

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

**INQUIRY INTO WESTERN AUSTRALIAN TOURISM COMMISSION'S
INVOLVEMENT IN MAJOR TOURISM EVENTS**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 26 SEPTEMBER 2011**

Members

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

Hearing commenced at 1.47 pm

LAMONT, MS KATE

Chairman, Tourism WA, sworn and examined:

WELBORN, MR JOHN

Commissioner, Tourism WA examined:

CEARNS, MR HOWARD

Board Member, Tourism WA, examined:

RIDSDALE, MS TRISH

Commissioner, Tourism WA, examined:

MAZITELLI, MR DAVID

Deputy Chairman, Tourism WA, examined:

The CHAIR: First of all, on behalf of the committee I would like to welcome you to the meeting this afternoon. Before I begin, I am required to ask you to either take an oath or affirmation; if you want to do the oath, there is a copy of the Bible there.

[Witness took the affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood the document?

Ms Lamont: Yes.

The CHAIR: Thank you.

The proceedings this afternoon are being recorded by Hansard, and a copy of your transcript will be made available to you. It would assist the committee and Hansard if you could please quote the full title of any document that you might refer to during the course of the hearing. Please be aware of the microphones and try to talk 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 this afternoon's hearing, 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. This prohibition does not, however, prevent you from discussing in general terms the public evidence given once the hearing is completed.

I might also just explain, because I note we have other witnesses who we will be calling on later, that we have a few questions for you first, Ms Lamont, and then we will bring the other people forward as well. Is there any statement you would like to make?

Ms Lamont: No.

The CHAIR: Thank you very much. I will make a start, and I am sure the others will indicate if they have questions. I wonder if you could tell the committee what the role of the chairman of the board entails?

Ms Lamont: I have been chair since 2006, and I see my role as ensuring that the strategy for the agency is well thought through and implemented, and that the governance of the agency is not only well respected by everybody who works there, but also is applied thoughtfully and prudently.

The CHAIR: Thank you. Does your role as the chairman of the board ever conflict with your role as the Deputy Chairman of Tourism WA, in your view?

Ms Lamont: Deputy Chairman of Tourism Australia?

The CHAIR: Sorry, yes; Tourism Australia.

Ms Lamont: No, I do not believe it does. The reason I do not believe it does, apart from myself being very mindful and having a genuine understanding of fiduciary duty, is that Tourism Australia board is not a state-aligned board, so I do not represent the interests of Western Australia on the Tourism Australia board, which I think is quite misunderstood. My role in Tourism Australia is that I have been appointed as a businessperson with interests in wine and food and tourism, and there is no relevance to me being from Western Australia in that role.

The CHAIR: The committee understands that the chairman is the main point of contact for the agency with the Minister for Tourism; is that correct?

Ms Lamont: Well, the entire board is appointed by the minister. Different ministers have different relationships, I guess, in terms of the way they interact with their entire board. I have served under Bob Kucera when I was on the board and Mark McGowan when I was on board, and then Sheila McHale appointed me chairman. Since the government changed I have worked under Liz Constable and now Kim Hames, and with all of them I have had very cordial relationships, and from time to time, depending on how the ministers wanted it run, I would occasionally attend meetings with the CEO on a semi-regular basis.

The CHAIR: I guess the point is, is it fair to say that you would probably be the first point of contact with the minister, or not necessarily?

Ms Lamont: Not necessarily; different ministers appoint board members who have—to be fair, it is a bit like, I guess, most private sector boards in that people are on the board for their different skill sets. I might suggest to a particular minister, “Look, why don’t you talk to somebody else on the board?” because they know more about a certain subject than I might.

The CHAIR: Did you discuss with the minister any parliamentary questions or a parliamentary discussion that might have come up on the One Movement for Music event? Do you have any memory of that?

Ms Lamont: Not really. Certainly, the only time I ever talked about parliamentary questions, ever, was with Minister Constable when there was a question about whether she had ever been in one of my restaurants or something, and I was like, well —

Hon LIZ BEHJAT: It would be hard to live in Perth and not be in one of your restaurants, I would have thought.

