

**STANDING COMMITTEE ON ESTIMATES AND  
FINANCIAL OPERATIONS**

**2015–16 ANNUAL REPORT HEARINGS**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
MONDAY, 7 NOVEMBER 2016**

**TOURISM WESTERN AUSTRALIA**

**Members**

**Hon Rick Mazza (Chair)  
Hon Peter Katsambanis (Deputy Chair)  
Hon Alanna Clohesy  
Hon Helen Morton  
Hon Sally Talbot**

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**Hearing commenced at 2.16 pm**

**Hon ALYSSA HAYDEN**

**Parliamentary Secretary to the Minister for Tourism, examined:**

**Mr GWYN DOLPHIN**

**Acting Chief Executive Officer, examined:**

**Ms DERRYN BELFORD**

**Executive Director, Destination Development, examined:**

**Mrs LOUISE SCOTT**

**Executive Director, Marketing, examined:**

**Mr RENATO SANSALONE**

**Chief Financial Officer, examined:**

**The CHAIR:** On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I welcome you to today's hearing. Can the witnesses confirm that they have read, understood and signed a document headed "Information for Witnesses"?

**The Witnesses:** Yes.

**The CHAIR:** Thank you. It is essential that all your testimony before the committee today is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Agencies and departments have an important role and duty in assisting the Parliament to review agency outcomes and the committee values your assistance with this.

**Hon ALANNA CLOHESY:** Hello, everyone. Thanks for being here—Mr Dolphin in particular. You are acting CEO?

**Mr Dolphin:** That is right, yes.

**Hon ALANNA CLOHESY:** How long have you been acting in the role?

**Mr Dolphin:** I have been acting since 22 July.

**Hon ALANNA CLOHESY:** Have you got an indication when a permanent appointment might be made?

**Mr Dolphin:** My understanding is that is in process now with the Public Sector Commission and it sits in their hands, the finalisation of the process.

**Hon ALANNA CLOHESY:** I probably should have addressed that question to the parliamentary secretary.

**Hon ALYSSA HAYDEN:** That would have been good, but that is fine.

**Hon ALANNA CLOHESY:** Have you got an indication?

**Hon ALYSSA HAYDEN:** You would have got exactly the same answer.

**Hon ALANNA CLOHESY:** It is imminent?

**Hon ALYSSA HAYDEN:** It is. It is obviously going through the right processes. The decision will be made shortly. As soon as it is, it will be announced. Unfortunately, no-one around this table is privy to any of that information.

**Hon ALANNA CLOHESY:** We are looking to sometime before Christmas for an announcement?

**Hon ALYSSA HAYDEN:** We hope so.

**Hon ALANNA CLOHESY:** How long has it been since there was a permanent CEO?

**Hon ALYSSA HAYDEN:** It was when you took it over.

**Mr Dolphin:** Stephanie Buckland left the organisation on 22 July.

**Hon ALANNA CLOHESY:** That is good that we might have someone before the peak season. That is great. It has been a reasonable year. According to your annual report, you are sort of on your way to your target of a \$12 billion visitor spend by 2020. This financial year there was \$9.6 billion in visitor spend; is that right?

**Mr Dolphin:** Yes, that is correct.

**Hon ALANNA CLOHESY:** What proportion of that visitor spend was international visitors? So, \$9.6 billion was spent. How much was international and how much was domestic spend?

**Hon ALYSSA HAYDEN:** Before we go on, I want to let everyone know I have an extremely sore throat today, so you are going to be blessed and not have to listen to me ad nauseam. Gwyn will give you that.

**Mr Dolphin:** Thank you. In terms of the actual number, I do not have the precise number right in front of me. Derryn, do you have all the numbers?

**Ms Belford:** Yes. The international visitor spend for that same financial year is \$2.273 million.

**Hon ALANNA CLOHESY:** Million?

**Ms Belford:** Yes.

**Hon ALANNA CLOHESY:** Out of the \$9 billion?

**Ms Belford:** It would be billion; I am sorry.

**Hon ALANNA CLOHESY:** Have you got the international visitor spend from the financial year prior to that?

**Ms Belford:** Not the number, but I can tell you that it was relatively the same, so we went down by negative .2 per cent. From a statistical perspective, it was stable over two years.

**Hon ALANNA CLOHESY:** Just so that I can be consistent, do you think I could get that on notice, the previous financial years?

*[Supplementary Information No A1.]*

**Hon ALANNA CLOHESY:** How many international visitors?

**Mr Dolphin:** By precise numbers? We had totals. We tend to deal in specific business spend.

**Hon ALANNA CLOHESY:** It is also nice to know.

**Hon ALYSSA HAYDEN:** Yes; and it is also worth noting that getting these statistics is not always the easiest thing to do.

**Mr Dolphin:** The precise number, which was up 6.3 per cent is 888 000, so year on year, from 2014–15 to 2015–16.

**Hon ALANNA CLOHESY:** What did you say the percentage was up by?

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**Mr Dolphin** It was 6.3 per cent.

**Hon ALYSSA HAYDEN:** It is 888 000.

**Hon ALANNA CLOHESY:** That was up. What is that in comparison with the number of international visitors?

**Mr Dolphin:** I do not have the number of international visitors, but the percentage growth rate at a national level was 10.3 per cent year on year.

**Hon ALANNA CLOHESY:** And ours was 6.3 per cent?

**Mr Dolphin:** Ours was 6.3 per cent.

**Hon ALANNA CLOHESY:** What is that saying to you? Do those figures give you a sort of —

**Mr Dolphin:** There are a number of factors in the market at the moment. Part of it is the transition of what is happening economically, because that international visitor number includes a number of segments. It is business travellers, leisure travellers, friends and family visitors and education sector, and obviously each of those factors is influenced by different elements. Some of the impact in recent years has been around the business sector, with less travellers for business, and therefore there is a consequent impact in some of those areas. From a national perspective, obviously the impacts that we are seeing in the state through visitation are maybe slightly more extreme compared with a national level where, in the business sector of the economy, we do not have as many people going into the construction section of the resources sector, which is probably the most significant difference in the make-up of those numbers.

