

Ms Wendy Duncan; Mr Paul Papalia; Dr Kim Hames; Mr Roger Cook; Chairman; Mr Shane Love; Mr John McGrath

Division 10: Western Australian Tourism Commission, \$63 733 000 —

Ms W.M. Duncan, Chairman.

Dr K.D. Hames, Minister for Tourism.

Ms S.L. Buckland, Chief Executive Officer.

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

Mr R. Sansalone, Chief Financial Officer.

Mr G.E. Dolphin, Executive Director, Events.

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

Ms M.L. Ellis, Director, Executive and Strategic Services.

[Witnesses introduced.]

The CHAIRMAN: The member for Warnbro.

[12.40 pm]

Mr P. PAPALIA: I refer the Minister for Tourism to the Perth Convention Bureau funding continuation under spending changes on page 150 of budget paper No 2, and specifically to the fact that there is no allocation this year. What happened with that funding, what is the projected impact on the bureau without that funding and what is the projected impact on its ability to generate benefits to the state in visitation?

Dr K.D. HAMES: It was the view of government that there was a capacity within that sector for increased contributions from the private sector, which, in the end, is the beneficiary of the work done by the Perth Convention Bureau, and that it could contribute a greater component of the total budget of the bureau. Along those lines, the contribution from government towards those services has progressively decreased through the out years. A lot of work will need to be done by the department working with the Perth Convention Bureau and the private sector to ensure that those increased funds are realised, because the work of the Perth Convention Bureau is, in my view, critically important. This issue can always be reviewed in future years if we do not achieve that. The government is confident that there is the capacity within the system to grow the business with the support of the private sector.

Mr P. PAPALIA: How much did the state contribute to the bureau last year?

Dr K.D. HAMES: I will ask the director general to respond to that, and she may like to add to my previous answer.

Ms S.L. Buckland: In total, in 2014–15 the contract between Tourism WA and the Perth Convention Bureau was \$3.675 million. We have a four-year funding agreement in place right now, which runs from 1 July 2012 to 30 June 2016. That four-year funding agreement is in place through to the end of next financial year.

Mr P. PAPALIA: In the budget this year there is no money in the column; is that correct?

Dr K.D. HAMES: No, this is additional; it is under the list “Spending Changes”, so what was in the budget for this year is the funding that was already there that is still being spent, and next year as well. It is only after that that the reductions occur.

Mr P. PAPALIA: Further to that, the contribution was \$3.65 million last year. I was just going through the annual report trying to calculate what the actual costs were to the bureau. Is it correct that they are around \$4.75 million?

Ms S.L. Buckland: This financial year the bureau will receive around \$3.675 million from Tourism WA, so from the government. I understand that from then on it will raise an additional amount of approximately \$1 million a year from other sources, including industry, and also the City of Perth.

Dr K.D. HAMES: To add to that answer, the Perth Convention Bureau is critically important in developing convention services at not only the Perth Convention Centre, but also other parts of the state. As it is, the government funds three-quarters of its total costs for something that although it benefits Western Australia, in effect, it benefits the industry itself—the hotel and hospitality industry. It is the view of government that the industry can pay a bigger share. Hence, the reduction is roughly \$350 000 in the first year, 2016–17, and progressively further down following that. It is not just one reduction across the forward estimates; the reduction in the second and third years is more than that. Over the four years of the agreement, a progressively increasing contribution is required by the beneficiaries of the service—that is, the private sector.

Mr P. PAPALIA: I acknowledge what the minister says. In the last financial year, the industry financial contributions for the bureau hit a record; they increased by about \$250 000 from the previous year. The government is asking them to exceed that by 50 per cent again in one year and then in progressive years to continue that really aggressive expectation that they will continue to grow industry contributions. Has any modelling been done of the impact on the industry that is being asked to pay more money?

Dr K.D. HAMES: As the member for Warnbro said, the contributions increased by \$250 000 last year. There is no requirement for the industry to do the same again. More than that \$250 000 next year —

Mr P. PAPALIA interjected.

The CHAIRMAN: Member for Warnbro, allow the minister to finish and then you can have a further question. Thank you.

Dr K.D. HAMES: If the industry wants to keep spending the same amount next year, it will have to earn that same amount again, but the year after that its funding will be reduced by around \$350 000. So in two years' time, it will have to raise more than \$250 000 and a bit more the year after.

Mr P. PAPALIA: It will continue to do the same probably by the same sort of increments, by the look of the out years forecast.

Dr K.D. HAMES: I will ask the director general to answer the second part of that question on whether any modelling has been done on the implications.

Ms S.L. Buckland: No modelling has been done, but we sat down with the Perth Convention Bureau when the outcome of the budget became public and discussed what options we had to work with the bureau to assist and support it in increasing the contribution from industry.

Dr K.D. HAMES: I think it is going to be tough for the bureau, to be honest. However, as the member knows, we have budget difficulties and so we are looking for places where we believe people can make a contribution. I have said, certainly to the directors general, that I believe that in a couple of years when we have seen how they have gone, we need to have a review. I do not think it is sensible for us to reduce the services the bureau provides. That service is essential for WA and in two years is the time to review it when the only extra it has had to find is that \$300 000 or so. We will see how that goes and then look at the situation. It is not unreasonable for the private sector to make a bigger contribution because it is the beneficiary. By then Elizabeth Quay will be approaching completion and there will be significant hotel development, such as the Ritz–Carlton, in that place.

