

Division 32: Western Australian Tourism Commission, \$57 592 000 —

Mr M.W. Sutherland, Chairman.

Dr E. Constable, Minister for Tourism.

Mr R. Muirhead, Chief Executive Officer.

Mrs S. Buckland, Executive Director, Marketing.

Mrs L.A. Dawson, Strategic and Corporate Planner.

Mr D. Lowe, Acting Executive Director, Corporate Services.

Mr D. Van Ooran, Executive Director, Eventscorp.

The CHAIRMAN: Minister, would you like to introduce your advisers?

[Witnesses introduced.]

The CHAIRMAN: The member for Swan Hills.

Mr F.A. ALBAN: I refer to the second dot point on page 394 under the heading “Significant Issues Impacting the Agency”, which refers to the potential impact of the global financial crisis on tourism. My electorate includes tourist destinations in Gidgegannup, Mundaring and the Swan Valley. What are the implications of the global financial crisis on tourism in Western Australia and what actions have been taken?

Dr E. CONSTABLE: I thank the member for the question. It is the major question that has been asked over the past few months and continues to be asked. The member may recall that in late November we commissioned economist Geoff Carmody to evaluate the impact of the global financial crisis on tourism in Western Australia. The advice that he gave at that time was, as members would expect, that there would be a decrease in demand for tourism in Western Australia because the discretionary spending of consumers would contract in the coming months, maybe even longer. I will get some details for the member from Mr Muirhead. In response to that report, we as a government acted very swiftly, as members would expect us to. We have had a strong marketing focus in the past few months and will continue to do so. We have looked very carefully at our marketing and markets with a concentration on Western Australians holidaying at home rather than travelling interstate or overseas. We have concentrated on our eastern states market to attract people from there. Two markets of particular interest to the government are Singapore and Malaysia, from where higher spending tourists come. There has been an emphasis there as well. It does not mean that we have not been trying to maintain our markets from the United Kingdom and Europe, but we have been pulling markets back closer to home.

In the past few months I have spoken to operators across the state, starting from Kununurra down to Esperance out to Menzies and many points in between. It is very interesting to talk to members of the industry because, generally speaking, there is a fairly buoyant feeling. They feel that to this point the Holiday at Home campaign has been successful. Some areas, particularly the Kimberley but also other areas, have had good seasons.

[3.40 pm]

One of the issues they are facing is that forward bookings do not seem to be there. People are making decisions much later about taking a holiday and where they are going to go. That has created quite a lot of unease for operators, bearing in mind that there are many thousands of tourism operators, from very large five-star hotels to small family operations. They have found that forward bookings have not been strong. Alongside this, in the aviation industry there has been an increase in arrivals in Western Australia, from both interstate and overseas; that was perhaps unexpected. Some of the airlines have made major decisions that have affected us. For example, Cathay Pacific has gone from five flights a week to daily flights. AirAsia X now runs services to Western Australia, and there have been other movements in the aviation area. It is very important for Western Australia to maintain the aviation industry and to make sure that it is servicing Western Australia. Almost all international tourists who come to Western Australia come by air. Some come overland after having been to the eastern states, and very few arrive by cruise ships or the like. The vast bulk of interstate visitors also come by air. Aviation is therefore vital to the success or otherwise of the tourism industry in Western Australia. I will ask Mr Muirhead to give the member some details on some of the things I have mentioned. Another Western Australian initiative that other states have not yet taken up is the establishment of a tourism roundtable. In response to the industry, the board of the commission agreed to set up a roundtable of local industry people that meets regularly to keep monitoring the impact of the global financial crisis. That has been well received, and it has kept us very much ahead of the game in monitoring what is happening in the industry.