**Hon ALANNA CLOHESY:** Okay. The mining downturn is part of an explanation for the downturn?

**Mr Dolphin:** Yes, and I think it is part of the transition in the economic status at the moment. If you went back further and you looked at Perth three to four years ago, the business sector was so vibrant that we were squeezing out the leisure sector of the market. We did not have enough hotel rooms, for example, or, if we did, they were at very high prices, so they were discouraging to the pure leisure–holiday-maker element. Now that emphasis has been put on uplifting the hotel capacity for the future, we will have greater ability to accommodate more of the tourism numbers. We are in that transition between there and here. That will probably take three to four years, I think, to work its way through until all of the new hotel rooms for Perth come through and into reality.

**Hon ALANNA CLOHESY:** Is it possible to get a look at some of the sector data for international visitors over a five-year trend? I do not mind if you take that on notice.

**Mr Dolphin:** I can give you what the figures were in percentage terms year to date so that you can see what that was.

**Hon ALANNA CLOHESY:** It does not mean much in isolation, though, does it, really?

**Mr Dolphin:** Okay. We can go away and have a look at that.

*[Supplementary Information No A2.]*

**Hon ALYSSA HAYDEN:** Just on that—certainly, the agency can have a look at that. The big thing is that how the data is collected has also changed over the couple of years, and also the fact that there was not a definition between the FIFOs that were coming into Perth and the business visitor and then the leisure visitor. The statistics are going to vary; it was the way it was collected—it did not have that breakdown.

**Hon ALANNA CLOHESY:** When did the data collection methods change?

**Mr Dolphin:** It started from earlier this year. It was mainly impacting around the national centre; we obviously look at international and national. Actually, some of the national numbers for all of

the states are currently under review and we are awaiting an update from Tourism Research Australia on the latest position regarding the calibration.

**Hon ALYSSA HAYDEN:** They are still finalising the numbers because it just was not all available at the time.

**Mr Dolphin:** It may take us a little bit of time to come back because we are still awaiting some of sense-checking of whether those numbers that go back into the 2015–16 period have been impacted or not.

**Hon ALANNA CLOHESY:** In which case, if you have got the sector data here for this financial year, you may as well give that to me now.

**Mr Dolphin:** Certainly. We split it by three or four different sectors. The holiday and leisure sector was up 2.6 per cent as a segment. Visiting friends and relatives—VFR—was up 10.8 per cent. The business sector was down 1.1 per cent. The other sector of reduction was the people travelling for education reasons; that was down by 6.7 per cent year-on-year. They all contribute to make that overall number we talked about earlier.

**Hon ALANNA CLOHESY:** The international sector is interesting. Is that longer term education, or are they the short visitors doing the six-week tour of facilities type, because that in itself is a fairly large market, is not it?

**Ms Belford:** It is. Anybody who is coming over for education—as long as they leave within 12 months—will be captured in the statistics. If they are here for three years but they go home every 12 months, they will be captured in the statistics. Obviously, it is a survey of a sample so it is about the opportunity to be collected and therefore their figures will get factored into the estimates. It could be people here for a six-month course or it could be people here for longer, but as long as they are going home every 12 months.

**Hon ALANNA CLOHESY:** Those are the international visitor numbers: is there anything else that helps paint a picture of the international trends?

**Mr Dolphin:** The only other element I would add is—we mentioned earlier about employment and that transition period. Whilst we look at, obviously, travelling for tourism purposes, employment spend is factored into that overall picture as well. Employment spend was down by something like 17 per cent year-on-year. People working, and therefore —

**Hon ALANNA CLOHESY:** A working holiday?

**Mr Dolphin:** Yes. That reflects far more, again, the transition of the situation of two or three years ago—the economic shift.

**Hon ALYSSA HAYDEN:** Not just the working holidays—FIFOs.

**Mr Dolphin:** Yes, specifically FIFOs are the biggest individual element to that—people travelling either within the state, interstate or internationally. For example, markets such as New Zealand have often seen visitation from people who may be based there or have family homes who were travelling for a lot of work in the resource sector. That has been slowing down with the transition in that sector.

[2.30 pm]

**Hon ALANNA CLOHESY:** And Bali I imagine, too—people who now live in Bali who used to live in WA.

**Hon ALYSSA HAYDEN:** Yes, with the downturn in the mining sector, the FIFO flying interstate around Australia has dropped and, as I said before, the collection of the marketing information is done by surveys. There is no tool that is 100 per cent correct, so it was collecting people who were coming here for work; it was not collecting people just coming here as a tourist. That is why the figure has changed. When they started to change the way they are doing the survey, it shows a big

drop and that is the FIFOs also having that big impact—not being included now as a visitor—but also the numbers have dropped with the downturn in the mining sector.

**Hon ALANNA CLOHESY:** What specifically is the change in methodology?

**Hon ALYSSA HAYDEN:** That was done through tourism research?

**Ms Belford:** Yes; Tourism Research Australia runs a syndicated survey and all the state and national tourism bodies buy into that. The biggest change to methodology was the introduction of mobile telephone numbers. For the national visitor survey it is done by telephone, and it was all done on landline. They were under-representing a lot of the FIFO and other businesspeople who were not living at home but their only way of getting them selected for a sample was if they were in the house. By adding the mobile phone methodology to it, they have seen some changes. It is all about the modelling, so it is about understanding the size of that market and, obviously, that is a changing market dynamic all the time as well, so the organisation has to work very heavily in that modelling sector to see how that pulls together the statistics. We know there is an issue in the national visitor survey at the moment. All the states have recognised it and asked TRA—Tourism Research Australia—to investigate and they are currently doing that.

**Hon ALANNA CLOHESY:** So, basically, they bought a whole lot of mobile data?

**Ms Belford:** They bought mobile data, yes. But then it is all about the weighting and the modelling and have they got the right assumptions in that model to represent that mobile data. There is a step change or a change in the methodology and while they have back cast, there are obviously issues around that.

**Hon ALANNA CLOHESY:** What was the forum used to discuss the change in methodology; was that at a ministerial council?

**Ms Belford:** Yes; that was over many years; in fact, it went to the Australian Standing Committee on Tourism, which is all the CEOs of the tourism organisation. It was given to the ministers' meetings that are held twice a year. The actual research heads within each of the organisations are the operational people, so they were first involved, so it went to the CEOs or ASCOT and then to the minister, so it has been a very long process.