Mr P. PAPALIA: There will be a lot of empty hotel rooms if the bureau does not get people coming.

The CHAIRMAN: Order, member for Warnbro! I really need you to allow the minister to finish, otherwise it becomes difficult for Hansard. Thank you.

Dr K.D. HAMES: The new hotels can contribute towards that service and assist it, because it is in their own best interests to do so. There is the capacity for them to make a greater contribution to ensure that the Perth Convention Bureau is successful.

Mr R.H. COOK: My question relates to destination marketing, which is detailed on page 153. It is promoted amongst intrastate, interstate and international markets. Could the minister provide details of the proportion of that destination marketing expenditure between those three markets?

[12.50 pm]

Dr K.D. HAMES: Yes, I am happy to do that. Destination marketing is critically important and a critical role of the Tourism Commission. As the member has seen in the budget, we have met our election commitment on marketing, with an extra \$11 million over the next two years as part of our pre-election commitment of \$25 million. That will go towards that marketing, but I will now hand over to the director general to provide more detail.

Ms S.L. Buckland: We can provide more information on a supplementary basis but, in broad terms, of that \$43 million in destination marketing, we spend a portion towards covering the corporate overheads associated with that service area. Our contracts with the five regional tourism organisations and the Perth Convention Bureau are also funded from the destination marketing line, and that is around \$7 million a year. There are also, of course, the salaries associated with the marketers themselves, who are actually doing the marketing work. Broadly speaking, of the balance, about one-third is devoted to international markets and about two-thirds to the domestic market. That is really in accordance with where the majority of visitors are coming from, which is Australia. However, some of our higher spending and, I guess, more valuable visitors come from some of the international markets, so we are in fact investing in markets like the United Kingdom, Germany, the US, China, Singapore, Malaysia and Indonesia et cetera.

Mr P. PAPALIA: Is it possible through supplementary information to get a breakdown of the target markets by proportion of expenditure? Also, within those markets, a breakdown of the media or platforms through which we are spending our money, whether magazines, TV or online—the proportion within each of those media.

Ms S.L. Buckland: The short answer to the question is yes, we can provide a breakdown by market in terms of how much money is being invested. I think it would be quite labour intensive to provide the detail of how much is going into print advertising, online marketing et cetera, but we can attempt to provide an indication of that.

Mr P. PAPALIA: Okay.

Dr K.D. HAMES: The director general will detail the supplementary information that she is able to provide.

Ms S.L. Buckland: I think we can realistically provide the marketing budget breakdown by market for the domestic market and each of the international markets in which we are undertaking activity.

[*Supplementary Information No A38.*]

Mr P. PAPALIA: I refer to the third dot point from the bottom of page 151 of budget paper No 2. I refer to the last sentence of the paragraph and more specifically to aviation in general —

Affordable air services for visitors to regional Western Australia is important to the growth of regional tourism.

What involvement did Tourism WA have in the most recent allocation or allocations of regulated air services? I am specifically interested in the opportunity for Skippers to service Exmouth flights, for example. Further to that, what involvement did Tourism WA and the minister have with developing the state aviation strategy prior to its release?

Dr K.D. HAMES: In the first instance, the previous one was done under Troy Buswell and was largely developed by his department, but with input and information from Tourism WA. This time around we have much greater involvement, and I will ask the director general to detail that.

Ms S.L. Buckland: Tourism WA was involved with the group that put together the state aviation strategy; we had a representative sitting on that committee. There was also a representative from Tourism Council Western Australia, so there was significant input from our agency and the industry on that document. With regard to the upcoming regulated air services tender process, we have been asked by the department to participate in that process in a much more significant way than we did last time.

Mr P. PAPALIA: Further to that —

The CHAIRMAN: Last further question, because I want to actually give other members an opportunity, member for Warnbro.

Mr P. PAPALIA: Just one further question. Did Tourism WA have some input into the last state aviation strategy? It clearly was not satisfactory, because it seems we want to increase that participation in the next process. Is that right?

Dr K.D. HAMES: The last one was a difficult process; Main Roads had fairly strong views on what should happen and how the service should be reconfigured, and it made the final decisions on that reconfiguration, with input from the department. I have to say that the end result has not necessarily been as satisfactory as we would like, particularly in light of the numbers currently going to Exmouth and Monkey Mia, which continue to decrease.

Mr P. PAPALIA: A missed opportunity.

Dr K.D. HAMES: Whatever the result was, that is what happened.

Mr R.S. LOVE: I refer to the heading “Spending Changes” on page 150 of budget paper No 2, and the line items under “Royalties For Regions”. Could the minister outline what the regional visitor centres program will mean for visitor centres that have been under stress in terms of paying their bills for the last couple of years?

