to the budget papers, the strategy sets out the goal of doubling the value of the industry in Western Australia to \$12 billion by 2020. How is this going to be achieved when funding has been cut so significantly? What public consultation was undertaken throughout 2011–12, and can the minister list the agencies and bodies that were consulted? What has been the cost of developing the strategy?

**Dr K.D. HAMES:** That is an excellent question. I will hand over to my director to answer it.

**Ms S.L. Buckland:** The state government strategy for tourism is something that Tourism WA has been working on with our board, with the industry and with other government departments for about the last 12 months. One of the key principles, I guess, of that strategy is that there are a lot of organisations with responsibility for tourism. The decisions that many government departments make will have an impact on tourism; it is not just Tourism WA. In terms of whom we have consulted, I will read through a list. It is an extensive list but I am not sure it is everybody. There is the Department of Culture and the Arts, the Department of Environment and Conservation, the Department of Indigenous Affairs, the Department of Mines and Petroleum, the Department of Planning, the Department of the Premier and Cabinet, the Department of Regional Development and Lands, the Department of Sport and Recreation, the Department of Training and Workforce Development, the Department of Transport, LandCorp, the Metropolitan Redevelopment Authority, and the Small Business Development Corporation. In addition, on the industry side, there is the Australian Hotels Association; the Australian Tourism Export Council; Backpackers

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WA; the Caravan Industry Association WA; FutureNow, which is the tourism, hospitality and events industries training council; the Perth Convention Bureau; all five of the regional tourism organisations; the Tourism Council Western Australia; and, of course, the Western Australian Indigenous Tourism Operators Council. All those organisations have been consulted. As the member can imagine, it takes a long time to sit down and work through a strategy with all those organisations. We have got to a point now at which we have a draft document, and that has been provided to the minister for his review. Our plan is to release that for public consultation.

**Mr M.P. WHITELY:** Does this cover aspects that have not been addressed? The budget papers state that the goal set is to double the value of the industry to \$12 billion by 2020. Given that funding has been cut and given the high exchange rate for the Australian dollar, how does the minister expect to achieve that?

**Dr K.D. HAMES:** Can I just clarify a component of the member's statement in which he said that funding has been cut? We have not cut funding, and I have been through and explained the difference in funding levels. However, I will hand over the first part of that answer to the director.

**Ms S.L. Buckland:** I guess one of the key aspects of the strategy is that there is an expectation that the spending growth will build over time, particularly as we start to get some of the key tourism infrastructure developments in place. In 2010, the total spending of all visitors, including overnight and daytrip visitors, in Western Australia was \$6 billion. We expect that to grow to \$12 billion by 2020. However, that will not be straight-line growth. In fact, we expect that it will increase substantially in the out years as some of those infrastructure hotel developments and the like that the minister spoke about earlier start to come to fruition.

**Dr K.D. HAMES:** Some of the earlier information that we were talking about did not have China as such an early priority. The government has had an influence on that strategy by pushing that. It is the same with the caravan and camping strategy. A parliamentary committee made some recommendations, and we are now focusing a lot more attention on that also.

**Mr M.P. WHITELY:** My last question relates to the cost of developing the draft state tourism strategy. What has been the cost to date?

**Ms S.L. Buckland:** I do not know that offhand, sorry.

**Dr K.D. HAMES:** I do not know whether we will be able to put that together. Lots of staff time is involved in doing all those consultations. Does the member want us to cost all those things? I do not know that we want to go through and break down all the individual costs of consultation. It seems that we would use up staff time that would be better spent on implementing the strategy than working out how much it cost us to develop it.

[10.00 am]

**Mr M.P. WHITELY:** The minister does not have an idea; he has not got an approximate —

**Dr K.D. HAMES:** It does not have a specific budget line item. It is staff at Tourism WA doing their job and developing the strategy. Perhaps some of the staff the member talked about have been —

**Mr M.P. WHITELY:** Has the minister employed any external consultants in the process?

**The CHAIRMAN:** Member for Bassendean, the minister is still answering the question.

**Dr K.D. HAMES:** Perhaps some of those staff the member talked about have been employed to do some of that work.

**Mr M.P. WHITELY:** Given that they are going, how are they going to finish it? Has the minister employed any external consultants in the preparation of the state tourism strategy, or have redeployees been enough?

**Dr K.D. HAMES:** I will hand over that question to the director.

**Ms S.L. Buckland:** We have used an external consultant to assist us with part of the development of the strategy. I do not know offhand how much that has cost, but we can provide that information.

**Dr K.D. HAMES:** Does the member want that information?

**Mr M.P. WHITELY:** Could the minister provide that by way of supplementary information?

**Dr K.D. HAMES:** We will provide the costs of consultants involved in developing the Tourism WA strategy.

**Mr M.P. WHITELY:** Perhaps who the consultants were as well, please.

**Dr K.D. HAMES:** Sure—and the names of those consultants.

[*Supplementary Information No A19.*]

**The appropriation was recommended.**

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 30 May 2012]

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Chairman; Ms Margaret Quirk; Mr Albert Jacob; Mrs Michelle Roberts; Dr Kim Hames; Dr Graham Jacobs; Mr Peter Abetz; Mr Martin Whitely

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