

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

BUDGET STATEMENTS

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 17 AUGUST 2009**

SESSION ONE

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 2.18 pm

BUCKLAND, MRS STEPHANIE

**Executive Director, Marketing, Tourism Western Australia,
sworn and examined:**

DAWSON, MRS LAURA

**Strategic and Corporate Planner, Tourism Western Australia,
sworn and examined:**

LOWE, MR DAVID

**Acting Executive Director, Corporate and Business Services, Tourism Western Australia,
sworn and examined:**

MUIRHEAD, MR RICHARD

**Chief Executive Officer, Tourism Western Australia
sworn and examined:**

VAN OORAN, MR DAVID

**Executive Director, Eventscorp, Tourism Western Australia,
sworn and examined:**

The CHAIR: Good afternoon. Firstly, on behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Before we begin, I must ask you to take either the oath or affirmation. We have copies of the bible available for those who would like to take the oath. We have adopted the practice of swearing in everybody together. Would anyone like to avail themselves of a bible?

Mr Muirhead: I am happy to do the affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: Could you please state your full name and the capacity in which you appear before the committee.

Mr Van Ooran: David Van Ooran, Executive Director from Eventscorp, a division of Tourism Western Australia.

Mrs Dawson: Laura Dawson, Strategic and Corporate Planner from WA tourism commission.

Mr Muirhead: Richard Muirhead, Chief Executive Officer, Western Australian tourism commission, trading as Tourism WA.

Mrs Buckland: Stephanie Buckland, Executive Director of Marketing with the WATC.

Mr Lowe: David Lowe, Executive Director, Corporate and Business Services, Western Australian tourism commission.

The CHAIR: Thank you very much. You will have signed a document entitled "Information for Witnesses": have you read and understood this document?

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and to assist Hansard, could you please quote the full title of any document that you may refer to during the course of the hearing. Please be aware of the microphones and try to speak directly into them. I remind you that your transcript will become a matter for the public record. 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. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that premature publication or disclosure of the uncorrected transcript may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The committee values that assistance.

Members, it would greatly assist Hansard if when referring to budget statements, you please give the volume, page number, item, program and amount in preface to your questions.

Members, I might simply ask if anybody has a question.

Hon LJILJANNA RAVLICH: Thank you, Madam Chair. I think that I will direct my question to you, Mr Muirhead. I really want to go to—I think it is volume 2 that we are dealing with—page 394 and the second dot point, which is in relation to the Carmody report that looked at the impact of the global financial crisis on the state's tourism industry. I want to ask you a question in relation to the latest ABS data concerning short-term arrivals on holidays. I am looking at the last quarter and these ABS statistics are as at June 2009. The statistics show that in terms of short-term arrivals on holiday, over 243 000 overseas visitors arrived in Western Australia in the year ending June 2008. More than 62 000 overseas visitors arrived in the March quarter to 2009. That was a 4.5 per cent drop on the same time last year. When we compare this to the departures, we actually see that in the March quarter to 2009, over 89 000 Western Australians departed and that represented an eight per cent increase for that same period. I guess the first question that I put to you is: what does that say about the government's campaign to holiday in WA, given that we have twice as many people leaving the state for short-term holidays than we have coming into the state for the purpose of holidaying?

[2.20 pm]

Mr Muirhead: Thank you. Can I just seek some clarification? You said the ABS figures. Are they the passport arrivals and passport departures, as opposed to the National Visitor Survey and the International Visitor Survey?

Hon LJILJANNA RAVLICH: I cannot clarify that. They were basically the ABS statistics indicators as at June 2009. I have not got that information, but if you have the answers to both of them —

Hon PHILIP GARDINER: She is good!

Mr Muirhead: I think you mentioned a figure 243 000 arrivals for June —

Hon LJILJANNA RAVLICH: Yes, for Western Australia for the year ending June 2008.

Mr Muirhead: I am just struggling to reconcile those figures because I think the international visitors—I am quoting now from the International Visitor Survey statistics—that we show as of the last measure, which was the year ending March 2009, and I think these figures are different from the ABS figures. We had 674 200 international visitor arrivals. I have not got the ABS figures in front of me, which normally refer to—the executive director will pick me up if I am wrong—the

foreign passport arrivals returning here. However, the figures do not seem correct because we know we are at over two-thirds of a million international arrivals coming in.

Hon LJILJANNA RAVLICH: The data presented shows that more than 62 000 overseas visitors—you would assume that they would have a passport—arrived in the March quarter 2009. That was a 4.5 per cent drop over the same quarter last year. The departures leaving the country was 89 000, which represented an increase of almost eight per cent over the same quarter last year.

Mr Muirhead: I understand that. I suppose my problem is that if it is only Western Australian airport arrivals, it does not represent the international visitors coming to the state, so I cannot —

Hon LJILJANNA RAVLICH: Can you take that one on —

Mr Muirhead: Let me comment on the other point that you raised; that is, the high number of Western Australians still departing the state. Certainly, we know that as a result of getting access to low-cost carriers coming in, we also have low-cost carriers going out. Western Australians have been increasing—in fact, all Australians have been increasing—their outbound travel over the past five years, really. A very major study done nationally, called “Domesticate”, has been trying to identify the reasons for this. Certainly, we have seen a decline in all domestic tourism, including in Western Australia, over the past about 10 years actually. That is one of the trends that we are trying to change with our “Holiday at Home” campaign and the “No Leave, No Life” campaign, so it is one of the areas we are trying to focus on. We do have to accept that when we get a low-cost carrier in, it will carry Western Australians out. Given the expenditure level differences between an international visitor and a domestic visitor, we are not happy to trade one-for-one, but we accept some loss for the gain we get from an international visitor because he or she spends more than a domestic visitor.

Hon LJILJANNA RAVLICH: How concerned are you about this downward trend that has occurred over the past 10 years in intrastate travel?

Mr Muirhead: We are extremely concerned about intrastate travel. Intrastate travel is still a major component of our visitors. For example, if you look at the visitor statistics in the year ending March 2009—again, I am now referring to the National Visitor Survey and the International Visitor Survey—intrastate visitors spend around \$2.1 billion in the state, international visitors spend around \$1.7 billion and interstate visitors spend around \$900 million, so intrastate is still the most important. It is still the largest volume of expenditure, though per capita it spends less than the other two visitor types, but we are putting significant effort into that through the regional tourism organisations and through some additional marketing that we have been doing in the past nine months to try to arrest some of this flow. Until then, we were leaving it to the regional tourism organisations, which we fund to the level of \$3.25 million a year, to do the intrastate work, but now we are in that space as well.

Hon LJILJANNA RAVLICH: Following on from that, a lot of people, for example, small businesses—even tourism operators are small businesses—directly rely on tourist spend whether it be from within the state or people travelling from interstate or international visitors; they are very, very reliant on this. From my point of view, there needs to be some mechanism by which Tourism WA really needs to have a finger on the pulse in terms of what is happening in not only tourism, but also those industries that rely on the tourism sector. I understand that the minister has set up some sort of round-table arrangement —

Mr Muirhead: That is correct.

Hon LJILJANNA RAVLICH: Can you give us an idea of who is on that round table, how often that round table meets and whether it in fact generates concrete ideas or ways of finding some of the solutions to address this decline in activity?

