

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

2015/16 ANNUAL REPORT HEARINGS – QUESTIONS TAKEN ON NOTICE AND ADDITIONAL QUESTIONS

Western Australian Tourism Commission (trading as Tourism Western Australia)

Hon Alanna Clohesy MLC asked:

1) Pages 18-20 of the Report deal with ‘Agency Performance’ and reveal many successful south-east Asian and Chinese projects.

a) Are the markets of south-east Asia and China part of the ‘refreshing’ of the *State Government Strategy for Tourism in Western Australia 2020* you refer to at page 16?

Answer:

Yes. South East Asia and China are reflected in the refresh of the *State Government Strategy for Tourism in Western Australia 2020* (Tourism 2020 Strategy).

The Tourism 2020 Strategy was originally released in 2012 and the 2016 refresh seeks to refine the focus of government and industry on six key areas to achieve the 2020 goal of increasing the value of tourism to \$12 billion.

The refreshed Tourism 2020 Strategy acknowledges that while marketing investment across a balanced portfolio of markets is required, Western Australia has a unique opportunity to accelerate visitation from China, Singapore, Malaysia and Indonesia.

b) What initiatives do you have in mind for marketing in Europe and other continents?

Answer:

Tourism Western Australia promotes Western Australia as an extraordinary holiday destination in 10 key international markets - United Kingdom, Germany, Switzerland, New Zealand, Singapore, Malaysia, Indonesia, United States of America, China and Japan.

To continue to drive visitation from core markets of Germany, Switzerland and the United Kingdom, Tourism Western Australia will invest in a documentary series with well-known presenter on the BBC network, Neil Oliver. Additionally, Tourism Western Australia is undertaking global marketing campaigns with STA Travel, Expedia and Tripadvisor which will feature heavily with content produced from Just Another Day in WA assets.

Whilst marketing activities undertaken in each location are market specific, they all include a mix of cooperative marketing campaigns in partnership with Tourism Australia, international airlines (e.g. Qantas Airways, Jetstar Airways, Emirates, Etihad Airways, Singapore Airlines, Air New Zealand, Garuda Indonesia and China Southern Airlines) and travel wholesalers; familiarisation visits to Western Australia for both the travel trade and media; destination training for the travel trade; PR/media related activities; and attendance at tourism trade shows and roadshows.

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2. Noting the major achievements in 2015-16 on page 22, how do you measure the success of ‘event tourism’? Have there been any failures of event tourism?

Answer:

Tourism Western Australia commissions independent research to be conducted during selected sponsored events to measure:

- Economic Impact - the amount of money that enters the Western Australian or a regional economy as a direct result of hosting an event. This measure is based on the estimated average daily spend of international, interstate and out-of-region visitors to an event.
- Media Impact – the dollar value of Western Australian tourism imagery, verbal mentions and branding that is incorporated into media coverage of an event broadcast in key Tourism Western Australia domestic and international markets. Currently, media impact of events is measured in terms of estimated advertising value of TV and online broadcast, as well as the value of domestic peripheral media (e.g. press etc.).
- Social Impact – for some events, the generation of community vibrancy, community pride and participation are also considered a measure of success.

Tourism Western Australia does not consider that any of the events sponsored in 2015-16 failed to deliver acceptable tourism outcomes for the State.

3. You state at page 28 that one significant issue impacting your agency is international and interstate visitor expenditure decreasing over the past year. How are you responding to this issue?

Answer:

In order for Tourism Western Australia to achieve the State Government goal of \$12 billion in visitor spending by 2020 there are a number of challenges to be addressed; the current growth in visitor spend has been driven by intrastate leisure and business travel, and whilst visitation from international and interstate markets has increased, visitor expenditure from both these source markets has decreased. There is a need to offset a decline in business visitation and increase spend from leisure visitors from interstate and international markets.

- At the heart of Tourism Western Australia’s efforts to build tourism demand for the State is marketing and the tourism marketing campaign – Just Another Day in WA – marks a fundamental shift in the way Tourism Western Australia will promote the State as a holiday destination. Key to this change is a focus on personal story telling about the wealth of experiences that can be enjoyed on any given day in Western Australia.

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- To increase demand out of the interstate and international markets, Tourism Western Australia will continue to invest in consumer direct marketing, using Just Another Day in WA advertising assets in media from October to June in the domestic market, and across relevant international markets.
- The production of new advertising assets for Just Another Day in WA continues with films for Perth, the Coral Coast and the Kimberley to be used in the campaign in February. Overall, this campaign is an integrated communications strategy that uses public relations, digital distribution and social media, and content to reach and educate consumers on Western Australia as a holiday and leisure destination.
- Within international and interstate markets Tourism Western Australia invests jointly with highly recognised travel distributors in cooperative marketing campaigns to advertise Western Australian travel offers. This is a key strategy that works in conjunction with brand advertising to drive conversion and yield for the Western Australian tourism industry. This strategy also allows Tourism Western Australia to reach new and large audiences using the available budget allocation.

In responding to these issues, six years into the Tourism 2020 Strategy, and with significant investment across the State, Tourism Western Australia's Strategy refresh has refined government and industry focus on the below six key areas:

- **Leisure visitation from key Asian markets**
An opportunity to accelerate consumer demand from China, Singapore, Malaysia and Indonesia. Future entry into other growth markets is also under consideration.
- **Visitation through Events**
Continuing to support a diverse range of sporting, arts, cultural and culinary events throughout the State. Events give people a time-critical reason to visit Western Australia and encourage locals to travel around the State. They also add vibrancy, particularly to regional areas, attract valuable national and international media coverage, and provide a significant boost to the local economy.
- **Business events and incentives**
Whilst continuing to target the Associations sector and grow Western Australia's share of the business events market, there is an opportunity for the Perth Convention Bureau to broaden its focus and target the corporate and incentives market.
- **International student numbers**
Recognising the strong link between the international student sector and tourism, where for every international student there are 1.49 (Tourism Research Australia – Year End March 2016) visiting friends and relatives over the period of study, Tourism Western Australia will work closely with the Department of Education Services and StudyPerth to support with direct activity (where appropriate) the newly developed *International Education Strategy for Western Australia*.