Dr K.D. HAMES: We are aware of the change in the way in which Western Australia operates, with a reduced focus on mining, oil and gas as income sources for the state. It is the view of the state government that we should increasingly focus on tourism and agriculture as alternative income sources. I have for a long time encouraged regional development commissions to put a lot more emphasis on tourism development plans for their regions, and they have been doing that. A huge focus on that sector is now coming to bear with royalties for regions funding supporting tourism in this state. We have two minutes left; I ask the director general to provide a further answer.

Ms S.L. Buckland: The visitor centre program fits in with what the minister just said. This is a grants program to assist visitor centres to become more sustainable because there have been a lot of changes in patterns of consumer buying behaviour. Whereas people used to quite often purchase through visitor centres, which

provided the visitor centres with an income stream, people are now shifting the ways in which they book their holidays and hence visitor centres are having to look at new ways to be relevant to consumers and to raise revenues. Over the next three years this grants program will provide them with opportunities to transform their business models.

The CHAIRMAN: Member for South Perth, have you got a quick question? You are on the list too.

Mr J.E. McGRATH: If we want to get this through, my question can wait until next year!

The CHAIRMAN: We do not have to vote on this division now. We can have a couple of minutes in the next session if members want to, or we can vote on it.

Dr K.D. HAMES: It is not determined exactly what time we finish in the next session, so we can in fact go for the whole of the next session if members do not want to look at the Department of Aboriginal Affairs, but I am sure some will. We can do it when we come back, for whatever time members want.

The CHAIRMAN: It is one o'clock; I will vacate the chair until 2.00 pm.

Meeting suspended from 1.00 to 2.00 pm

The CHAIRMAN: Members, we are on division 10. Member for Warnbro.

Mr P. PAPALIA: This issue was discussed with some of the minister's advisers before the break, but I just want to get it on the record. An ultra-marathon called the Kep Ultra is organised each year, independently of government and with no sponsorship or anything of that nature. It runs from Northam to Mundaring Weir. I understand that there are two races—one is 100 kilometres long and the other is 75 kilometres long. Mr Rob Donkersloot is the race organiser and he does it all through volunteers and local support. It benefits the Northam community specifically, because on the WA Day weekend the hotels are filled in advance. It looks as though he got messed around quite significantly by the Department of Lands over the necessary clearances to operate. As a consequence of the very late notice—I understand he received it on the Friday before the event on that weekend—he assumed responsibility for all potential negative consequences without insurance, because his insurance would have been voided without approval from the Department of Lands. As a consequence of all that, he managed to get through the event, obviously, without any great negative outcome, but he looks to be thinking about not continuing the race in its format. I ask whether it is possible for the Tourism Commission to look at providing some assistance, along with other agencies, to ensure that we do not lose this quite valuable event for one of the regional centres. I would appreciate it if the minister could indicate that he will try to do whatever he can to ensure that it goes ahead next year and in the future.

Dr K.D. HAMES: I will get Mr Dolphin to deal with what he is able to deal with about that particular issue in a moment. The member is assuming that the Department of Lands was at fault when we do not know when the organiser put in the application and whether he gave the department a reasonable amount of time or whether he remembered to do that. There is a whole pile of reasons. With the Kimberley Ultramarathon, which had such a tragic finish, Tourism WA required the organisers to do certain things. Those organisers also had to deal with the lands department to get approval and they had to deal with a range of other agencies, including the Department of Health, to make sure that the processes were in place. Since that time, we have set time lines that organisers have to meet before we commit to our final funding. This organiser came under the auspices of the ultra-marathon body and was endorsed by it, so I would have thought it would have more strict requirements in place providing that before it endorses an event, this, this and this must be done. I do not know the circumstances, so he may well have an excellent explanation for all of those. I will now hand over to Mr Dolphin for a brief response.

Mr G.E. Dolphin: Certainly, any event that is supported through Tourism WA funds, whether that is through the regional program or the major central program, has very clear and strict time lines and guidelines to work to for approvals from other authorities. I would suggest that the organiser do two things. Firstly, he should look online, because the Tourism WA website has a guide for any event holders—that is, ones we either support or do not support, and there are over 1 000 events that we promote that we do not sponsor but we still provide the same service and guidance to help organisers with events. Secondly, he should look at the funding opportunities through perhaps the regional funding program, which is open from October to December—it will open again in October this year—as a possible source of funding, which would then put the event under the requirements and time lines that the minister talked about earlier.

Mr P. PAPALIA: Mr Donkersloot has recorded a significant amount of information about this whole process, including online in a blog and also on his website. It appears—I have no reason not to believe him—that he has complied with all the time frames necessary for his application processes and nonetheless was denied by the Department of Lands at 3.40 on the Friday afternoon prior to the event on that weekend. Would it be possible for

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the premier tourism authority in the state to investigate whether the Department of Lands is being entirely helpful in this regard, noting that people have to comply with its demands to hold these types of events?

Dr K.D. HAMES: To be honest, I do not think that that is the job of the Western Australian Tourism Commission, but it is my job. I think the member should get the organiser to send me the details and we will follow up with the minister.

Mr P. PAPALIA: Thanks; I appreciate that.

The appropriation was recommended.