Ms Lamont: Yes. But I do not recall specifically talking about—in general terms, Minister McHale and I talked a lot about One Movement because that was around the time that the decision was being made. So, yes, I certainly talked to Minister Constable and Minister Hames about One Movement, but not in specific terms about specific parliamentary questions. It is kind of not something the board really talked about; that was something that the executive really managed. It was only if it was ever a specific question about the board, which there were; one particular time I remember I was in Carnarvon and there was a phone call about it, yes.

[1.55 pm]

Hon LJILJANNA RAVLICH: I am wondering, Ms Lamont, whether you can advise the committee how the board actually works. In other words, is it a board that takes the initiative and

asks questions or is it a board that is quite passive in some ways? I wonder whether you could give us a bit of an overview about how the board operates and how often it meets.

Ms Lamont: Off the top of my head, I think we have eight formal meetings a year. Occasionally, if there is an important out-of-session decision to be made, we might do a phone hook-up. Of all the boards that I have been on in my reasonable experience, I think we have very robust discussions. I think it is a very honest environment in which, as chairman, I encourage everybody to have their say. I think it does take a lot of initiative. I think that understanding the best way to spend our budget to deliver the best outcomes for the tourism industry is something that this board has been enormously focused on and, I think, after the GFC we recognised that we just simply could not keep doing business in the way that it had necessarily been done, because the world has changed. I think this board has been very proactive about ensuring our budget is spent effectively and prudently, but also thinking very much about the future and what the face of the industry might be into the future.

Hon LJILJANNA RAVLICH: And do you get your agenda papers a few days beforehand and does it, on specific issues, come with a recommendation?

Ms Lamont: Yes and yes.

Hon LJILJANNA RAVLICH: So board members have ample time to go through and read all the papers and consider the recommendations?

Ms Lamont: Yes.

Hon LJILJANNA RAVLICH: Did you or did members of the board ever raise concerns in relation to the One Movement festival?

Ms Lamont: I am not sure what you mean by concerns. We talked about it a bit. We were —

Hon LJILJANNA RAVLICH: So when you talked about it —

Ms Lamont: It was a developmental event. Maybe if I talk a little bit about the strategy for—and certainly my colleagues who will be joining me up here shortly are probably better placed to talk about it than me, or as well placed. However, One Movement was a development event; it was not like the Hopman Cup or even the V8s. It was a developmental event and the strategy was about recognising that we needed WA home-grown events because the cost of events in the last decade has become astronomic in terms of the world sense. So the developing of home-grown events was very important and we were interested in how that event was progressing. Yes, we talked about as much as any other event.

Hon LJILJANNA RAVLICH: And what sorts of things did you talk about?

Ms Lamont: About the concept, the vision, our optimism for it becoming very well known internationally and over a long period of time—we had a view. I note with interest, the fashion festival this year and how much publicity it has generated in the past week. It has been fantastic. That is another example of an event that started very small and has grown over time. There are many examples of those—Cape to Cape and many regional events are like that. So there was an expectation that this event would start small and would grow and would, potentially, become the biggest event of its style in the southern hemisphere.

Hon LJILJANNA RAVLICH: Was information provided to the board in relation to the sorts of returns you might get from the One Movement festival? That is, the tourism and economic impact associated with the inflow of people into the state?

Ms Lamont: Yes. Yes; it was. And it was all part of the feasibility in my memory. Of course, I have read all the documentation again recently. I think it was modest. I think the estimates were modest in terms of—I guess I am just reiterating—we thought it would be a long-term event. It was an event that we thought would take a decade to really hit its straps.

[2.00 pm]

Hon PHILIP GARDINER: I come back to the remarks you made about communication with the ministers, and with Minister McHale. Can you recall what initiated those discussions? Was it the minister just having an update or do you talk to the minister when there is an issue that you think the minister should know about? What initiates those kinds of discussions? Are they infrequent based on need or are they regular? How does that work?

Ms Lamont: As I said, different ministers have different styles. I think I would have met personally with Minister McHale and her chief of staff—I think that was the lady's title—probably quarterly. It would be a general update about what was happening and events as part of what was happening, just like infrastructure and marketing. They were always quite general. I am pretty sure that when I was with Minister McHale, she was also the Minister for Culture and the Arts at that time. There was a broader interest perhaps about arts. I think it is fair to say that Minister Constable was keen for Eventscorp to broaden its focus from just sport, as was Minister McGowan and Minister Hames. There has been a general view that Eventscorp needs to have a broad case—regions and city, sports and art.