Mr R. Muirhead: It is important to understand the point that the minister made earlier about poor bookings going out. The Carmody report identified the fact that in a recession or depression, tourism is a lag indicator. He

predicted that there would not be a significant downturn until June or July, although others have seen evidence of the downturn already. He talked about the need to continue marketing but at the same time to look at the quality of the product that we have. It is in response to that that we have continued marketing, and identifying those markets that have high-yield customers, and those served by low-cost carriers. In this regard, Singapore and Malaysia have continued to be important, because they are the markets that can deliver customers at a lower cost into Western Australia. So far, that seems to be working. We have seen very significant increases in tourism from Malaysia on the back of AirAsia X. We have not seen huge drops from other markets, and the eastern seaboard seems to be holding up.

Mr D.A. TEMPLEMAN: I draw the minister's attention to the second last dot point on page 395 of the *Budget Statements*. I refer to what is generally known as a basket case—Perth Airport. What is the Minister for Tourism doing to ensure that the redevelopment of Perth Airport is an absolute priority, given that Western Australia has such a reliance on inbound air traffic for its tourism dollar?

Dr E. CONSTABLE: The first thing I have done is to keep in contact with Mr Brad Geatches, the chief executive officer of Perth Airport. In fact, I am due to see him again in a couple of weeks to keep ahead in my understanding of what is happening with the redevelopment. I understand that work is progressing on the redevelopment of Terminal WA, which, when completed, will alleviate some of the pressures on terminals 2 and 3. The plan is that, eventually, all domestic air activity will move to the international airport site. Some building has already begun there for our regional operators. That is just the beginning of the project. A lot of work had to be done preparing the site, and that commenced eight months ago. Work will continue on that. It is planned for Terminal WA to be used by low-cost carriers for both international and domestic services, as well as Western Australian regional services. The projected date for completion has shifted during the economic crisis, and one of the reasons for my forthcoming meeting with Mr Geatches is to see where the project is at this point.

Qantas has spent quite a lot of money on extensions to its current terminal. I agree with the member that it is unsatisfactory, and that is why the government needs to keep pushing to improve this very important privately owned infrastructure. It is the entry point to Western Australia for so many people. The international airport is somewhat easier for visitors to Western Australia to use, but the domestic terminal needs improvement. Qantas has spent, I think, \$19 million so far, and there is more to be spent.

Mr M. McGOWAN: My question relates to events. On page 394, it can be seen that the budget for events tourism goes up one year and down the next. If the minister cannot answer my question immediately, perhaps she can provide an answer by way of supplementary information. Can the minister tell members what new events the government has secured, and what new events the government is working on, for Western Australia? I do not mean renewal of events that already exist.

Dr E. CONSTABLE: Events are very important for bringing the world to Western Australia, especially if they are associated with strong media coverage. Some that already exist, including the Hopman Cup, have very wide audiences. A major tourism thrust at the moment is the development of our own home-grown events. Events that are imported or promoted by owners have become extremely expensive. In fact, I was very surprised the other day to learn that the World Swimming Championships cost Victoria \$50 million to secure. A state such as Western Australia does not have the funds to continue paying large sums of money for events. We have wonderful opportunities here, particularly in Indigenous tourism, to tie events around the natural wonders of this state. For instance, a lot of work has been put into developing a wildflower festival in Western Australia, which is the sort of event that could extend over several weeks, starting in the Pilbara and moving down through the state, and could include culture and the arts along with wildflowers. We are looking at Indigenous tourism particularly and an Indigenous festival at some point in the not too distant future. We are also looking at a wildflower festival to develop our own home-grown events that will attract people to this state. There are also events such as Sculpture by the Sea. I know that this event has occurred in other states, but we have our own version of it here in Western Australia; 140 000 people visited Sculpture by the Sea this year over a three-week period. We want to make sure that Western Australians benefit from these sorts of events. More and more people from rural areas are also being attracted to such events. The number of people who can attend events such as the Hopman Cup is limited; I would like to look more and more at our locally home-grown events, and that is something that the government is pushing.

[3.50 pm]

Mr M. McGOWAN: I asked a two-part question. I do not mind if both answers are provided by way of supplementary information. I asked, firstly, what new events the minister has secured. Secondly, I asked the minister to list what new events she is working on. The minister made a commitment in the lead-up to the election that she was going to support a "Festival of Perth Racing". I am wondering where the money for that festival is? Is it contained within the minister's events budget?