**Hon ALYSSA HAYDEN:** As you can understand, collecting the data is extremely difficult, but it is something that we need in this industry to be able to know where our market is coming from and where to target and trying to fine-tune it.

**Hon ALANNA CLOHESY:** I was going to say that it must have been extremely frustrating for you to work with data that you knew had kind of flawed methodology and for your planning purposes, it was pretty unhelpful.

**Ms Belford:** It is the authoritative set of data for tourism statistics, so it is the best available, otherwise it is all guesswork, so it is the best available.

**Hon ALANNA CLOHESY:** It is one of my favourite topics so I probably should leave it alone, otherwise we would be talking to you all day. What about national spend for visitors? Out of that \$9.6 billion, the rest of that—we have got that—was about \$7.4 billion for national visitor spend. Is that right—\$7.4 billion?

**Mr Dolphin:** Yes. There is a mixture of, obviously, visitation after that, domestically split into interstate, intrastate and then day trips. Those are the three elements we look at.

**Hon ALANNA CLOHESY:** Of course.

**Mr Dolphin:** Interstate, obviously as it sounds, is from the other states. Then intrastate—which, for Western Australia, is probably more significant than any other state due to the size of our state—so the movement of people around the state, whether it is on a day trip, which is one definition, or whether it is by an overnight, around the state, is significantly important for us in terms of how we

look at the numbers and why a lot of the activity we do speaks to the audience within Western Australia as well as the interstate audiences. Those are the three key elements. Anybody who travels and does not make less than a certain distance for a day trip does not count as a visitor; for example, if you went to —

**Hon ALANNA CLOHESY:** In WA, that could be driving to and from work, really.

**Mr Dolphin:** You are right.

**Hon ALYSSA HAYDEN:** If you go to Fremantle and you live in Bayswater, you are a visitor.

**Hon ALANNA CLOHESY:** Yes. Have you got figures on the breakup of that spend?

**Mr Dolphin:** In relation to that, say, from an overall perspective—visitors from a national perspective were up in total 16.6 per cent, total volume of people.

**Hon ALANNA CLOHESY:** What is that in raw figures?

**Mr Dolphin:** In raw figures, 10.1 million overnight visitors came to or travelled within the state. For intrastate—that is, for the day trips I mentioned—it was 19.4 million.

**Hon ALANNA CLOHESY:** What is that percentage change?

**Mr Dolphin:** In percentage terms, visitors, 16.6 per cent. The number of nights those visitors spent was up by 18.4 per cent and the total spend figure is up 24 per cent, year on year, so that total group had an increased trend of up by 24 per cent.

**Hon ALANNA CLOHESY:** More people are spending more time coming to Perth?

**Mr Dolphin:** Yes.

**Hon ALYSSA HAYDEN:** And more money.

**Mr Dolphin:** And more money in spend, nights and visitation.

**Hon ALANNA CLOHESY:** So that I can be consistent, do you think I can get that data—again, I am happy on notice—year-on-year spend visitors.

**Mr Dolphin:** For the interstate market?

**Hon ALANNA CLOHESY:** Yes and the intrastate market.

*[Supplementary Information No A3.]*

**Hon ALANNA CLOHESY:** You also mentioned the number of nights. While there are more people coming from interstate this year, how long are they staying?

**Mr Dolphin:** This is where we will have to caveat it slightly because we mentioned the tourism research issue.

**Hon ALYSSA HAYDEN:** That is what we are waiting to get the information back on. We do not have those figures?

**Mr Dolphin:** Specifically, within some of those sectors, the variation in the data you were talking about has only come to light in the last two to three weeks. So we cannot be precise right at this moment as to what the final position will be because of this variation from Tourism Research Australia on the business sector.

**Hon ALYSSA HAYDEN:** Once it is final, it will be made public.

**Hon ALANNA CLOHESY:** Can I take on notice what I just asked for in terms of national visitors so we have a number for that?

**Hon ALYSSA HAYDEN:** Yes, we have done that one.

**The CHAIR:** That is A3.

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**Hon ALANNA CLOHESY:** And then for the nights—length of stay—can we take that on notice as well, knowing that it might take you some time to get it back to us and that may be outside the committee’s required time frame but it will still be useful for the committee data?

**Mr Dolphin:** That is outside our control because it sits with a centralised authority for all states, but obviously it is in our interests to have it sooner rather than later.

[*Supplementary Information No A4.*]

**Hon ALANNA CLOHESY:** You said that it has only just come to light —

**Mr Dolphin:** Recently, yes.

**Hon ALANNA CLOHESY:** For you; for Tourism WA, how did it come to light?

**Ms Belford:** There was a large upswing in spend when we saw the year ending June data, which made us question what was going on with a particular sector, so the business sector was up over 100 per cent in spend—far bigger. Anecdotally, we know that the business sector has softened, so we have gone back to Tourism Research Australia. It turns out that each of the states has noticed the same and they have all gone back to say that there is obviously something wrong here.

**Hon ALANNA CLOHESY:** Okay.

**Hon ALYSSA HAYDEN:** Although we would have loved to have taken that figure, we knew that we needed to have that researched properly.

**Hon ALANNA CLOHESY:** It had to be fair and honest.

**Hon ALYSSA HAYDEN:** That is right.

[2.40 pm]

**Hon PETER KATSAMBANIS:** A couple of issues—some of them have already been covered. On page 28 of the annual report, “Significant Issues Impacting the Agency”, the last dot point talks about the importance of the new 60 000-seat Perth Stadium to tourism and the economy generally in WA. Has Tourism WA specifically been tasked with attracting events for that stadium?

**Hon ALYSSA HAYDEN:** Absolutely, and Gwyn proudly sits on that committee. As we know, we believe the stadium is going to bring a fantastic outcome for everyone in WA—especially in the tourism sector—being able to give events and concerts that we have never seen before here in Perth, and being able to give us a venue that we can actually go out and start tendering for the types of games and events that we have never been able to do. I know Gwyn will be delighted to share with you the work that he has done on that.