[2.30 pm]

Mr Muirhead: The round table consists of a number of people. I will let the committee know which groups are on it, and I am happy to give their names: the five regional tourist organisations are on it; the CEOs or chairs of various associations are on it, including from Tourism Council Western Australia, the WA branch of the Australian Tourism Export Council, the Australian Hotels Association, the Restaurant and Catering Industry Association of WA, the Western Australian Indigenous Tourism Operators Committee, the Caravan Industry Association, the Chamber of Commerce and Industry, and the Visitor Centre Association of WA; and we also have a number of tourism wholesalers that are commercial operators and a number of airline operators, such as Qantas and Skywest, and the Westralia Airports Corporation. That is the group. In answer to the member's earlier question, we have been meeting monthly. I can give the member a list of the names, and happy to table that list, if necessary.

The CHAIR: I will ask you to table that document. That will cause no problem being a public document?

Mr Muirhead: No, that is fine.

The CHAIR: Thank you.

Mr Muirhead: We had been meeting monthly. The objectives of the group are to monitor what is going on. What we have been doing comes back to another of the member's questions. We have been collecting a range of information. One of the problems of tourism data is that it is often hindsight-looking and it is dated in collection. We have been triangulating a number of pieces of information, and we produce a document titled "The health of the WA tourism industry", which is presented at each of those monthly meetings. It contains information such as the latest industry forecasts from the Tourism Forecasting Council. We are measuring general consumer confidence using the various studies that are conducted by the consulting group, Roy Morgan Research Services. We do our own measures of consumer travel intention, which are done on a rolling basis in Melbourne and Sydney, two of our major domestic markets. We also monitor industry sentiment on things like business conditions—this comes back to the point of the member's question—and we ask the views of a group of cluster organisations on how business conditions are changing, what changes to staff will be, and their view on new business investments. We are also monitoring hotel occupancy using the AHA's figures. We are also looking at using a company called Global STR, which has a more accurate measure of that. We are also measuring hotel yield over a period of time on a group of tourist attractions in WA. They monitor and tell us whether growth is up or down.

Hon LJILJANNA RAVLICH: Is it possible, Mr Muirhead, for you to table that document?

Mr Muirhead: I do not see why not.

Mrs Buckland: That should be fine.

Mr Muirhead: The only things I cannot table, because this is not an official document, are some of the views from our regional managers, which are at the back of this, but I can table the data. I am happy. That group is there to monitor and evaluate the health of the state's tourism industry, to discuss strategies to mitigate the impacts of the downturn—which comes back to the member's point—to monitor and consider the strategies of other tourism destinations and what they are doing, and to provide feedback to our board and to the minister through that committee as to other things that we should be doing. We share our strategies with the committee and monitor what is going on.

At the last meeting, which was in July, the committee decided, because of the way things were going, that we only needed to meet fortnightly. It was not our call; it was the call of the other members. We will be meeting bi-monthly but they are still getting the information on a monthly basis.

Hon LJILJANNA RAVLICH: They will be meeting fortnightly from now on?

Mr Muirhead: No bi-monthly—every two months. They pulled the meetings back.

Hon LJILJANNA RAVLICH: Is that an indication that things are improving?

Mr Muirhead: I will cross out from this document what I do not consider to be a public part of this document and hand it over for copying.

The CHAIR: Thank you very much.

Mr Muirhead: Recently the meeting of the Tourism Ministers' Council was held in Western Australia. That is a meeting of all the state and territory ministers and the federal minister. Without exception, I think everybody's view was that we have not been hit as hard as we thought we would be by the global financial crisis. When one compares our tourism figures—I will provide the committee with some quite interesting figures—with some other destinations, we have seen other countries get hit a lot harder. For example, in the year to February, northern Europe has seen a decline of 11 per cent, north-east Asia has seen a 10 per cent decline, and the Middle East has seen a decline of 13 per cent. The view was that the H1N1 virus had a greater impact than the global financial crisis. We are concerned about the way things are going, but it has not been as severe as people had anticipated. The Carmody report forecast a downturn, probably not till June-July, and in fairness we probably did not see that. If one looks around the state, the effect is very mixed. The north west has been going extremely strongly with tourism and leisure visitors, while the south west has been having a hard time. It is mixed in terms of regional impacts as well.

Hon LIZ BEHJAT: Following on a little from Hon Ljiljanna Ravlich, I refer to volume 2 of the *Budget Statements*, page 395, and in particular the fourth bullet point, which reads —

Delivering on the marketing promise through product quality and value for money ... The labour shortage in the tourism industry, which has had a negative effect on service quality, is expected to ease as a result of the global financial crisis but skill shortages will continue to impact.

Do you have any consultations in place with training and skilling up Western Australians to participate in the tourism and hospitality industry? For instance, in a previous life I lived in Tasmania and skill sets for people who work in hospitality seemed to be a lot higher there than in Western Australia, for instance, in the restaurant industry. What programs do you have in place for training?

Mr Muirhead: We have been doing quite a lot on that. Obviously it was exacerbated during the final period of the boom. In terms of labour supply, that is no longer such an issue, but the skills supply issue has not gone away. The industry acknowledges that while suddenly it can get more waiters and back-of-house and that type of staff, the skilled people are still hard to come by. We have been working with a number of players, including TAFEs and other vocational education trainers, and we have kicked off a number of initiatives, including the career advice initiative that included funding for regional industry career advisers who work with schools. We had hotel groups, like the Broadwater group, adopting a school to try to get kids into tourism quite early.

Hon LIZ BEHJAT: How long ago was that?

Mr Muirhead: I do not have the timing on that; it was over the past 12 months I think. We also work with the AHA and Tourism Council WA to build up programs for skills training.

Hon LIZ BEHJAT: Is there any evidence to suggest that the children who participated in the program you ran with Broadwater decided to take up hospitality and tourism?

Mr Muirhead: I do not have information to that effect in front of me, and the person who has responsibility for that was not able to be here today. I can try.

Hon LIZ BEHJAT: Would you be able to supply this information?

Mr Muirhead: Yes.

[*Supplementary Information No 1.*]

Hon LIZ BEHJAT: It would be interesting to see what the follow-on has been with that sort of program, how long the program lasted and if there has been a take-up rate. I would appreciate information on those sorts of things.

Mr Muirhead: To be clear, that is to provide any information on some of those programs on whether there has been an increase in the skills side as opposed to labour supply; is that correct?

Hon LIZ BEHJAT: That would be great.

[Supplementary Information No 2.]

Hon LIZ BEHJAT: I have one other question in a different area. The second bullet point on page 395 reads —

Tourism WA's public relations activities in the first nine months of 2008-09 generated \$53 million worth of media coverage ... 17 events were hosted by Tourism WA."

It then refers to a round figure of 920 000 spectators. Is there anywhere we can ascertain what those 17 events were?

What was the revenue for each of those events and what media coverage was there for each of those events? We could then have a look at the success of each of those events. Are you able to provide that information?

[2.40 pm]

Mr Muirhead: I think we can. It is probably easier to provide that information as supplementary. For most of those events, though not all, we actually survey and collect the number of spectators; others, we have to estimate. We can identify where it is actually research collected so it is quantitative as opposed to our estimates. The media is also collected through—I cannot remember the name of the company —

Mr Van Ooran: They are called Repucom now; previously Media Monitors.