Mr Frank Alban; Dr Elizabeth Constable; Mr David Templeman; Mr Mark McGowan; Ms Andrea Mitchell

Dr E. CONSTABLE: The Red Bull Air Race was not on the drawing board to be secured again, but it has been secured for 2010 —

Mr M. McGOWAN: My question was what new events has the minister secured; not events that the former government secured and are continuing.

Dr E. CONSTABLE: There are no other new events.

Mr M. McGOWAN: The second part of the question has not been answered about the “Festival of Perth Racing”.

Dr E. CONSTABLE: The “Festival of Perth Racing” was an undertaking during the election campaign. I have met with people concerned with that. I have been in consultation with the Minister for Sport and Recreation about that; he is also the Minister for Racing and Gaming. At the moment he is dealing with that issue.

Mr M. McGOWAN: There is no money in this budget for the “Festival of Perth Racing”?

Dr E. CONSTABLE: No, there is no money in this budget for the “Festival of Perth Racing”.

Mr M. McGOWAN: I go back to the third part of my question. Can the minister list the new events that she is working at acquiring?

Dr E. CONSTABLE: I will ask Mr Muirhead to answer the question.

Mr R. Muirhead: A lot of work is being done in relation to three events. The minister has mentioned the wildflower event. There is also a significant Indigenous event. We are currently waiting on proposals from two local proponent groups. We hope to develop a very significant Indigenous event; one of the most significant in Australia. We are working with the international beach volleyball federation on a very significant international event. That will be a beach event highlighting the marine experiences of Western Australia. We are still in discussions with them over the sanctioning of that event and how it will be rated.

Mr M. McGOWAN: How does one come up with a wildflower event? Is that an event in which people go out to the countryside, where the wildflowers are, and gather in groups; or is it where they dance? I understand a sporting event, I understand an air race and I understand an ironman event, but I do not understand a wildflower event.

Dr E. CONSTABLE: The Wildflower Festival centres on work that Tourism WA has been doing with Kings Park, in particular. The central focus group is around Kings Park. That would allow other cultural and artistic events to be part of it but we see it as benefiting the regions as well. There is one other —

Mr M. McGOWAN: There already is one; that is a continuation.

Dr E. CONSTABLE: I think this is a different focus. I will get Mr Muirhead to comment on that. We have also secured and confirmed for November this year the One Movement Festival for Perth. That will bring more than 50 bands to Perth from Australia and Asia.

Mr M. McGOWAN: What was the minister’s contribution?

Dr E. CONSTABLE: An amount of \$800 000.

Mr M. McGOWAN: What is it called?

Dr E. CONSTABLE: The One Movement Festival. I ask Mr Muirhead to add a comment.

Mr R. Muirhead: That festival is being put together by both an international organisation and a local organisation. There are also One Movement Festivals in the UK, which service the European market. The festival also services the North American market. This one is a new one; it adds to the trifecta. It will service the Asia-Pacific region. It will partner with those other two events.

Ms A.R. MITCHELL: I refer to the third dot point on page 395. My question concerns events that are anchored and preferably owned in Western Australia. I take the point that we would like some more sporting events here —

Dr E. CONSTABLE: We will do our best.

Ms A.R. MITCHELL: I have heard of a proposed around Australia yacht race that has both cruising and competitive categories, which seems to fit the bill of being owned and anchored in Western Australia but at the same time would have tremendous opportunities for Fremantle and metropolitan areas, and also regional Western Australia. Is that event on the drawing board?

Dr E. CONSTABLE: I am not aware of that proposed event. I ask Mr David Van Ooran to answer the question.