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- **Signature event**
Development of a new annual signature cultural event that has the ability to extend into regional areas and encourage dispersal over time is underway. The event will be unique to Western Australia, seeking to amplify the State's natural assets with a focus on incorporating the stories and people of Western Australia.
- **The right message to the right audience**
At the heart of Tourism Western Australia's efforts to build tourism demand for the State is marketing using the 'Just Another Day in WA' campaign with a focus on personal story-telling about the wealth of experiences that can be enjoyed on any given day in Western Australia. It is designed to bring to life the natural beauty of Western Australia and present it in a way that has maximum appeal across both the domestic and key international markets.

Tourism Western Australia has also commenced work to reposition Perth through an alliance with Australian Hotels Association Western Australia, City of Perth, Department of Education Services, Experience Perth, Metropolitan Redevelopment Authority, Perth Convention Bureau, StudyPerth and Tourism Council Western Australia. Currently known as Destination Perth Marketing Partnership, this project will see the development of a common brand and imagery for Perth to align marketing activity by alliance members to build the Perth brand.

4. On page 26, explain the underspend variance of \$3.8 million.
 - a) What were the circumstances of delays in the *Royalties for Regions* underspending funded events?

Answer:

Approximately \$2 million in Royalties for Regions Regional Events Program funding was not utilised due to a number of events no longer being sponsored (including the regional component of the BHP Billiton Aquatic Super Series, Mandurah Action Sports Games, Country Cups and the North West Festival). The funding could not be reallocated because of the extensive lead time required to evaluate new event opportunities and obtain approval for event sponsorships through Royalties for Regions.

Tourism Western Australia provides consistent advice to regional event proponents that funding proposals are assessed on a case-by-case basis and must be submitted at least 12 months prior to the date of the event. A rigorous event assessment and approval process is conducted by Tourism WA's Events Division and the Department of Regional Development.

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b) What initiatives suffered as a result?

Answer:

Tourism WA is working to establish an Events Strategy in the State's north. This involves actively working to assist communities to develop and establish a new event/events to profile their region and work to drive additional visitation in non-peak periods.

5. With respect to KPI: 5 *Direct media impact of major event sponsorship* on page 27, explain the 'actual' versus 'target' variance.

Answer:

The target for *direct media impact of major event sponsorship* for 2015-16 was set using advertising equivalent rates available at the time. During 2015-16 advice from Tourism Western Australia's media measurement provider, Repucom (now Nielsen Sports), indicated the applied advertising equivalent rate had decreased as a result of changes to the media landscape and viewer consumption of event broadcasts. Applying the revised advertising equivalent rate resulted in the variance of the actual versus the target.

6. Noting the Auditor General has, at page 29, delivered an unqualified audit of your financial statements, have you had any other feedback from the Auditor General regarding your agencies financial and performance reporting in the current annual reporting period?

Answer:

Tourism Western Australia has been notified by the Office of the Auditor General (OAG) that it has been recognised as a best practice agency in the OAG's annual report on audits for 2015-16. The recognition is for timeliness in financial reporting, good financial controls and reporting practices.

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7. With respect to ‘*Other Revenue*’ in the Statement of Comprehensive Income, Note 15 on page 51 unbundles that into 4 different items. One item is ‘miscellaneous revenue’ but it amounts to more than the other 3 (industry contributions, travel agents’ commission and foreign exchange gains) put together.

a) What constitutes ‘miscellaneous revenue’?

Answer:

For 2015-16, miscellaneous revenue mainly comprised:

- an increase (gain) in Tourism Western Australia’s share of the Australian Tourism Data Warehouse (all state tourism organisations have a share in this body);
- fees paid by third parties in the tourism industry to participate in trade and market events (e.g. China Travel Mission);
- a refund of prior year variable outgoings on the head office accommodation lease; and
- contributions by executive staff towards the Government Vehicle Scheme.

b) Why has ‘*Other Revenue*’ dropped from \$1,475,000 in 2015 to \$681,000 in 2016?

Answer:

The decrease in Other Revenue from 2015 to 2016 is largely the result of:

- third party contributions received for the V8 Supercars event that was subsequently passed on to the event holder as sponsorship. This arrangement ceased after the 2015 event and Tourism Western Australia no longer receives the third party contribution; and
- a higher refund received in 2015 for variable outgoings on the head office accommodation lease in relation to payments made in 2014.

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Hon Dr Sally Talbot MLC asked:

- 1) How many FTE is Tourism Western Australia funded for?

Answer:

As at 9 November 2016, Tourism Western Australia's approved FTE cap is 98.8.

- 2) What is the total allocated budget funding for destination marketing and events for each of the financial years 2015/16, 2016/17, 2017/18 and 2018/19? (answers should be around \$77m, \$80m, \$75m and \$55m)

Answer:

Inclusive of corporate overheads, the budget for destination marketing and events is:

Year	Destination Marketing \$'000	Event Tourism \$'000	Total \$'000
2015-16	45.213	30.541	75.754
2016-17	46.551	31.933	78.484
2017-18	34.894	42.478	77.372
2018-19	38.794	34.345	73.139

It should be noted that the Event Tourism budget includes funding for Perth Stadium events (2016-17: \$0.55m; 2017-18: \$13.42m; 2018-19: \$5m).