Hon PHILIP GARDINER: In terms of the strategy, which is where the discussions were mainly coming with the minister, and governance if there was an issue, but let us say strategy, we all want more visitors coming to Western Australia and that kind of thing. If the minister has heard of some possibility, she would come and talk to you. Did you initiate a discussion with her, apart from a regular update, very often?

Ms Lamont: No, not really. As you would probably know, in our act if a minister wants something, they can direct the board to do certain things. In all my time as chairman, we have never had a written directive. But also in my experience I have never had any conflict with any minister for tourism with regard to the general thrust and strategy of what the board was suggesting we do. I think it is very consultative between the executive and the board. There has been plenty of robust discussion but I never felt there were any times where there has been any significant disagreement or diversity of opinion in that way.

Hon PHILIP GARDINER: I am just trying to get a feel for the relationship that one has. The CEO would have a relationship with the chairman of the board. If there are any surprises, the chairman of the board would want to know before it becomes a surprise.

Ms Lamont: Absolutely.

Hon PHILIP GARDINER: In a sense, your relationship is chairman to chairman, which is a bit of a different relationship. I am trying to get to the nature of that and where the lines of responsibility not begin and end but how it works.

Ms Lamont: At the end of the day, the accountable officer for the agency is the chairman. We are a statutory authority, so it is quite different to a government trading entity or a regular government department. As chairman I take that responsibility very seriously and I know that my board colleagues do too. We understand our role as a ministerially appointed board for a statutory authority. I am trying to answer you honestly but I do not really know what you mean. I have never been directed by a minister to do anything and I have never felt there has been anything but quite civil discussions in quite general terms about the strategy of the agency. Relatively recently we presented a change in the strategic direction of the agency. It was adopted by cabinet. That was implemented. We are currently re-looking at a five-year strategic plan, which is now out in the marketplace. In that sense, the minister is aware of it but I have not seen any serious conflict or concern or anything but two-way discussion.

Hon PHILIP GARDINER: If some event occurred in the commission that was big enough to surprise you, for example, I presume you would talk to the minister about an event of that kind. Is that really delegated down to you as chairman of the board of commissioners and would you deal with it?

Ms Lamont: I cannot think of an example when I have had a bad surprise. I have had some good surprises, positive ones.

Hon PHILIP GARDINER: Or even positive surprises; would you report to the minister?

Ms Lamont: If it was good news. To be honest, I might not. The CEO might just broaden their current general liaison with the minister's office or we might just speak to the minister's adviser and say, "This has happened. It's great. Can you let the minister know?"

Hon KEN TRAVERS: You gave an example of other events that have grown from small events to large events. I think you mentioned Perth Fashion Week as one of them in terms of the publicity that has been generated. Has the Tourism Commission provided money to Perth Fashion Week?

Ms Lamont: Yes.

Hon KEN TRAVERS: Do you know how much, and from the beginning?

Ms Lamont: I think this is either the third or fourth year that we have funded it. We are not the only funders. Off the top of my head, I do not know.

Hon KEN TRAVERS: Maybe we can get that answer by way of a question on notice.

[*Supplementary Information No A1.*]

Hon KEN TRAVERS: As I understand it, part of the issue with Perth Fashion Week, certainly when it was being formed, is that there were industry assistance grants to promote young fashion designers and the like. A range of other programs were interconnected with Fashion Week. It was not solely the festival; it was about promoting and developing the industry. The two went hand in hand. That is my understanding of Fashion Week. I wondered whether the commission was involved with working with, say, the Department of Culture and the Arts on that as a package as opposed to just Fashion Week being a standalone event. Do you know if the commission was involved in working with the Department of Culture and the Arts about a complete package?

Ms Lamont: I think the commission, Culture and the Arts, Sport and Recreation and other relevant government agencies were involved. You probably know from your experience around the tourism portfolio that event proponents usually go to every single government department they can to try to get support and sponsorship.

Hon KEN TRAVERS: And also have wildly inflated claims on what they can achieve!

Ms Lamont: I do not think that is unusual. My colleagues can talk about this much more but we are extremely mindful that our reason for being is to drive tourism outcomes. Other government agencies do not necessarily have those reasons. For example, we have a partnership with the art gallery. That is about doing events or running exhibitions that we genuinely believe will bring visitors from interstate or Asia. That is absolutely what it is about.