Mr Muirhead: On those 17 events, we can certainly provide some information.

Hon LIZ BEHJAT: The success of these events—do you gauge that on the number of visitors that attend each event or the return on investment, or how do you do that?

Mr Muirhead: It is an interesting question. We have always looked at, firstly, the economic return and the media impact. The economic return is only measured on additional visitors to the state who came because of the event. It is quite a tough measure. It is not people who happen to be visiting—it is not locals. They do not count in terms of additional economic return. It is only people that actually came to the state for or because of the event.

If I take the Surf Life Saving Championships, obviously a competitor would count but also members of a competitor's family who came along to watch would count. But a backpacker who was here, who happened to be down at Scarborough and watched it, would not count as additional leverage. That is how we measure the economic impact, and that is surveyed.

The media impact is quite specifically measured. We measure the branded media that we get so you can recognise either it is Scarborough or Perth, or Western Australia. We get a dollar value put on that. A success factor for us is not really how many local people go to the event, but what has been recognised in the last 12 months is really the value of these events to the community of Western Australia. We are starting to do some measures as to what value the community thinks the events are to the community.

David, do you want to talk about a couple of the measures that we have done, if the committee is interested? We are now looking at that.

Mr Van Ooran: We have been exploring the last 12 months the social impact, and working together with Market Equity—now Synovate—on trying to understand the social impacts, the

positive impacts that events have on the community. We have surveyed the Aussie Surf Life Saving Championships, the ironman event down in Busselton, the Red Bull Air Race and also an art exhibition at the gallery as well, to understand what the benefits are from these events. Interestingly, it measures things like community pride, volunteerism, health benefits from participation, participation uptakes—all those types of things. It is quite fascinating that the Busselton ironman, for example, brings in, on all three performance indicators, if you like, the economic impact is very strong—\$6 million in the local economy from visitors to the state. The media impact is very strong as well with a one-hour TV broadcast that goes out nationally and internationally showcasing that wonderful place down south on the Geographe Bay. We know that there are big, big groups of people in the Busselton south west region who work—there are 2 200 volunteers on this event, who work for months out and through the event as well. That is a very positive event.

Hon LYNN MacLAREN: On that question about the Red Bull event and how you have measured the impact there. On page 393 of the *Budget Statements* it mentions the Red Bull Air Race under the category of “Other”. The amount of \$1.8 million was allocated this year, and \$2.16 million and \$2.56 million allocated in the next two forward years. Could you articulate what, if any, income is generated for the state?

Mr Van Ooran: Yes. Red Bull is quite a unique one as well in that it delivers on all three measures. The economic impact—that is, the visitors that come in specifically for the event—is around the 12 000 mark, bringing close to \$12 million into the state in new expenditure.

Hon LYNN MacLAREN: Does the government recoup any of the spending, because it spends quite a bit?

Mr Van Ooran: It is not a ticketed event per se so there is no ability to profit-share or get a slice of the action, so to speak. The value to the state is that new expenditure coming in—the \$12 million worth—plus again that media impact, which is the showcasing of the city, the Swan River, the postcards that we place in the broadcast to promote the state. We know that around 340 000 Australians viewed the event; that one-hour broadcast last year. Equally, it goes out much broader as well.

Hon LYNN MacLAREN: In measuring those broader impacts, have you looked at the airborne pollution, the carbon emissions and the fuel usage for that particular event?

Mr Van Ooran: We have done some preliminary work looking into the environmental impacts, if you like, of the event. They are not formalised or not concrete; it is very anecdotal. But we know that an aircraft, when it takes off and gets itself ready and actually races and returns to the airport, uses only eight litres of fuel. So they are very fuel efficient and it is a very short duration. Similarly, the “smoke oil” they call it, which is emitted from the back of the aircraft for visual purposes, is very much environmentally friendly and has no detrimental effect on the environment as well. It dissolves very much so.

Hon LYNN MacLAREN: It is just the carbon emissions then that you would be interested in?

Mr Van Ooran: It is. There are some companies beginning to develop themselves to look at the carbon footprints from events and other businesses. There are some pretty innovative studies going on. A group has just been recruited to do a very comprehensive study into the ISAF Sailing World Championships in 2011. They are called Carbon Conscious. They will be looking at the emissions for visitors travelling to the event whilst they are here and leaving, and also the energy used to conduct the event as well. That will be a fascinating study.

Hon LYNN MacLAREN: That should be interesting. Is the government looking at all at trying to offset that equation? If you had a tourism event which was a particularly high emitter of carbon emissions, would you look at offsetting?

Mr Muirhead: If I can respond to that one because it goes a little bit beyond the events where David has responsibility. At the moment we are not; however, having said that, at the Australian

Tourism Expo, which we held here in 2008—which is the largest tourism trade show in the southern hemisphere and we had it the second time in 2008—we did run that as a carbon neutral event. We had a group—I cannot remember who it was—somebody actually assessed what the generation of the event was in terms of carbon. We offset that by, I am not sure how but it was paid into an acceptable fund. I think Qantas may have helped us with that because Qantas is a sponsor. Qantas is actually doing things now, like running climate change conferences for the tourism industry. It has a high awareness of its own carbon footprint obviously and trying to offset that through other activities. In terms of an event, it is not one of the things that we have got at the moment that we are focusing on.

Hon LYNN MacLAREN: As a general policy, you are not looking at offsetting.

Mr Muirhead: No.

Mr Van Ooran: I might be able to add one further thing. We have a new event partner for a major music festival in October. It is called the One Movement Festival. One of the partners behind that event is Sunset Events—a local group who run the West Coast Blues ‘n’ Roots in Fremantle, in the southbound region. It is a very large event down in Busselton. They have also been exploring some interesting carbon offsetting programs. People who are purchasing tickets to West Coast Blues ‘n’ Roots can also buy credits against tree planting to offset their emissions as well. We will be working with them in future, too, about what we can do for the One Movement Festival.

Hon LYNN MacLAREN: Very innovative. On page 394, the first dot point under “Significant Issues Impacting the Agency”, it refers to the number of jobs as 80 000 jobs and \$7 billion that is injected into the WA economy. Could you specify how many tourism industry jobs are currently generated in A-class reserves in Western Australia?

Mr Muirhead: The short answer is I think not. The only work I am aware of that has been done is we assessed the economic impact of one of the national parks, or Department of Environment and Conservation did, some years ago. I cannot remember but I think it may have been the Cape Range National Park adjacent to Ningaloo Reef. They did an assessment of the economic impact of that park on the region. I think I am correct, but that is the only work I am aware of that has actually looked at that. I could not answer the other question as to how many are in A-class reserves.

[2.50 pm]

The CHAIR: You might need to pursue that with the Department of Environment and Conservation.

Mr Muirhead: Yes, they could have that report. I think it is publicly available.

Hon LYNN MacLAREN: They might know the tourism value of A-class reserves?

Mr Muirhead: Yes.

Hon LYNN MacLAREN: What is the anticipated impact on tourism in Broome and the Kimberley if the Woodside gas hub is allowed to proceed?