**Mr Dolphin:** Yes, certainly. We have worked quite closely with three organisations: VenuesWest, from the state’s perspective as being the lead body with the development of the stadium; Sport and Recreation as well; and then, thirdly, the appointed operator of the stadium, an organisation called VenuesLive. We work quite closely with them to develop a program over a number of years to secure events. The government gave an allocation totalling \$19 million over three years to enable us to secure a number of events. The first one of those was announced earlier this year; it was a State of Origin match for 2019. There will be other ones that are in negotiation now, but it is part of a concerted program that is being worked on with those other organisations I mentioned.

**Hon PETER KATSAMBANIS:** Who is primarily driving the attraction of these events? Is it the venue operator? I have not caught up with their current name because they changed it recently. Is it VenuesLive?

**Mr Dolphin:** VenuesLive, yes.

**Hon PETER KATSAMBANIS:** With the stuff happening in Sydney, they have obviously changed their name. Is it VenuesLive; is it Tourism WA; is it VenuesWest? Who is the body that is effectively driving the decision to target and then sign up an event?

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**Mr Dolphin:** That is Tourism Western Australia.

**Hon PETER KATSAMBANIS:** Okay; so Tourism WA is the primary body. What agreement do you have with the venue operator in relation to that, because, obviously, you might sign an act and they either may not want it or not want it at the time that you sign them?

**Mr Dolphin:** Yes. There are two situations, I think, that exist. One is that there is an existing contractual position that the operators have to meet in terms of the delivery of events into the stadium—that is, whatever happens with AFL and cricket, which is not what we deal with.

**Hon PETER KATSAMBANIS:** No; sure.

**Mr Dolphin:** They are separate hosting agreements. They have a responsibility into those areas and those contracts have terms regarding attraction of other events. In relation to Tourism WA's role of negotiating with key bodies, whether they be sports, arts or music and the like, it has to be done hand in hand with VenuesLive, because whilst Tourism WA may agree an overarching principal attraction agreement, in many cases the actual hosting terms—so the terms of use of the venue, staffing costs, revenue share on ticketing, revenue share on hospitality—has to be agreed with VenuesLive. Every negotiation—I mentioned the State of Origin one—is done hand in hand with them in the room. We are both together on all those discussions and all those negotiations.

**Hon PETER KATSAMBANIS:** This is really why I am asking, because at the end of the day we have an operator whose job it is to run a stadium, and ostensibly they have been selected because they are really good at attracting events, so I assume they are out there attracting events anyway. If they are out there attracting events, are Tourism WA and the venue operator out there in a coordinated manner?

**Mr Dolphin:** Yes.

**Hon PETER KATSAMBANIS:** Have they delineated which events they target and which events you target?

**Mr Dolphin:** I mentioned earlier about a plan that was devised. There is a long-term plan that identifies specific events—that obviously has been shared with them and they are consulted on that. It is open between that organisation, ourselves, VenuesWest and DSR regarding the targeted events and who the discussions are with. In some instances, because they have existing relationships, for example, with something like the Rugby League State of Origin, they were able to assist in the final negotiations of that agreement.

**Hon PETER KATSAMBANIS:** Hopefully, everything goes well and we attract lots and lots and lots of events and everyone is going to be happy and we are not going to be asking about it, but I am trying to delineate the lines of responsibility so that people can be held accountable for delivering on what they have been tasked to deliver. That is why I am asking it, so that at the end of the day if we do not get a large number or more international events coming through, is it Tourism WA that has failed; is it VenuesLive that has failed?

**Mr Dolphin:** I can say from what I know that there will not be any failure.

**Hon ALYSSA HAYDEN:** Yes, I was going to say we are not shooting for failing.

**Hon PETER KATSAMBANIS:** I hope not either, but we do need to have those levels of accountability; otherwise we are going to end up with a blame game and people pointing fingers at each other.

**Mr Dolphin:** Yes, absolutely, and, as you know—you know the events sector very well—the higher level, bigger major scale events need a higher level body such as a government entity to become involved in those. Where VenuesLive would play a larger role would be on some of the wider use of the stadium at some of the smaller event levels, so they will certainly be responsible for the management of any conference and banquet facilities—there is a large amount of conference

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space within the new venue. They will be driving revenue through that usage and the wider precinct. That sits very strongly in their area. The large-scale events obviously need a government hand to attract those events because of the competitive nature of the sector.

**Hon PETER KATSAMBANIS:** There is another line in here, in the same dot point, that talks about —

... the potential to generate regular, large-scale AFL visitation, through targeted advertising programs that promote the new Perth.

**Mr Dolphin:** Yes.

**Hon PETER KATSAMBANIS:** There are two aspects to that, as I see them. I may well be on the public record, but I have certainly discussed many times where I think this is a major failing of tourism in WA, through no fault of anybody. We simply do not have a stadium to put visitors in and we are going to get that. That is something that will be happening 22 weeks of the year, minimum—maybe 24 or 25 weeks of the year, every single year. It is large scale. It could end up with 2 000, 3 000, 4 000, 5 000 people on a weekend being in Perth. That is massive for the tourism industry. Do we have any guarantee that the tickets will be available for the people who want to come here from interstate to watch games at the stadium?

**Mr Dolphin:** I stress right from the outset that is not within our remit to negotiate that, but we know that there will be an allocation of tickets for each event within the overall 60 000-seat allocation for the stadium so that both visitors who are wishing to travel interstate or internationally, depending on the type of event, will be able to access tickets at the same time that members of the general public here in WA will be able to access tickets as well.

**Hon ALYSSA HAYDEN:** That is outside Tourism WA's jurisdiction, that side of things.

**Mr Dolphin:** But certainly the element of attraction of visitation, yes, that has been clearly charged in that plan I talked about. There is a clear allocation of funding to market Perth and the stadium, not just to come and see an event, but then to spend longer and see the changes in the city and experience all those elements.