Mr Frank Alban; Dr Elizabeth Constable; Mr David Templeman; Mr Mark McGowan; Ms Andrea Mitchell

Mr D. Van Ooran: This concept has been around for some time now. We have recently been in further discussions with the event proponent about an around Australia yacht race. There is still a lot of information forthcoming. Evaluation and further analysis continues around that concept. It is ambitious and a lot more information needs to be provided for us to make a clear judgement on that proposal.

Ms A.R. MITCHELL: That is ongoing, is it?

Mr D. Van Ooran: Yes.

Dr E. CONSTABLE: It sounds like it is very much in the early stages. More information needs to be collected on that. On that point, the international sailing championships will be held in Fremantle in 2011. That will be a major event. It is the trials for most classes of Olympic sailing. I have been briefed in Fremantle on that. It will attract more people than the America's Cup.

Mr M. McGOWAN: I refer to destination marketing on page 394. The minister has renewed boost funding that was previously there of \$5 million or \$6 million. Can the minister provide us with a breakdown of where the money has been spent around the world? How much has been put into each market both in Australia and around the world? If the minister cannot provide that information now, I am happy to take it by way of supplementary information.

Dr E. CONSTABLE: Clearly, I do not have that breakdown information in front of me. Can I be clear about what the member is asking for? He is asking for a breakdown of the estimate for 2009-10; is that correct?

Mr M. McGOWAN: Yes; where the minister intends to spend the money, in which markets around the world, and how much in each market. Obviously, the funding is going to drop off by \$10 million next year. I am interested in where the minister is spending the money in the forthcoming years.

Dr E. CONSTABLE: Yes, there is a drop-off and there is an explanation for that. We are continuing the boost funding this year that the former government provided. There is a redirection of some funds. The one thing the industry has been asking for at the current time is increased funding in marketing. That is there for this year. We will be re-examining this issue as we follow the global economic crisis and also follow through the impact of marketing activities. I ask Stephanie Buckland to give some indication now of where that money will be spent. If that is not sufficient information, we can provide the member with more. I ask Stephanie to provide information about which markets the funding will be spent in at this point.

Mrs S. Buckland: As the minister said, we will be increasing funding in the domestic market; specifically in the interstate market. Our budget this year is \$3.9 million and next year it will be \$4.65 million. In the interstate market, we are increasing our budget by 17 per cent to \$3.3 million. In Singapore and Malaysia, we are increasing our budget by 63 per cent to \$1.2 million.

Mr M. McGOWAN: I would still appreciate a breakdown of what has been spent in each market around the world—not just those ones but also Japan and Britain. There is a figure in the budget of \$28.4 million and the adviser outlined to us about \$8 million of that. I would appreciate it if the minister could outline that by way of supplementary information.

Dr E. CONSTABLE: We will provide that to the member by way of supplementary information. Can the member be exact about what he is asking for? He wants a breakdown of the spending in the markets around Australia and around the world?

Mr M. McGOWAN: Yes; what has been spent and what is being spent on each of those markets.

Dr E. CONSTABLE: I will give the member as much of that information as we have got.

[Supplementary Information No A25.]

[4.00 pm]

Mr D.A. TEMPLEMAN: I refer to the fifth dot point on page 395 concerning impediments to development of the industry in Western Australia, specifically relating to complexities and delays in approval processes. I would like to know what that means and to have some examples. Could the minister also advise when the review of tourist accommodation development was commenced? I am assuming that the delays in approval processes relate to accommodation projects, but I would like some clarification on that.

Dr E. CONSTABLE: I thank the member for Mandurah for the question, because this area has been very concerning to the industry for some time. One area is the amount of red tape and the delays in the approval process when someone wants to develop a project—often accommodation—and that will be the major focus. Reducing governmental red tape is a constant cry from people. A government committee is looking at those procedures to see if we can streamline them to some degree. Some people wait years to get approval for their projects, and if someone is going to spend millions of dollars on tourist accommodation —

Mr Frank Alban; Dr Elizabeth Constable; Mr David Templeman; Mr Mark McGowan; Ms Andrea Mitchell

The CHAIRMAN: Time is up, minister.

The appropriation was recommended.