Mr Muirhead: There has been a tourism impact study that is coming to a completion, done by a company call KDD, up in the Kimberley. That report is, as I said, reaching finalisation. They have been doing both quantitative and qualitative analysis. It is not yet completed; it is within, probably, weeks of being completed. We are doing an assessment not only of the likely impacts, but also on what type of mitigation would be necessary if there were to be a gas processing operation on James Price Point. I think the work has been done specifically to James Price Point and other impacts of that on Broome and the Kimberley.

Hon LYNN MacLAREN: Was the Tourism Commission involved in that consultation?

Mr Muirhead: Yes. We were part of the early task force which identified the site. As part of a social impact study, one part of that was the tourism component. We were funded by the Department of State Development to commission the research to have that done.

Hon LYNN MacLAREN: Great.

Mr Muirhead: We were involved in commissioning the terms of reference and drafting those to make sure that it met a lot of the key issues from our point of view around tourism.

Hon LYNN MacLAREN: Did you consult with the local tourism industry there? How were they consulted in that process?

Mr Muirhead: I can answer that reasonably specifically: as part of their data gathering, apart from looking at right around the world at desk research, they did qualitative research with 14 different clusters of different groups of people right through the Kimberley, from hotel operators to Indigenous tour operators, including oil and gas operators. There were also quantitative surveys—I cannot give you the number—of both operators and people who live there, of visitors to the region and visitors leaving the region. There was a lot of local consultation. They are a locally based consultant, based in Broome.

Hon LYNN MacLAREN: How many ecotourism operations are in the Kimberley region, and how were they consulted?

Mr Muirhead: How are you defining an ecotourism operator, because most of them are?

Hon LYNN MacLAREN: That is a whole other page of questions. Do you have a definition for ecotourism?

Mr Muirhead: Do we? Probably. I am not sure that we have one that we use that is any different to the national one, if there is one.; I have not got the specifics with me now. Again, I would have to find out what definition we use for an ecotourism operator. I can say they were consulted; there were ecotours up there that were consulted. They were part of those cluster groups that I mentioned that were consulted.

The CHAIR: Did you want to take any of that on notice? The definition might be useful.

Mr Muirhead: I will see if I can find the definition of ecotourism operator that we use, if there is one.

Hon LYNN MacLAREN: That would be great. Thank you.

[Supplementary Information No 3]

The CHAIR: Mr Muirhead, I wonder whether it is possible to provide the committee with a copy of that report when it is finalised.

Mr Muirhead: That would be fine; no problems at all.

Hon KEN TRAVERS: I wanted to go to the service summary on page 394. That page has listings for event tourism, and it shows, basically, as similar amount for this year as to last year. It jumps to \$24 million, and then declines after that to \$20 million, and then to \$18 million. Are you able to tell me how many events you have locked in currently for each of the financial years 2009-10, 2010-11, 2011-12 and 2012-13?

Mr Van Ooran: I do not have those out years with me. I actually have up to 2009-10, and as we are today, that sits at 17 in 2009-10. I do not have future years beyond that with me at the moment.

Hon KEN TRAVERS: That is the same as 2008?

Mr Van Ooran: Very similar to 2008, yes.

Hon KEN TRAVERS: Are there changes in the types of events between 2008-09 and 2009-10?

Mr Van Ooran: Yes, there are some changes. For example, 2008-09 was the last year of the Australian Surf Life Saving Championships. In fact, we are bringing on some big ones shortly, but we also had the Johnny Walker Classic in 2008-9; they were two very major events. In comparison, in 2009-10, as I mentioned before, we had the first major music event, the One Movement music festival for Perth; a new event. That will be annual. We also have the Indian Rim Asian University Games coming up late this year, and the ITU World Long Distance Triathlon Championships, to name a few.

Mr Muirhead: Do you want to mention the extra two arts and cultural events we have got there?

Mr Van Ooran: Yes. We have been working a lot to diversify the calendar of events each year away from pretty much purely sporting events, to looking at arts and cultural events and other non-sporting events. We have seen that grow in recent years as well, from as much as one arts and cultural event in 2006-07, to in 2009-10 we are planning on hosting six. This is part of a strategy to not just focus on securing large-scale international events that are exposed to ever-increasing rights fees, but look at those events that we have in our backyard that have development potential, and provide them with the support to take the step up and grow their national and international profile. An event such as Sculpture by the Sea, at Cottesloe, was a wonderful event this year that 140 000 people attended. Our funding enabled that to go for an extra week and grow the amount of sculptors and bring in some pretty world-class sculptors.

Hon KEN TRAVERS: How many people did you get into Western Australia as a result of that?

Mr Van Ooran: We are just finalising a government impact study now, so I have not got the answer as we speak, but of the 140 000 total attendance estimated, 5 800 people were surveyed who said they were from interstate or overseas. Whether they came specifically for the event is a question we are finding out, but that is Sculpture by the Sea. The media impact, too, for that event was pretty profound as well, with images going on the CNN website home page, as well as the *Daily Telegraph* in London featured the event. That is quite a strong local event.

Fremantle's Street Arts Festival had similar attendance levels over Easter. We have the Revelation film festival in July, which has just finished, which was an extraordinary event, and the Perth Fashion Festival is just around the corner as well. Personally, I am looking forward to Photo Freo, which is coming up early next year. That is a biannual photographic exhibition that some of you might be familiar with.

Mr Muirhead: One of the things about the arts and cultural events are that we made it separate funding so that the events did not compete with sporting events. You made a good point about how many people it did attract to the state. It is much harder for arts and cultural events to attract people to travel internationally or interstate, and so we could not use the same measures. Ironically, though, the people who run Sculpture by the Sea at Cottesloe are the same people who run Sculpture by the Sea at Bondi, and they have just completed a Sculpture by the Sea in a town called Aarhus in Denmark. A lot of the sculptures from Western Australia exhibited in that, and I think they are talking about a turnaround visit now to come back. We never anticipated that type of interaction happening at all, but because Sculpture by the Sea has gotten bigger and longer its fame is spreading, they are getting more work internationally. I think we will see, now, some visitors start to come for that event. But certainly it is not something that we see as a prime driver of their ability to get the funding like it is for, say, sporting events.

Hon KEN TRAVERS: What is the prime driver now then?

Mr Muirhead: Getting visitation or getting media coverage is a key one. Local participation is more important in arts and cultural events.

Hon KEN TRAVERS: Why would the Tourism Commission be worried about local participation? Surely that is an issue for Department of Culture and the Arts, not the Western Australian Tourism Commission.

Mr Muirhead: It is also about building on our unique strengths in Western Australia, so Sculpture by the Sea is not something that can be replicated everywhere because we have Cottesloe. Photo Freo is a small event that has grown; it is becoming one of the largest photographic—it has some unique status. We see that you can actually build those things so that they get on the calendar. You could say that One Movement Perth is an arts and cultural event that will have significant international and interstate visitation coming to that by the nature of the bands and the trade buyers and the rest of it. There is a crossover, but we were finding that the calendar was getting totally focused on sport and did not have the diversity. Our own tourism product has a lot of that diversity in it.

[3.00 pm]

Hon KEN TRAVERS: Surely from a tourism point of view the driver should be the visitation and the marketing of Western Australia as a visitor destination, should it not?

Mr Muirhead: We also have responsibility for assisting to build the tourism experience when people are here, and we think that going to those types of events adds to that experience for people; hence one of the conditions we put on Sculpture by the Sea was to extend it to two weeks, not just a short window.

Mr Van Ooran: To three weeks.