Hon KEN TRAVERS: I guess my point in asking those questions is what action might make Perth Fashion Week succeed versus the One Movement Festival? This is only my sense and it always goes back to someone once saying to me that the reason Glasgow became a really hot tourism destination in the UK was because they made it fun for Glaswegians. You have to get it in the first instance and then drive tourism. Sometimes the ability for you to drive an event—I guess that is what I am trying to get to—is whether the success of Fashion Week over, say, One Movement is because you had a whole-of-government package to promote that industry, not just a stand-alone festival, and whether that is something that the commission looks at and works with other agencies on.

Ms Lamont: I would not want to speculate. I am just happy that the Perth Fashion Festival is working.

Hon KEN TRAVERS: We have to learn from what works well.

[2.10 pm]

Ms Lamont: Of course. I am just trying to think of the best way to put this. Ultimately, politicians will determine the way they want events money to be spent, and the election cycle allows for political parties to drive policy, which ultimately flows down to boards and agencies. At the moment, our reason for being is to drive tourism outcomes, so it is about visitation. The Cape to Cape is another good example. I think it started off with only 100 registrations and now there are something like 700. Certainly Ironman Busselton is about having some local participation, because that is part and parcel of it but it is as much about driving tourism, whether it is intrastate, interstate or international, and it is about finding that balance.

Hon KEN TRAVERS: I must say I was the parliamentary secretary when we signed off on the ironman at Busselton and I never believed the figures that we would achieve back in those days.

Ms Lamont: And we did. It is amazingly successful.

Hon KEN TRAVERS: I have done a half ironman since then, so it is amazing what impact it actually has on the community as well.

Ms Lamont: It is interesting. At ATE last year, our Korean office was saying, “Can’t you please make sure we save identifiable spots in that event?”, because there is such interest in Korea. Coming back to that, it takes a long time to build home-grown events and that is the challenge with this.

Hon LJILJANNA RAVLICH: Ms Lamont, you just made the statement that you were happy that the fashion festival went so well. Are you unhappy that One Movement did not go so well, and what lessons does the board take from the One Movement experience?

Ms Lamont: I am disappointed that One Movement has not continued. I think that it was potentially a very good event for Western Australia that would have—I do not believe there may not be further opportunities for that kind of event into the future. But it was well-thought-out and well-researched event and potentially an event that we could own and would grow. So I am disappointed that it was unable to continue.

Hon LJILJANNA RAVLICH: So, in your view, where did it go wrong? What were the reasons that it is not going to continue?

Ms Lamont: As I understand it, my interpretation—it is my personal interpretation—is that the large festival event that was on The Esplanade with unknown bands did not work financially. I think the part of the event that was about driving tourism outcomes, interestingly, rather than for local residents necessarily, was highly successful. I think the way the event was run with the milestones and the proponents needing to hit those milestones worked very well. I think everyone is disappointed that, while parts of it were very successful, the ROI was quite reasonable for a start-up event in economic terms and certainly the media was fantastic. It is disappointing that it did not go on, and I think it was around the model for the festival on The Esplanade.

The CHAIR: I just have some further questions about the recruitment of the board. Does the minister discuss the board member recruitment with you as chair?

Ms Lamont: Yes.

The CHAIR: As a regular thing, or how often would that discussion happen?

Ms Lamont: As terms expire. It is systematic. People are appointed for two years or three years and it is as those terms come up. It is always about adjusting the skill set so you have the right skills around the table.

The CHAIR: Have you had any discussions recently with the minister regarding board membership?

Ms Lamont: Yes. We have just had a new person come onto the board; they started on 1 September, because we had a resignation. There is another person who is finishing at the end of this month and there is a vacancy. I know the minister is currently considering the kind of skill set he would like to add to the table with the current mix.

The CHAIR: So the conversation was limited to just that issue of the replacement and the skill set, or was it a more broad conversation?

Ms Lamont: It is broader and it is about the future. Terms are expiring all the time. My term finishes at the end of June next year. I encourage the minister to have a bit of a succession plan in place and also to think about the kinds of skills. As I said earlier, tourism is about implementing the strategy, but it is also about working on the strategy for the future. It is about thinking where the industry will be in three to five years, where our customers are going to come from, and the kind of skills that we need around the table to make sure we are always ahead of the game.