**Hon PETER KATSAMBANIS:** Those tickets that will be set aside, are they going to be available through designated travel agencies, like the AFL seem to have their own designated travel agencies that package up things that AFL fans invariably find unattractive, or will they be more available, I guess, for individuals to decide or small groups of individuals to decide, "That's the game I want to go to; that's the time I want to be in Perth and I can conveniently log on on a certain date"—obviously, it is not going to be around forever—and have some expectation that I'll be able to buy tickets for the event"?

**Mr Dolphin:** I have to be honest and say that that sits at the moment with the negotiations happening with Sport and Recreation, VenuesLive and respectively the football codes and cricket as the two main hosting entities. I understand that is the intention but we do not have the detail involved in that.

[2.50 pm]

**Hon PETER KATSAMBANIS:** With the current attendance at the cricket, I do not think we are going to have much problem in finding people seats for the cricket! You said, "with the football authorities". When you say "football authorities", who do you mean? Is it the AFL or is it the two Western Australian clubs or is it a combination?

**Mr Dolphin:** It is a combination. It is the WA Football Commission, locally, representing the two clubs, it is the two clubs and it is the AFL. They will obviously have different interests, and different rights in the stadium itself, so it is a combination of all those.

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**Hon PETER KATSAMBANIS:** So, at the moment we cannot put up a fence and say if there was a big game and a Collingwood, a Carlton or an Essendon came to play against West Coast, that we could expect 3 000 fans from interstate to be able to access tickets and come over to Western Australia and watch the game?

**Hon ALYSSA HAYDEN:** I would say that that figure will be decided closer to the stadium being ready to go. They are all still negotiating and working on that now. But that is really outside the department of Tourism WA. Once that figure is decided, then Tourism WA can help promote and help people get those tickets. Part of what Tourism WA is doing with the football is making sure that we can get big clubs to come on over as a charter. Are there spectators? They come in to cheer for their team, but then stay in WA a bit longer and enjoy the rest of WA, not just come for the game and go. Tourism WA's role in football, especially, is to make sure that the visitors stay here longer and travel, not just in Perth, but they may have a charter plane to go up to Broome or to go down south.

**Hon PETER KATSAMBANIS:** In that respect, critically important to it is timing, for the bigger clubs. AFL clubs get an opportunity to put in a wish list for games—for when their games are scheduled. Obviously, they put in their own wish lists, and I assume that West Coast and Fremantle do the same. Will Tourism WA have any role in assisting those clubs to put in their wish lists, so that the big games—the ones with the best potential—can be timed at the best possible time; for instance, at a time when it is good to visit Broome —

**Hon ALYSSA HAYDEN:** It is always good to visit Broome!

**Hon PETER KATSAMBANIS:** — or at the same time as some events are happening at Margaret River, maybe with a surfing carnival or something like that, or will Tourism WA take a step back from that and let the clubs do that?

**Mr Dolphin:** The state as a whole has obviously got a series of rights to input into through VenuesLive, as the venue operator, each year working with the codes. So, we have a voice into that forum in order to express what our preference would be about which clubs, time of year et cetera, and then that goes into the negotiation on an annual basis that happens between the venue operator and the football codes in terms of the staging of the calendar.

**Hon PETER KATSAMBANIS:** The last one on that: given that Adelaide has recently embarked on a new stadium—the economics and financing of the stadium may not have been great, but the reception of the stadium and the tourism aspect around it has been fantastic for Adelaide—have you had any direct discussions with your South Australian counterparts to find out what they learnt through their experience, and how you can capitalise on their experience to grow that offer, as we said, on a 22 or 25-week-a-year basis, every year?

**Mr Dolphin:** We have not, ourselves, yet, but in the Department of Sport and Recreation, individuals who are running the stadium project, before the stadium design was even sketched on the ground, had been to Adelaide as one of their first ports of call, so they have been to Adelaide, amongst other numerous locations, about that experience, and the positives of that experience that we can apply.

**Hon PETER KATSAMBANIS:** But they are not a tourism organisation. You are, so have you approached the South Australian tourism authorities to learn from their experience?

**Mr Dolphin:** We have exceptional background knowledge around not just Adelaide, but globally, of the key stadiums and the travel package operations within our organisation.

**Hon ALYSSA HAYDEN:** You also need to remember that we are competing against every state in Australia to make sure we get the events. Tourism WA needs to understand what the competition is all about, and I know Gwyn has taken that on quite seriously, as he said, not just around Australia but globally, so we can actually compete with the best.

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**Hon PETER KATSAMBANIS:** That is enough for now. I have lots of other questions, but other members can have a go.

**Hon ALYSSA HAYDEN:** No, we will not be bidding for Collingwood as the opening game!

**Hon SALLY TALBOT:** On page 15 you refer to changes to the executive management team, and the creation in January 2016 of a new marketing and partnerships division. Was there a cost factor in setting up the —

**Hon ALANNA CLOHESY:** You actually set up two new divisions, did you not?

**Hon SALLY TALBOT:** Was there a cost associated with the establishment of the marketing and partnerships division?

**Mr Dolphin:** The cost was contained within the existing structure of the organisation, and it was taking what was the existing overall marketing division and dividing that into two structures, so there was a realignment of some of the roles within those structures and there was the creation of two executive directors, rather than one. Rather than one single executive director of marketing at the time, it was split into those two sectors that are marked out in the annual report. Whilst there was a cost in that, it was contained within our overall funding requirements and salary cap.

**Hon SALLY TALBOT:** How do those two divisions work together? How do you divvy up the roles and responsibilities?

**Mr Dolphin:** Maybe Louise will talk about some of the detail of it, but in general terms, the more creative, strategic side—the digital campaign services side—of the organisation is in one area, and then a lot of our international domestic markets and our strategic partnerships, also working with the Tourism Council, the Perth Convention Bureau and the like, sits in the other side of the operation.

**Hon SALLY TALBOT:** So the more creative one, presumably, is strategy, brand and marketing?

**Mr Dolphin:** That is right, yes, and it was why Louise was brought on board.

**Hon ALYSSA HAYDEN:** And you just happen to have Louise here.

**Hon SALLY TALBOT:** Okay, so you are strategy, brand and marketing?

**Mrs Scott:** Yes, I was appointed to that role in January this year, and my areas of responsibility include the overall strategies that we put in place, and the PR, digital and campaign services to determine the marketing activity that we will undertake, and the creation of materials for that, and then they are shared with the market, for them to use in the market, whether that is domestic advertising or international advertising or within the state. We also share the details with regional tourism organisations and others to enable them to actually do the marketing. So, we set the scene, as it were, with all of the materials, and then the others roll that out in their individual markets.