Mr Muirhead: Three weeks, not just the shorter period.

Hon KEN TRAVERS: Can I get you to maybe take on notice, then, the number of events you have got locked in and what they are for this year? As to what they were for last year, I think in answer to one of the earlier questions you may already be providing that, with a breakdown of what the benefits were for each of those. For each of the out years 2010-11, 2011-12 and 2012-13, what is the amount of money you have allocated to those existing events that are already locked in and how much you have in terms of these budget figures of page 394; how much is available, for want of a better term, for discretionary expenditure on events yet to get locked in and committed to?

Mr Muirhead: We did give the figure for the current year. There are 17 events locked in.

Hon KEN TRAVERS: I want a list of them and what they are.

Mr Muirhead: They are actually on the events calendar on the website, or we can furnish them.

[*Supplementary Information No 4.*]

Mr Van Ooran: Would you like included the list of regional scheme funded events as well throughout Western Australia?

Hon KEN TRAVERS: Yes.

Hon LIZ BEHJAT: The information that you provided to the committee about the 17 events in the breakdown; can I confirm that the One Movement for Music Festival, Sculptures by the Sea and the Fremantle Street Arts Festival are part of those 17 events? If that information is not, can that also be provided?

Mr Muirhead: They are.

Hon KEN TRAVERS: Aren't they about this year rather than last year?

Mr Muirhead: The Sculpture by the Sea was the last financial year.

Hon KEN TRAVERS: But the One Movement is this year.

Mr Muirhead: It is this year, so it will be in the 17 for this year.

Hon KEN TRAVERS: You will not have the benefits of it yet, will you; you might have your estimated benefits?

Mr Muirhead: No, correct.

Hon LYNN MacLAREN: Following on the question about regional tourism, I was just wondering—this is another consultation with other departments question—are you aware of any royalties for regions funds that are going to be spent on regional tourism?

Mr Muirhead: On tourism per se, yes, I am, and I have not got the list here. We have done an analysis of the royalties for regions funds that have been allocated. There are a number on both events and others. We have done an analysis of what we think. It ranges from things like the Fairbridge Village redevelopment stage 7, which we would see as having tourism implications, right through to the CowParade at Margaret River, which did get additional funding. We are putting some funding into that through our regional events scheme, but that also got additional funding. So there is a significant list of things here that we believe are —

Hon LYNN MacLAREN: Those are on top of the amount that Ken was talking about on page 393.

Mr Muirhead: Correct.

Hon LYNN MacLAREN: It is an additional amount spent on regional tourism, which is coming out of royalties for regions funding.

Mr Muirhead: Correct.

The CHAIR: Mr Muirhead, is it possible to table that document?

Mr Muirhead: I do not see any reason why not.

The CHAIR: Obviously, you have just seen it, so you might want to consider that.

Mr Muirhead: If I can just consider it to make sure.

The CHAIR: If you could let us know when we finish if we could have a copy of that?

Mr Muirhead: Yes.

Hon KEN TRAVERS: Just to continue with that, in the \$24 million in 2010-11, what is the reason for the additional \$4 million?

Mr Van Ooran: That is directly attributable to the ISAF Sailing World Championships to be held in that year. There is a \$4 million-plus figure to be expended on that event, which is to be held in December 2011.

Hon KEN TRAVERS: In the past it used to be that you would basically develop up an event, take it to cabinet, then get cabinet approval and the funding allocated, rather than having funding existing in the budget unallocated to events.

Mr Muirhead: Correct.

Hon KEN TRAVERS: Is that still the process?

Mr Muirhead: It is still very much the process. We have always had a small amount in our budget, which could be for smaller events, and we still do have some smaller amount of funding; for example, part of the funding that supports the Red Bull Air Race is recurrent funding in our budget, not all of it. There was the funding that was in the Red Bull Air Race as supplementary. When we finish our contract with the Red Bull Air Race that will return to it, but by and large, we will have to go back to supplementary funding for new major events.

Hon KEN TRAVERS: Have you received any instructions from Treasury about the availability of funding for major events in out years?

Mr Muirhead: No—but when you say instructions?

Hon KEN TRAVERS: Whether it will be available or it will not be available.

Mr Muirhead: No, we have had no advice as to either. What we know is what is in the forward estimates.

Hon KEN TRAVERS: But most of that will be allocated to existing committed events more.

Mr Muirhead: When Red Bull eventually terminates; there is about \$2.8 million of the Red Bull funding that is recurrent, so at this stage I assume it will stay in our budget going forward.

Hon KEN TRAVERS: Just on events, in terms of events like rugby where we have got the Springboks-Australia test match coming up this year, which will be the first time we have them for quite a while —

Mr Muirhead: Last year.

Mr Van Ooran: Last year they played. Australia won last year; they beat the Springboks.

Hon KEN TRAVERS: How are seats at Subiaco stadium allocated? Does Tourism get a set of seats for international tourism? If international tourists want a seat, how do they get allocated a seat?

Mr Muirhead: We do not have any that we can distribute to international tourists. Those would be ones that people would get through —

Mr Van Ooran: Yes, the Australian Rugby Union have travel packages, and we know from our independent research that last year close to 1 200 South Africans came into Perth specifically for that event and more than 2 000 people came in from the east coast of Australia, so more than 3 000 visitors to the state came in specifically for that event, and they spent just over \$3 million.

Hon KEN TRAVERS: Do you have any idea of what the unmet demand in that area was?

Mr Van Ooran: It was a sell-out, but I do not know the exact demand.

Hon KEN TRAVERS: Do you do any research on how many tickets you could have sold at an event like that to South Africans and eastern States people to come to the game?

Mr Muirhead: No.

Hon KEN TRAVERS: When you have an event like that, is there any requirement for seats to be made available for international and interstate tourists ahead of the domestic population?

Mr Van Ooran: We usually do when there is high demand. The Ashes in 2006 is another good example where we knew that could pretty well be swamped by the local market, and we made sure that there was provision allocation, again of a figure, from the top of my head, around about the 3 000-seat mark, to be sold in England to the cricket enthusiasts.

Hon KEN TRAVERS: Commonly call the barmy army.

Mr Van Ooran: The barmy army, and they came in their thousands, if you recall. Where there is very high demand and capacity is full, and I guess that is really coming down to rugby and cricket, we do ensure there is, but in terms of what the demand was over and above, I do not have that with me.

Mr Muirhead: We have not made a requirement with the rugby, other than the ARU does its own marketing of internationally and state seats acceptance rates.

Mr Van Ooran: That is right, yes. They will sell packages.

Hon KEN TRAVERS: I am just trying to work out what impact not having a bigger stadium in Western Australia has on our ability to maximise the benefits of the events that we are funding through the events tourism. Have we got any idea of what that is?

Mr Muirhead: No. I suppose the Langoulant report might show the outcomes of that.

Hon LJILJANNA RAVLICH: I refer to page 395 and the development within the industry and delays due to complexities in approval processes. I understand from a response to a question I asked through the house that there was been a review of tourism accommodation development, which is

now complete. That was conducted by Sinclair Knight Merz for \$110 000. Can you tell me when that report will be finalised?

Mr Muirhead: Yes. Firstly, I think you are referring to the report done by Jones Lang LaSalle.

Hon LJILJANNA RAVLICH: Yes, sorry.