The CHAIR: In terms of that skill set or the spread of skill sets are there any areas that you have identified where we need more of something or less of something?

Ms Lamont: I think one of the skills that we are losing is around distribution and understanding the international supply chain and distribution network. The minister and I have talked quite briefly about that kind of skill set and how we can bring it and who might be available.

The CHAIR: Members, if nobody else has any specific questions for Ms Lamont, I might ask the other —

Hon KEN TRAVERS: I just have one last one. You said that the media impact of One Movement was fantastic. Did the Tourism Commission do an assessment of the media impact, because I am not sure that we have received it as part of the documents, if it did?

Ms Lamont: I am not sure. I have read a lot of documents.

Hon KEN TRAVERS: Surely the media impact is about international media. My recollection is that the two ways of assessing are the economic impact on expenditure in WA and media coverage of the event in international or interstate media. Did we do that assessment of the coverage in interstate and international media?

Ms Lamont: I do not know if it has been documented formally. I know I have read quite a bit of information, but I am happy to find more. I think, though, to be fair, this committee would have just about every single document that exists about this event.

Hon KEN TRAVERS: That is why I just want to check to see whether we have received anything along those lines.

The CHAIR: We will make that a supplementary question, and perhaps we will just double-check to see whether there is anything else lurking in the cupboards.

Hon KEN TRAVERS: Or maybe someone can refer us to where it might be in the documents we have got.

[Supplementary Information No A2.]

Hon LIZ BEHJAT: Kate, you said that you were disappointed that One Movement did not continue and you thought that perhaps some time in the future there may be another iteration of it. Prior to the minister taking the decision that it would not continue —

Ms Lamont: I do not think the minister took the decision.

Hon LIZ BEHJAT: The government ultimately takes that decision, does it not, that it is not going to continue with the funding?

The CHAIR: I am pretty sure the proponent pulled out. That is my understanding.

Ms Lamont: Anyway; sorry.

The CHAIR: We were just clarifying that.

Hon LIZ BEHJAT: No, because the release came from the minister saying that it was not going to continue, so it would have been a joint decision, I would have thought.

Hon LJILJANNA RAVLICH: No; he would have had to advise the public of such anyway.

Ms Lamont: Again, I signed the deed of release; I am the accountable officer.

Hon LIZ BEHJAT: Was all of that discussed with the board prior? Was anything done to say, “Can we not resurrect this now or does it have to finish now”?

Ms Lamont: There were quite a lot of discussions. I went to some meetings. I know one person who is here, Howard, came; is that right?

Mr Cearns: Yes.

Ms Lamont: We had two or three meetings in an effort to really understand whether it would be possible to continue, because we genuinely believe in the event. We think it is great for vibrancy. We think it is great for Perth. But we think it is great for promoting Perth Western Australia into Asia, which is our emerging market. It is where most of our customers are going to come from in the future. In telling the message about Perth, we need to tell it in all sorts of different ways. We tried very hard. I have read the transcript so I know you have heard evidence from the Sunset people and from WAM. We tried very hard to keep it going, but their financial losses were too great and I respect their decision.

[2.20 pm]

The CHAIR: I might ask the other witnesses in the gallery if they would not mind coming forward, and we will do the formalities at this point. I formally welcome you to the hearing this afternoon. Thank you for your attendance.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have all signed a document entitled “Information for Witnesses”. Have you read and understood this document?

The Witnesses: Yes.

The CHAIR: The proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, if you refer to any document, please give the full title for the record. 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 evidence is finalised, it should not be made public. This prohibition does not, however, prevent you from discussing your public evidence generally once you leave the hearing.

Does anybody else wish to make a statement before we continue with questions?

Ms Ridsdale: No.

The CHAIR: In the board’s opinion did the One Movement for Music festival provide Western Australian taxpayers with value for money? Anybody who would like to answer—you might like to work out a system between you. Perhaps Ms Lamont might like to start.