**Hon SALLY TALBOT:** So you have responsibility for the regional tourism associations.

**Mrs Scott:** They actually sit under the partnerships area. Currently, I am overseeing all of the areas under the two directorships. We have not appointed the markets and partnerships exec director role, so I am overseeing both areas at present. The partnerships element includes the regional tourism organisations, the PCB, and our arrangements with the visitors centre, and then the international and domestic markets. We do all sit on the same level in the office and we very much work as one large team. One cannot do without the other, so really without the campaign services, digital and PR working correctly, then the international and domestic markets cannot do their work, so we very much work hand in glove with each other.

**Hon SALLY TALBOT:** Presumably, both of those divisions have their own budget allocations.

**Mrs Scott:** They do. All of the subdivisions do within the organisation.

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**Hon SALLY TALBOT:** So, maybe going back to asking questions about the other division—the marketing and partnerships—why is there quite a dramatic reduction in the funding? You might have to help me here. I think it is for that division—marketing and partnerships—in the out years.

**Mrs Scott:** It is to do with the funding coming through the royalties for regions budget. Much of the funding that sits in the international and the domestic market area comes from a royalties for regions allocation that finishes at the end of this financial year.

**Mr Dolphin:** This financial year—it was a tied commitment that was specifically out of the previous election cycle, so it was committed at that time for a clear four-year period.

**Hon SALLY TALBOT:** So all that royalties for regions money for both those divisions runs out.

**Mr Dolphin:** It is mixed between the two, because some of it is applied to creative services, development activities and others that are delivered into certain markets, which is where it crosses over. The expenditure still sits in the overall marketing division.

[3.00 pm]

**Hon SALLY TALBOT:** Presumably, now you are sort of nearly a year down the track of the two-year divisions, you have additional information that you could provide us on what those out years look like for both the new divisions on the basis of losing that royalties for regions money? Presumably, you have had to look at where the money is going and work out where it—how do I put this? There is a funding stream coming in which you divvy up between two divisions, presumably.

**Mr Sansalone:** Yes.

**Hon ALYSSA HAYDEN:** We are talking about the annual report here today and you asking about future budgets.

**Hon SALLY TALBOT:** Yes.

**Hon ALYSSA HAYDEN:** I do not know really if we are able to give that answer today.

**Hon SALLY TALBOT:** I think it is pretty important. It has its own section in the annual report about “Changes to the Executive Management Team”, so I think it is reasonable that the Standing Committee on Estimates and Financial Operations should want to know what effects that organisational restructure is having on the allocation of funds, particularly in these two crucial areas.

**Mrs Scott:** I think ultimately, although it has been separated into two areas, the allocation of funds was one budget that has not changed in its separation across all those divisions.

**Hon SALLY TALBOT:** That budget, essentially, is now being shared between two divisions?

**Mrs Scott:** In some respects, yes, but it has not changed out of the individual business units within there—the individual units of international, domestic, campaign services, PR and digital all have discrete budgets so when we changed to two units, they were basically split exactly as they were and that is still the same at this stage, so there is —

**Hon SALLY TALBOT:** I see. They just have a new letterhead.

**Mrs Scott:** Yes.

**Mr Dolphin:** To your question about the future funding and the structure, I think they are actually two different things. The structural change was looked at as the best means by which we could approach doing business as opposed to looking at the financial figure because, to be honest with you, the out year forecasts always get treated on a year-on-year basis. In some instances, we have longer term commitments of funding in some project areas so we know there is another two, three or four years’ life of activity. I understand what you are asking, but they are two separate things. The structure is —

**Hon SALLY TALBOT:** Okay, so does this question make more sense? Could you tell us how much royalties for regions money is coming to an end in the division of marketing and partnerships and the division of strategy brand and marketing services? How is that royalties for regions funding currently divided up between the two divisions and when is that funding due to run out?

**Hon ALYSSA HAYDEN:** Sure. Renato will be able to answer that.

**Mr Sansalone:** I have a total figure for the two: there is \$8.7 million that drops off at the end of 2016–17.

**Hon SALLY TALBOT:** Can you tell us how that is split between the two?

**Mr Sansalone:** I do not have that information at hand.

**Hon SALLY TALBOT:** Would you be able to take that on notice?

**Mr Sansalone:** The majority of it would be in markets and partnerships.

[*Supplementary Information No A5.*]

**Hon SALLY TALBOT:** Thank you. I knew we would get there! That segues into my next question, which is probably fairly straightforward. Can you tell us how many positions in Tourism WA are currently not filled and/or filled in an acting capacity?

**Hon ALYSSA HAYDEN:** Obviously, our CEO is in an acting capacity at the moment.

**Hon SALLY TALBOT:** Yes.

**Mr Dolphin:** Two members of the executive are in acting positions.

**Hon SALLY TALBOT:** Would you like to take this on notice so that you can give us the job descriptions and the position titles?

**Mr Dolphin:** To the end of the 2015–16 year?

**Hon SALLY TALBOT:** Yes.

**Mr Dolphin:** Yes.

[*Supplementary Information No A6.*]

**Hon SALLY TALBOT:** Can you go down into the division level because we were just hearing that there are some positions not filled there?

**Mr Dolphin:** Yes.

**Hon SALLY TALBOT:** Thank you. Can you also indicate—this may be part of the same question—how many Tourism WA personnel have left Tourism WA since 1 January 2016?

**Mr Dolphin:** Yes, we can supply that as well. I do not have it to hand.

**Hon SALLY TALBOT:** Across those various divisions?

**The CHAIR:** We will make that as part of A6.

**Hon SALLY TALBOT:** My last question is: did you allocate free tickets for the Margaret River Gourmet Escape this year?