[3.10 pm]

Mr Muirhead: That was commissioned by a subcommittee of the Tourism WA board, the quality tourism committee, which also seconded on some other people, particularly out of the tourism development side.

That report is almost complete—not completed so far as the consultants have completed their job. The report has been accepted by the subcommittee, from memory, and is going to the board at this next board meeting and from there recommendations will be made to the minister.

Hon LJILJANNA RAVLICH: Does the fact that it was initiated by the subcommittee mean that it still has to be approved by the minister for release or can the subcommittee make that release?

Mr Muirhead: I think that the subcommittee—dredging my memory now; it was not that long ago—agreed that the report itself would be able to be released because it is a report done by Jones Lang LaSalle. We do not accept all the recommendations in the report, nor does the subcommittee. I think it will be released relatively shortly. I think the current view is that it did not have to wait. But it was going to go to the board on the last Friday in August, being 28 August. I imagine the board will make a decision as to whether it is prepared to release the report.

Hon LJILJANNA RAVLICH: You will be aware that the accommodation side of the tourism industry is finding it difficult to secure finance in order to fund their projects. They argue that there are a number of reasons that it is hard for them to secure finance. I do not want to reveal the name of this person who quoted the following in relation to these sorts of problems —

There is a very real problem with financing the tourism product throughout the state if you are restricted to short stay.

So short stay is clearly a problem for them. It continues —

Most banks will only finance 50 per cent of such projects, which makes them completely unviable. There is also a very real frustration in the industry with the machinations of Tourism WA objecting to many project proposals, even though local governments and WAPC support them, and this is occurring statewide.

First of all, why is there such an objection from Tourism WA in respect of strata titling and mixed use as it applies to tourism?

Mr Muirhead: Firstly, we have no objection to strata titling. We recognise it as a valid way of funding. Secondly, I want to make a point. There is a misconception in parts of industry about what we do. The tourism task force under the previous government made very clear recommendations about what it wanted to do with tourism, particularly development. It put down policy sets around the amount of permanent residential versus short-stay accommodation in tourism-zoned land. It also put down policies with respect to the length of stay that people could stay in a short-stay place. My staff at Tourism WA have been administering that policy, as a government policy. When people say that we stand on the hose, we deliver the policy of government. That policy may or may not be reviewed. If it is reviewed, we will deliver that policy. We have done a review in respect of that for that committee. We looked at how many times we had objected to things, but they always relate to what the policy set should determine we do. We are a referral agency in that context. The WA Planning Commission and local governments may refer issues to us to get expert input on tourism. There are some schools of thought that say that on tourism land a developer should be able to build 100 per cent permanent residential. I suppose I personally find it hard to imagine that, given it is tourism-zoned land. The review that you referred to earlier certainly looked at those issues and there

is commentary on those issues. But I would like to make it really clear that my staff deliver the policy of government; they do not set their own view for or against. We are probably one of the greatest proponents of new tourism accommodation. We certainly have a major shortage of it in Perth as well as in the Pilbara in the north west and parts of the Kimberley and certainly in some of the other areas where people want to visit our natural assets. We would like to see more accommodation in those assets.

Hon LJILJANNA RAVLICH: The supply side is very important. The people I meet from the accommodation side of the industry have an expectation that you, as the director general, who also is interested in the supply side of the tourism accommodation product, will take up some of the issues on their behalf in relation to development and, I guess, find a solution or assist them to find solutions to the challenges they face. Do you not think that saying, "It is not really in my bailiwick and I only follow the government policy of the day" is sort of letting them down a little bit?

Mr Muirhead: I was saying that the staff who make comment on a particular application at the current time comment on the basis of the government's policy. With respect to the review of that policy, we have put forward our views. I think I have a responsibility to consider whether the policy in that environment could be changed in a way to encourage investment. That is something that is separate to the approvals that have been going through.

Hon LJILJANNA RAVLICH: I take it that the issues that I have just read out are not new; you have heard of them before?

Mr Muirhead: Absolutely. They are the issues that have been addressed by the Jones Lang LaSalle report. They have been talking to industry players and banks about it.

Hon LJILJANNA RAVLICH: What have you done as the director general to assist this sector of the industry to find an appropriate outcome to some of the challenges they face? Is there a working group that you have set up with the planning department?

Mr Muirhead: The board set up a subcommittee of the board, chaired by Trish Ridsdale, one of the board members. It is an existing committee but it has been charged with doing that review and having a look at the issues that the industry raised. That subcommittee pulled in other people, including property developers who had raised this issue with us. There are representatives from the Tourism Council Western Australia and the Urban Development Institute. That subcommittee, which we set up and funded, commissioned a review from Jones Lang LaSalle. That review is what they have taken on board and they are making recommendations to tourism. It has been an ongoing body of work now probably for the past six months. The review is almost completed. That is the review I referred to that may be able to be released before all the machinations are completed. The review in itself has a lot of interesting material that the developers will find useful. Does that answer your question?

Hon LJILJANNA RAVLICH: It sort of does.

Mr Muirhead: I am not sure what else you would expect the chief executive or DG to do.

Hon LJILJANNA RAVLICH: I guess I would feel more comfortable knowing a working group between your agency and the Department of Planning, for example, had been set up to look at the issues in relation to the issue of mixed-use residential and tourism accommodation. Generally, I think tourists want to have an experience where the tourists are not corralled together and all the locals are somewhere else. They want to get a sense of what it is like to live with a community. I think the question of short-stay accommodation needs to be addressed. Certainly, challenges with issues such as making sure that there is appropriate infrastructure leading to tourism destinations so to speak need to be met. I think the accommodation side of the industry has some legitimate gripes.

Mr Muirhead: To give you some comfort, the Department of Planning sits on that committee. The department is waiting on the recommendations to feed into its review of the Tourism Planning

Taskforce so that it can reconsider that policy. The loop is closed; they are just waiting on this report to come in.

Hon KEN TRAVERS: You need to build in standards for noise attenuation if you get too much residential and tourism together.

Hon LIZ BEHJAT: I am not familiar with the Jones Lang LaSalle report. Can you clarify for me the review of tourist accommodation development? Is that on just new development or on existing development as well? What were the terms of reference?

Mr Muirhead: It is primarily looking at new development or redevelopment of existing accommodation—development issues around approvals, funding, the nature of the approvals and what criteria must be met.

[3.20 pm]

Hon PHILIP GARDINER: I refer to page 396, “Outcomes and Key Effectiveness Indicators”. For those of us who are not in this industry, it is really difficult to find accurate measures of success. Did your department formulate that list of outcomes and key effectiveness indicators or was that done by someone else? This is a Treasury document?

Mr Muirhead: This is a Treasury document! I think that KPIs for a development agency are always interesting. It is always difficult to find KPIs that are fully attributable—that is, where we can say we did X, and Y happened. It is different from running a bus service, where a certain number of passengers will get on and a certain number will get off. Generally speaking, we had some significant input to these. It is difficult to find accurate measures, but I am relatively comfortable with these. I think these key performance measures do provide an indication, and I am comfortable to talk about them if you would like.

Hon PHILIP GARDINER: If you had your druthers to draw this up, what would you add to it? That might be a bit difficult to answer, but I suspect there are a number of things that you could add to this to try to measure whether we are improving and setting ourselves up for tourists coming into the state or moving around the state or whatever.