Ms Lamont: I think the board felt that the sponsorship arrangements with One Movement were well thought out and delivered what they were required to do. I guess that was proven because, in the first year, some of the milestones were not met and they were not paid. In that sense, I think it delivered the outcomes we were expecting. As I have already said, we were under no illusion that

the event would be a huge, or highly successful, financial event until much further down the track. In that sense we thought our investment was appropriate.

Mr Cearns: We were highly focused on the conference component of the event. In our view that, as a long-term vision, would establish itself as the major industry conference for music in the southern hemisphere. Then, over time, there were a number of things we expected to happen, and that was for the event to obviously attract more delegates, more bands wanting to showcase in front of those delegates, and as such there would be a ripple effect out into the streets, out into the bars and what have you. In its early stages, we were very keen that it got close to some of the targets we were setting, which it did. Over I think about a three to five-year period we were keen for it—I think the economic impact was about 2.3, or something like that, to one. In the first year we were hoping to get it up to around four or five reasonably quickly. I think a number of other things would start to kick in as well. So as local bands started to get signed as a result of this, we would see value for money coming in to the taxpayer from different directions that were not necessarily things that we were measuring. From our point of view, after one or two years, yes, I think it was on track to develop as an event and contribute great value for money. As Kate said, there was a part of the event which was not financially working. That was dragging the private operator down to a point where we could not continue, or they could not continue.

The CHAIR: As a kind of a wash-up from that, has there been any kind of review? Would things be done differently again? I think you expressed your disappointment that it did not progress. Has there been some sort of formal review of that and an assessment of what could be done if you were trying to attempt something similar again?

Mr Cearns: We did review the event with the proponent, the operator, to try to find ways. As I said, we were quite happy with the component that we were most interested in. I think the upside for them was to make the festival work. That was not working. We talked a lot about: was there different ways of cutting it to make it work? From their learnings and from our observations, we could not seem to find, or they were not prepared to put more money in to try to find the solution; I think that was where we got to. They just lost so much money on that event.

Mr Welborn: I think the answer is an emphatic yes, though. The role of the board is to continue to review the opportunities and the events that we are involved in. There are a lot of learnings that I am sure already in testimony you have had discussed.

Hon PHILIP GARDINER: I think you have both talked about the long-term horizon which you saw for this project. I applaud that; it goes well beyond political horizons, which I also applaud. But in doing that, though, with the kind of project you had at hand, you needed to have known how much financial resource there was behind this project to see whether it could sustain that horizon you had. In terms of where this thing could have been better, what assurances or how much investigation did you make to see that those financial assurances and financial strengths were there to sustain the ride?

Mr Welborn: The first point to make is the board itself does not make any investigation, but, obviously, you have already had testimony from executive officers of Tourism WA who obviously provide the feasibility and provide the board with a range of advice, one of which is a risk assessment and the work that you are describing. I was not appointed at the time that the original feasibility was done on One Movement. Certainly, if I talk generally about events that we review, one of the key areas we look at is the ability of the proponent to fund—not just funding, but in fact provide the event in the quality that is anticipated. Certainly, the information I reviewed as part of One Movement was part of the risk assessment at the time.

[2.30 pm]

Hon PHILIP GARDINER: Fair enough, you are not really there in one sense to do it, but, strategically, you are there to do it, because your strategy, as I think the chairman said, is that you

want these things to build over time, so strategically, we were there to try to build this over time for all the benefits you talked about; therefore, I thought the board would have been pretty keen to know and inquire and get assurances, to some extent anyway, of what financial resource there was to make this last the distance.

Mr Welborn: I cannot talk about what happened at One Movement because I was not there, but certainly looking at the events we look at now, certainly we do and we are. I think part of the strategy around building home-grown events and building equity in events is a high-risk strategy. There is no doubt you have to therefore assess and continually review. I think in many ways the One Movement event history is an example of that taking place.

Hon PHILIP GARDINER: Still in part it is a board responsibility in a sense. Do you think out there the partners of the proponents that you might get in the future exist in the world with which you are dealing to last the distance you are trying to set to make these things work?

Mr Cearns: Are you asking: to take this forward again?

Hon PHILIP GARDINER: Yes. If you had this kind of thing happening again, are there proponents who have the deep pockets to be able to make the horizon last as long as you can see that it might be needed to last to make these events successful?