**Hon ALYSSA HAYDEN:** I do not know; did we? I am not going.

**Mr Dolphin:** For the 2015–16 year?

**Hon SALLY TALBOT:** Yes.

**Mr Dolphin:** Free tickets, no.

**Hon SALLY TALBOT:** Were there no free tickets at all?

**Mr Dolphin:** Not free tickets; there are those that come within the allocation of the sponsorship agreement.

**Hon SALLY TALBOT:** Aha!

**Mr Dolphin:** So there is no —

**Hon SALLY TALBOT:** How many were in the sponsorship agreement?

**Mr Dolphin:** We will have to revert back to you on that.

**Hon ALYSSA HAYDEN:** We will have to find that, but what I can assure you is, Tourism WA allocate them appropriately and as they need to, to enhance events.

**Mr Dolphin:** There is a clear and transparent policy.

**Hon ALYSSA HAYDEN:** The new Healthway's legislation copied that to make sure it was transparent.

**Hon SALLY TALBOT:** If you could give us the details of how that worked this year?

**Mr Dolphin:** There is a clear policy about it.

*[Supplementary Information No A7.]*

**Hon HELEN MORTON:** I am aware that the board used to have a representative from Perth Racing on it and when that person resigned, the person who replaced them did not have an association with Perth Racing, which is fine. I am also aware, when I look through the pages of your annual report, that you have event tourism around soccer, tennis, golf, surfing, Ironman, mountain bike-riding and fashion festivals et cetera. Has Tourism WA considered the potential for event tourism associated with Perth racing carnivals?

**Mr Dolphin:** Yes, we have.

**Hon ALYSSA HAYDEN:** But first of all, just about the board; the board is decided by the chair, as you obviously are aware, then with the tick-off of the minister.

**Mr Dolphin:** To your question, yes, we have had a number of approaches over the years from Perth Racing. They have been assessed through our clear and open transparent criteria with which we assess events, which seeks what they will deliver in either visitation or media broadcast, and they were deemed not to meet the criteria that was requested against the funding.

**Hon HELEN MORTON:** Can you indicate in what way they did not meet the criteria?

**Mr Dolphin:** They —

**Hon ALYSSA HAYDEN:** You cannot talk about the individual applications.

**Mr Dolphin:** I cannot talk about the individuals, but our criteria are based on: Will they drive increased visitation to the state, internationally or nationally? Or will they drive significant national or international media exposure? That element is obviously looked at and compared to the level of the funding request to see what sort of level of return would be generated for that sort of request.

**Hon HELEN MORTON:** Have you also been approached or has anybody considered the potential for event tourism associated with the Magic Millions yearling sales in February?

**Mr Dolphin:** To my knowledge, we have not been approached about that.

**Hon HELEN MORTON:** Okay, I guess that kind of covers what I am asking then because I really wanted to understand Tourism WA's attitude towards cooperative marketing with Perth Racing and other horse racing in WA.

**Hon ALYSSA HAYDEN:** I am happy to answer that. A lot of events get put forward through to Tourism WA. They all have to meet the same criteria and it is regardless of where it comes from or what the actual type of event is. They have to be able to do the return on selling Western Australia either through media or they have to be able to bring in the visitor numbers that are going to do the visitor spend that is going to be worthy of the money that they are asking for. If they are asking for

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a high amount of money and are not able to deliver on those KPIs then they will not get the funding regardless of where it comes from.

**Mr Dolphin:** But we do support, for example, the Inter Dominion cup, which is going to be competing in Bunbury as well as Perth. That case stacked up to be supported for the returns and the criteria that we have to operate under; the case of funding against that stood up.

**Hon HELEN MORTON:** So the trotting will bring in more interstate visitors and give better whatever it is you said —

**Hon ALYSSA HAYDEN:** Media coverage.

**Hon HELEN MORTON:** — than what thoroughbred racing would?

**Hon ALYSSA HAYDEN:** It is against the amount of money they are asking for.

**Hon HELEN MORTON:** Okay.

**Hon PETER KATSAMBANIS:** Can I just follow up?

**Hon ALANNA CLOHESY:** Just on that one, can I just —

**The CHAIR:** Hang on, members!

**Hon HELEN MORTON:** There are a few people who would want to follow up on that.

**The CHAIR:** We can follow up on that. We will start with Hon Alanna Clohesy then we will move to Hon Peter Katsambanis on this topic.

**Hon ALANNA CLOHESY:** Does the agency have program development officers that work with organisations to help them understand how they might secure funding and whether their ask is too big, too little or not appropriate, as other funding agencies do?

**Mr Dolphin:** Do you mean just in the event space?

**Hon ALANNA CLOHESY:** Yes.

**Mr Dolphin:** Yes. We have a development team of individuals. We also have three clear sets of guidelines and criteria. It depends on the type of event that you are looking to propose for funding—whether it is a major event, a major regional event or what we call the regional event schemes, which is a smaller, grant-based program. That is different to the other two in that the other two are predominantly around sponsorship activities, large-scale sponsorships and therefore with key returns sought out of them and milestones attached to everything. The regional events scheme is more about a community vibrancy activity. On our website, there are clear guidelines in terms of what the criteria for application are, when the grants window is open and how it is assessed.

[3.10 pm]

**Hon ALANNA CLOHESY:** So I am thinking more proactively. For example, do development officers look at an application and say, “This has got potential” or “This organisation more generally has got potential, doesn’t quite crack it on the guidelines, let’s go and work with them to see how we can develop that”?

**Hon ALYSSA HAYDEN:** Without naming obviously the events, they have actually worked with a number of individual events, especially if they have actually got the funding the first time, to help them even understand how to collect the information and the KPIs and all that to then reapply to show that they did hit their target so they can try to get another event funding for the following year. They work with them on that. They actually help them to set up a proper structure and so forth. They meet. The events division actually meet with the people who want in to also put an event application forward, sit down and have a discussion and talk to them.

**Hon ALANNA CLOHESY:** Did they meet with Perth Racing?

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**Mr Dolphin:** I met with Perth Racing myself four years ago. That was the first meeting. I think we have had two meetings since then.

**Hon ALANNA CLOHESY:** So three meetings in four years, but nothing about the development of projects?

**Mr Dolphin:** As I say, ultimately, a proposal has to address the key things that we require, which is driving visitation or driving large-scale exposure—one of those two—and it is then set against the quantum of what they are asking for. Those are the key underlying principles of what we work to.