Mr Muirhead: Tourism is such an all encompassing area that it can be difficult to measure.

Hon PHILIP GARDINER: I understand that. That is my difficulty, too.

Mr Muirhead: In terms of meeting the requirement to have relatively simple measures across our outcome areas, I think these are quite relevant. We also internally have a number of management measures that we use, which may be part of my own performance assessment, or mine of my executive directors. But I think these measures are reasonable in so far as how the government tries to measure at a large scale.

Hon PHILIP GARDINER: Well, I would hope that we could do better than this next year. I think there are probably other measures that you could add. One of the simple ones for me is service quality in restaurants and hotels. I think that over the 20 years from the late 1970s and early 1980s until now, this has changed almost immeasurably for the positive. I would have thought that is the kind of thing that could come from your work, if you like, or the department’s work, in making sure that the standards in these areas increase to make it more attractive for tourists to come to this state. That is just one example.

Mr Muirhead: That is a good point. We have a very global measure on page 396 of visitor satisfaction. That picks that up as an overall measure.

Hon PHILIP GARDINER: Yes, it could do, except that I am always sceptical of having a global measure such as “Percentage of visitors whose expectations were met or exceeded upon visiting Western Australia”—90 per cent. I think most people would say yes, for a range of reasons that might be totally independent of the work that you might be trying to do.

Mr Muirhead: When we collect that data, we actually ask people a lot of information about other things. We do not just ask one question of people, because that would be a wasted opportunity. I will then refer to other management measures that give that information.

Hon PHILIP GARDINER: Okay. I refer to page 394, “Total Cost of Services”. Of the \$61 million spend for cost of services, roughly how much was for grants to events, or whatever, as opposed to getting the word out and getting the people in, which is a direct administrative cost to the department to drive the business?

Mr Muirhead: I understand the question. I do not think we have that information at hand. We would need to provide that as supplementary information. What I think you are asking is: what portion of that is discretionary funding that is spent either on external marketing or external events, or on assisting training outcomes, as opposed to the cost of actually running our internal operations? Is that correct?

Hon PHILIP GARDINER: Yes.

[Supplementary Information No 5.]

Hon PHILIP GARDINER: On the events aspect, I presume you would make a judgement about how many events a community such as Perth can hold at any given time. You go out and get new events, but I presume you have some criteria, because if you have 100 events that are really good, that is probably over-saturation, but if you have five events, that is probably not enough. How many events do you aim to have, or how do you make a judgement about how many events you should get and should spend to get, compared with what the market can sustain?

Mr Muirhead: I will start on that and David may wish to finetune it. Events are often designed to fill in the low times when we do not have a lot of visitors for other reasons. The first thing we do is look at events that fit into either the shoulder or the low season, in whatever part of Western Australia they might be. Obviously there are seasonal implications. I do think there is a level at which having more events is not necessarily beneficial, particularly when our tourism product is not based wholly and solely on events. Our tourism product is clearly based on things other than events as the largest drawcard. It is based on the natural experiences that people get here—and we can talk about those ad nauseam. In terms of finding what the balance is, it also comes down to the appetite of the government of the day to fund events, and to having what appears to be a balanced calendar. I think we are fairly close to that now. With our 17 major events, and our regional events program to fill out the regions, I think it is not a bad balance at the current time. I do not know whether David can add to that.

Mr Van Ooran: No, not really. That is pretty much what I was going to say. In terms of tourism as a whole, we look at the breakdown of the divisions and how it is seen fit to generate the best returns, so we have to take all that into consideration. Some other destinations rely more heavily on events because they may not have the other attractions that we have here. For example, Melbourne has been quite a leader and has made a strategic decision to use events to generate visitation, and it has had some pretty good results. Some people think that is because it does not have the rocks and the reefs and the other wonderful things that we have here. Melbourne may have 20 major events and another 15 or 20 second-tier events. Melbourne has a very keen focus on major events development. We are a bit different. Queensland and New South Wales do things differently again. It is quite a dynamic and highly competitive market.

The CHAIR: We will need to finish this hearing at about 25 to four, so if members have any further questions, they may need to submit them.

Hon LYNN MacLAREN: How is the commission ensuring that the impacts of ecotourism do not destroy the long-term sustainability of our wilderness areas and natural resources?

Mr Muirhead: We meet regularly—and indeed have a memorandum of understanding—with the Department of Environment and Conservation, which we partner with in a number of areas. We are

very aware that the nature of our product is what gives us our competitive advantage, and that to cause harm to that would harm our natural attractions in terms of bringing in visitors. Therefore, we always look at what we can do to make a light footprint. We appreciate that we will have to limit tourism in certain areas. For example, several years ago we did a capacity study of the Gibb River Road to understand visitors' impressions and whether they felt that the number of people on that road was affecting their experience, and also whether it was having an environmental outcome on the attractions alongside the Gibb. We have done similar studies of the East Kimberley cruising industry, which has been growing very strongly. We think there may be a point at which someone will have to put a lid on that. We do not know that yet, and we are trying to understand that. It is an area where we are grappling in the dark a bit, because every experience is different. If we look at Cradle Mountain Walk in Tasmania, for example, they have had to put some limitations on that. They started by putting limitations on when people could do the walk—people had to book. They then changed it so that people could walk only one way on the track, to limit not just the number of visitors on the track, but also the environmental impact.

[3.30 pm]

We are very conscious of it. In certain areas we are doing studies to try to understand more about it and we rely very heavily on the Department of Environment and Conservation to assist us and lead us through the path and make sure things we do in protected areas are not having a significant negative impact on the environment. Undoubtedly, everything that you do has some impact, and we understand that, but it is about whether that impact has been properly managed.

Hon LYNN MacLAREN: Is it mainly on an ad hoc basis, rather than having a consistent measuring tool across the industry?

Mr Muirhead: I am not aware of a consistent qualitative or even quantitative measuring tool to do it. I suppose we rely on the advice of our government colleagues, who we assume know a lot more and understand that better than we do—and they are fairly rigorous in their application—to make sure that what we are supporting and promoting is not having a significant negative impact on the environment.

Hon LYNN MacLAREN: So do you wait until there is a warning sign, and then act?

Mr Muirhead: I would like to think that, in areas like the Gibb River Road—there were no warning signs; we went out off our own bat to understand that impact. In the east Kimberley cruising industry, we went out off our own bat to understand that. We talked to the industry and said we were going to do it, and got its support to do it, because we had to talk to their passengers, obviously. I think we are doing more than that, but it is a fairly new area, from what we understand globally. It is not an area in which there is a wealth of work to draw on, and we have limited resources.

Hon LJILJANNA RAVLICH: Given the time, I will not have an opportunity to ask all the questions I wanted to, so I will have to put some on notice. I would like to get an update on the top 10 tourism infrastructure priorities. You might remember that you produced a report some time back, and I am just wondering whether it is possible to get an update on that.

Mr Muirhead: Which report was that?

Hon LJILJANNA RAVLICH: It looks something like this.

The CHAIR: It was a sheet of A4, with some writing on it!

Hon LJILJANNA RAVLICH: It included, for example, the budget planning horizon for one to five years; regulation of air routes to key tourism locations, and so on. I can give you a copy of it.

Mr Muirhead: If you can give us a lead on it, I can then respond.