Mr Cearns: Maybe coming back to what John was talking about, but then to answer that, the board does rely on Eventscorp executive to do the feasibility in detail and a lot of that due diligence. Yes it does come to the board in terms of a recommendation paper. I think with regard to this event—One Movement—we did challenge the executive quite thoroughly on the background, who was involved and what was there. It was not just financial deep pockets or financial risk; it was reputational risk we wanted to know a lot about. In these sorts of business events, broadly and more specifically the music industry, these guys deal a lot with government departments and councils to get their events up. For them, it is very important they do not lose face or their reputations. We asked a lot of questions about Sunset Events, Sat Bisla and Michael Chugg. I think they came with quite sizeable reputations, particularly Michael Chugg and the A&R crew. Yes, there are others out there like that. I think we were convinced that we had a group of shareholders in One Movement that were capable of pulling off—that had pulled off—sizeable events and concerts around the world, so there was no reason to suspect they did not have the skills. I think what they ended up adding to our conference in the way of that festival was slightly flawed.

Hon LJILJANNA RAVLICH: Regarding your comment about, I guess, asking questions about the credibility of some of the key players in there, we had access to an email from Phil Tripp —

The CHAIR: We have not made that public yet.

Hon LJILJANNA RAVLICH: Okay, sorry.

There were some issues about the credibility of Mr Chugg, I understand, so it begs the question of how deeply the commission looked at the credibility of these people and, in hindsight, should you maybe not have done more in terms of that analysis?

Mr Mazitelli: One can always do more. It is a question of at what point do you make the judgement that you fully understand the risks. You understand that there may be some business politics associated with some of these things, but, at the end of the day, you make the decision on the basis of the analysis that has been done. And I think on this particular occasion my recollection is that it was not a decision that was taken just over a very short period of time. It was a time-consuming process. It was discussed over a number of meetings. It evolved over time and the work that Eventscorp did was very thorough. The quality of the analysis was consistently high out of Eventscorp for this sort of work. It was on the basis of that that we took our decisions. There are always risks on these things. Our job is indeed to minimise and manage those. To the extent that the project that we were wedded to was successful, I think somebody said the ROI of \$2.3 million—I think that was in the first year—was an indication that what we were looking at seemed to be pretty

well underway. These other things over which we had little control are another matter. What we also do not know is the full rationale behind the decision of the proponents to withdraw; I mean in 2009–10 the global financial crisis, other opportunities. There are a whole raft of other matters that perhaps also impinge on their decision.

Hon LJILJANNA RAVLICH: Given that the commission is basically made up of business people with business expertise, whether you run your own company or your own business, generally speaking, it seems that most people on the board come from a commercial background. I am wondering whether, given we are now talking about taxpayers' money, where the threshold, if you like, is not lower than the risk threshold that you might individually accept in terms of running your own businesses. Can you make a comment, Madam Chair, in relation to that?

Ms Lamont: I am happy to make a comment in general terms, although I do not know that I particularly want to talk about my own business activities and the risks I may or may not choose to take in that regard.

Hon LJILJANNA RAVLICH: How do you determine then the level of risk that you accept from a proponent, as was the case in the One Movement festival? What you have advised the committee was that you were not expecting that there would be great profits in the short term. We do not know how many years it would take before it became a very viable commercial operation, and yet, as a board, you took the decision to in fact put taxpayers' money into it. From my point of view, I wonder whether it was a good commercial decision and perhaps the threshold of risk taking, if you like, was in fact a higher level of risk.

Mr Mazitelli: The fact of the matter is that the money that was put in in the two years was money that was accounted for against key performance indicators and the key performance indicators were, in fact, achieved by the proponent, otherwise the money would not have been paid. In terms of the taxpayers' money, the component that was funded, which was the conference component which gave a return of \$2.3 million ROI, the taxpayer funds achieved a result that was not inconsistent with the results in similar sorts of projects. From that point of view, the taxpayers' money was not at risk in the event because we got a return. We did better than an ROI of one to one. I make that point because I think, inadvertently, perhaps implicit in the comment is that somehow or other taxpayers' money was lost here, whereas it is my interpretation and understanding that it was not and it was only paid out when the key performance indicators that had been put down in the contract had been achieved.