**Hon PETER KATSAMBANIS:** Just on that Inter Dominion and the fact that it is an identifiable, discrete event that can travel—I put the word “travel” in inverted commas in that case—from state to state or internationally as well, with New Zealand having hosted it on at least two occasions that I know of, are there any similar events in horseracing that can be targeted for travel to Perth to help grow the racing scene in Perth in the same way that the Inter Dominion was as a discrete event that we can attract from other places to here in the traditional horseracing rather than the harness racing space?

**Mr Dolphin:** I think one of the bigger challenges, as we understand it has been explained to us, is actually getting a quality field from either the east coast or internationally in large enough numbers at a time outside of the traditional sort of spring racing carnival periods happening now. To be able to run an event which would do enough to entice a large enough field of a quality field is probably one of the biggest challenges, I understand, for the organisers to stage. That is the whole underpinning, because, on its own, simply putting on a horseracing event with a larger prize fund, or putting on any event with a larger prize fund, will not necessarily drive all the key factors that we need to assess against, that we need to fund against, to justify putting support into an event. A lot of those activities will primarily be supported by local visitation, which, as we mentioned earlier, is important if they are travelling from a distance, because we can track them. But the large volume, the larger value, is generally out of international or interstate visitation. It is the quality of field that underpins a lot of the activity.

**Hon PETER KATSAMBANIS:** And sometimes quality of field comes with the prize money; sometimes it does not. Looking at a brand like Magic Millions and the way that that operates, is there any intention to look at them again, because I know they have put their toe in the Perth space in the past?

**Mr Dolphin:** I can only say it is up to them. We have never had a proposal that I know of.

**Hon PETER KATSAMBANIS:** So you have never had a proposal from Magic Millions from either a sales perspective or a racing perspective?

**Mr Dolphin:** That I am aware of, no. I stand to be corrected, but off the top of my head, no, I am not aware of any proposal that has come to us. Again, we would always assess feasibility and all those visitation factors based on assessment of other similar events, locations and what would those events do. It would go through a rigorous process.

**Hon ALYSSA HAYDEN:** It also depends on the demand and what other applications are in.

**Hon PETER KATSAMBANIS:** Sure. I will let them sell their benefits.

**Hon HELEN MORTON:** Are you aware of the packages that are put together by both Sydney and Melbourne in Western Australia to get Western Australians to go to Sydney and Melbourne for their various races and the association that they have with their local tourism organisations, including in Queensland around the Magic Millions? I am just interested in whether you are aware of that.

**Mr Dolphin:** Very aware. To get back to my point earlier, the issue is what have we got that is going to attract them, because those events are existing events with substantial history and pedigree. The Melbourne Cup is established; it is an event that you are going to go to. The Magic Millions is

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an established event. We do not have that in the horseracing space at this time, and it is linked to factors such as quality of field and the like, exposure, TV coverage and so on.

**The CHAIR:** Just on page 18, on the dot point “One of China’s most popular television shows”, about halfway down you refer to the advertising equivalent value, or AEV. Can you explain the concept of an AEV?

**Mr Dolphin:** Advertising equivalent value is the equivalent that a network or a channel would be selling its advertising at. So, for the equivalent of a minute’s exposure, a minute’s advertising buy in a TV schedule, that is the equivalent that is calculated out the exposure to be worth that is gained through a program such as *Where Are We Going, Dad?*, which was the program you were referring to in China.

**The CHAIR:** Then going to page 27, on KPI 5, I see you had a target of \$196 million and you achieved an actual of \$139.4 million. One of the reasons given is that you have changed the way that you actually calculate that. One is advertising or equivalent rates and you say if comparable rates were used, the target would have been achieved. Why have you used two different rates to calculate that? Why not just stick to one rate so we know what is going on?

**Ms Belford:** Tourism WA has not changed the rates. It is a research company that provides this information and as the world is changing, and it is changing rapidly in this whole media space, those rates are being changed across all of their clients. They have actually changed those rates based on a whole range of factors, so we have to apply those rates for our media equivalents.

**Mr Dolphin:** We sought to have the rates that we applied maintained to the results, but we had to discuss with the Office of the Auditor General, who did not agree. They agreed that the process had changed halfway through so we should report on results as they saw them. If we had kept to the same criteria, we would have exceeded that KPI by \$196 million—if we had kept to that original criteria. But because it was changed to meet the new criteria, we failed to meet that KPI.

**The CHAIR:** It is all in the accounting.

**Mr Dolphin:** Yes.

**The CHAIR:** I have one last question. Just on the Hopman Cup, at note 18 on page 52 you refer to the Hopman Cup receivable of \$116 000 in 2015 and zero this year. The explanation for that is that you have basically removed the profit-share arrangements. Why were those profit-share arrangements removed?

**Mr Dolphin:** I can talk to this. This is a change in the structure of the contractual relationship between the state and previously the International Tennis Federation; it was the contractual agreement. The change shifted over to Tennis Australia as being our contracted party in that. The relationship with the International Tennis Federation was a historical one—it went back 25 years—and the profit-share element was a part of that. From discussions with both the ITF and Tennis Australia, we took on certain advantages; for example, we no longer put an underwrite into the event. We previously were taking an underwrite position many years ago, which is why we were getting a profit share out of it. In the current agreement that we now have with Tennis Australia, the state does not underwrite the event; therefore, the need for a profit share is no longer required. It is a change of contract.

**The CHAIR:** So you have taken the risk out of it.

**Hon ALYSSA HAYDEN:** That is right.

**Mr Dolphin:** Yes.

**The CHAIR:** On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which highlights the questions taken on notice, together with any additional questions, in writing after Wednesday, 9 November 2016. Responses to these

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questions will be requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible beforehand. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these to the committee clerk at the close of the hearing. Once again, I thank you for your attendance today. I remind members that the deadline for submitting additional questions is 12.00 pm—midday—on Tuesday, 8 November 2016, as stated in paragraph 8.2 of the procedure policy. Thank you very much.

**Hearing concluded at 3.20 pm**

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