Hon LJILJANNA RAVLICH: I can give you this document.

The CHAIR: Perhaps the member could provide a copy of the report, and the witness can respond by way of supplementary information.

Mr Muirhead: The question asked for an update on that report.

Hon LJILJANNA RAVLICH: Yes, it is just an update.

[Supplementary Information No 6.]

Hon KEN TRAVERS: I want to refer back to page 394 of the *Budget Statements*, and the reduction in the destination marketing budget of \$10 million between this financial year and the next financial year. Can you explain to me what impact that will have, and where you will make the \$10 million savings?

Mr Muirhead: The reductions will come about as a result of the fact that the \$5.7 million additional marketing funding is not in the forward estimates. This year we currently have an exemption from the media, marketing and advertising reductions that were imposed across the government. We do not have that exemption for next year; that is covered in the budget papers. A reallocation of \$2.3 million from other areas within the agency into marketing was done this year by the board specifically to deal with the impact of the global financial crisis, with a recognition that, unless we kept the tourists coming this year, there may not be a tourism industry to build next year, and so there was a reallocation of \$2.3 million into that. Adding those three items together—at this stage that \$2.3 million reverts to the other areas it came from, which was industry development, events and executive services. The other funds are not in the out years.

Hon KEN TRAVERS: Yes, but in 2007-08 and 2008-09 it has been around \$27 million or \$28 million, and you are going to drop by \$10 million. What impact will that have on your ability to do your job?

Mr Muirhead: There will be a reduction in activity, clearly.

Hon KEN TRAVERS: In what areas? Is it purely in terms of the interstate and international marketing—buying advertisements?

Mr Muirhead: That is a decision we would have to make in conjunction with the board and, I would imagine, the government as well.

Hon KEN TRAVERS: Maybe Hon Philip Gardiner's question was half the answer, in how much of the destination marketing area is fixed costs, in terms of staff and other such costs, and how much is discretionary in terms of actual marketing budget. My experience is that the industry wants to see the colour of your money on how many advertisements you are running outside of Western Australia, and how many joint marketing programs you are running outside of Western Australia, or in Western Australia for domestic tourism.

Mr Muirhead: I think we will obviously have to make priorities to deal with it. We have a number of areas where things might look like fixed costs, but they are not necessarily. That sounds strange, but overseas offices, for example, are things that we have the option to maintain or to do differently. They are decisions that we will make as we get closer to that time, and understand how the global financial crisis has panned out and what is going on in terms of tourism, and make the call then. It would be premature for me to estimate how we will adjust our activities for that.

Hon KEN TRAVERS: Do you know how much you currently spend on advertising, in terms of direct marketing, both tactical and brand?

Mrs Buckland: This year our marketing activity budget is around \$15 million.

Hon KEN TRAVERS: Is that all destination marketing?

Mrs Buckland: Yes.

Mr Muirhead: That includes the PR activity, where you bring in media to go away and write about things, and straight out media buying advertising.

Hon KEN TRAVERS: So, once you take out \$10 million, there is not much left, is there?

Mr Muirhead: Well, there is \$5 million, I suppose.

Hon KEN TRAVERS: One third of the current marketing budget will be left after this cut.

Mr Muirhead: There are other changes that we can make. As I said, our overseas office network sits in there.

Hon KEN TRAVERS: Do you envisage redundancies to manage it?

Mr Muirhead: Not at this stage. We have not looked at how to manage it at this stage, so I have not envisaged redundancies, and I have not not envisaged them.

Hon KEN TRAVERS: It is not far away. Can you tell me how much you give to RTOs?

Mr Muirhead: We allocate \$3.25 million.

Hon KEN TRAVERS: Has that been the same for the past couple of years? Is there any intention to change that in the out years?

Mr Muirhead: It has been the same. We have actually just done a review of the regional tourism organisations, and it is pretty well agreed that we are moving forward with that, provided we have the funding from the government to do so.

Hon KEN TRAVERS: Provided you have the funding? How come that does not appear as a controlled grant and subsidy in the budget?

Mr Muirhead: Because it is not. We contract the RTOs to do a body of work for us. It is actually not a grant; it is a contract fee. So they are actually contractors to us. It is not a grant.

Hon LJILJANNA RAVLICH: There is some concern amongst the RTOs that they might have to go to a competitive funding model. Can you guarantee that that will not be the case?

Mr Muirhead: I can never guarantee it will not be the case, but I think it is highly unlikely.

Hon LJILJANNA RAVLICH: Highly, highly, or just —

The CHAIR: How highly?

Hon KEN TRAVERS: Is any of their money competitive?

Mr Muirhead: I think we have actually written to them and advised that that is not going to happen.

Hon KEN TRAVERS: Is any of their money contestable?

Mr Muirhead: Between them?

Hon KEN TRAVERS: Yes.

Mr Muirhead: No.

Hon PHILIP GARDINER: My constituency of regional Western Australia has most of the people coming to its events from the city, not from overseas. Do you make the allocation of your discretionary funding equally between city and regional events, given that one will probably be getting the audience from within the state, and the others might be trying to get audiences from outside the state as well as from inside?

Mr Muirhead: No. We have a regional event scheme, which is money allocated to the regions, specifically for relatively small regional events, and then we have other major events, and the Iron Man is a good example of that. It goes to Busselton, because that is the best place to hold it. There is no attempt in the way that we look at our events budget to say that it should be a percentage of the whole pool.

Hon PHILIP GARDINER: It cannot be equal, of course, but what criteria do you use when you make the judgement of how much goes to support regional events?

Mr Muirhead: That is a set amount in our regional events scheme.

Mr Van Ooran: We have \$300 000 a year and two rounds a year. That is open to whoever wants to put forward submissions for consideration. Usually around 22 or 23 regional events are supported, from the Ord Valley Muster in Kununurra through to the south west and great southern regions, and in between. We typically have a larger amount of event proposals put forward from the south west area, probably for the obvious reasons of population size, infrastructure and facilities. As Richard mentioned earlier, from the larger major event funding pool, we look for events that can deliver regionally as well, and the Australasian Safari has just been completed. That one, for example, travelled up to Geraldton, across to Sandstone and down to Kalgoorlie over seven days. Another one, of course, is a surfing event in the south west. They largely need to deliver in terms of tourism income from the state. It is kind of relevant to the amount of funding we are putting in for the returns that we like to see.

Hon PHILIP GARDINER: When you get the data back—which Hon Ken Travers talked about also—we will have a look to see what that percentage looks like. Thank you very much.

The CHAIR: Thank you very much, everybody, for your attendance this afternoon. For your information, the unasked questions—the ones that were taken on notice—will be supplied to you in writing, so you can be clear about what the questions were. If members have further questions, could you please provide them to Renae? We will forward them on.

Mr Muirhead: You asked —

The CHAIR: Yes, I am glad you remembered that; I had it on my list.

Mr Muirhead: The problem I have is that this is not our information; we have gleaned it from the royalties for regions report. We have interpreted this as being funding that is beneficial for tourism, but in respect of the fact that it comes from the report, that report is publicly available, so I do not see any reason why the committee cannot see our interpretation of what has gone into tourism.

The CHAIR: Thank you very much. That document is tabled. Again, thank you very much for your attendance.

Hearing concluded at 3.41 pm