<http://www.parliament.nsw.gov.au/label=LCCO 1"?datetime="20110926143911"?Data="523e8907">[2.40 pm]

Hon KEN TRAVERS: This leads nicely into where I was going actually. Earlier, I think, Mr Cearns, you said that the first year you got 2.3 and you hoped to get it up to a return on investment of four to five fairly quickly. Was there a long-term plan though? What was the long-term vision of what you would expect as a return on investment for an event like this?

Mr Cearns: I think we did a feasibility and a projection of those numbers over, I think, a three to five-year period, and we estimated getting it up to a four times multiple from there. In business to try to have a vision of what you are going to get in 20 years is kind of pointless. You take a three-year view, go your three years then look at what you have actually achieved and project again.

Hon KEN TRAVERS: Does the commission accept that a return of four to five is an acceptable return on investment for funding of tourism events?

Mr Cearns: I think for a developmental event—John can answer as well—but if I am in business and I have a start-up business and I get a 230 per cent return in the first year, I think that is fantastic. If you are putting a dollar in and you are getting four back, I think that is a good investment.

Hon KEN TRAVERS: Except that we are not actually getting the money back as the government; we are getting an investment in the broader industry —

Mr Welborn: That is the difficult thing in answering all of these questions; we are not talking about a sort of clear business model where you are investing funds and trying to make a profit. We are allocating taxpayers' money for a range of positive benefits. When you talk about the vision, the vision of this event had nothing to do with return on equity. The vision of this event was about building a vibrant music industry and creating tourism events and boosting the local music and social scene and providing a whole lot of benefits for the state in a variety of different ways focused around tourism, from our point of view. Then underneath that is a whole bunch of financial arrangements.

Hon KEN TRAVERS: I understand that. I am just trying to get a sense of, you know, for a developmental event, what does the board expect would be a return on its investment? Is four to five a reasonable return on investment after three years? For an event that has been around for a bit longer, what sort of return on investment are we looking for in terms of events?

Ms Lamont: It is on an event-by-event basis. It sadly is not an exact science in that way, and so different events deliver different economic returns and media returns, international exposure returns. So, I would be very reluctant to put a general number around return on investment for events.

Mr Welborn: It is one of a number of criteria.

Ms Lamont: Different events do different things, because if you solely focussed on that—I do not know, I will have to be corrected—but veterans' lacrosse, I think, returned the best economic return we have ever done —

Mr Welborn: World Lacrosse Championships over thirty to one.

Ms Lamont: And that is fantastic, but I do not know that we would want to spend all our events budget on that. It is about getting the right mix and so, collectively, you want—and there is such a variety of reasons why events may run.

Mr Welborn: And part of a strategy. I mean, looking at the numbers for something like, for example, the *Princely Treasures* exhibition that is currently going on, does not tell the whole story of the strategy behind Eventscorp putting money into that exhibition. It is linked with One Movement, because it is easy just to fund sporting events endlessly, like lacrosse and others that have wonderful ROI numbers, but that is not what the government wants Eventscorp to be doing endlessly. It is also around providing a range of other benefits and attractions to the state.

Hon KEN TRAVERS: I understand that and I understand you may have a matrix that says, "Media exposure, return on investment and vibrancy to the community", but I would have thought you would have still to have some sort of value system where you attach each of those and still try to reach a point where you are saying, "Before we invest in an event, we need to see that it is going to be getting, across that matrix, a benefit of a number."

Mr Welborn: We looked at that, but as soon as you put a guideline—okay, let us say it has to be four, you come up with an event that is clearly exactly what we want to do and it might not have that number. So it really is just one of a number of criteria.

Hon KEN TRAVERS: Does that perhaps mean you should not do the event or your matrix is wrong?

Mr Welborn: No, it is when you look at existing events that everyone agrees are very successful that are outside of our guidelines.

Mr Cearns: We have about seven or eight questions we ask on each event. You just named about three or four of them, but we also look at: does it align to our brand? If we are going to get a media impact around the world, is it something that showcases our landscapes, our beaches or whatever? We ask ourselves: does it activate local infrastructure? If we have got all that Scarborough Beach

infrastructure down there and amphitheatres and whatever and it is not being used does this help do a job? What else do we target?

Mr Welborn: Does it build equity in Western Australia, particularly with One Movement. Rather than having events that just come and go, there has been a long-term view from Tourism WA to try to invest in events that actually build some sort of equity, and it is linked with the activating infrastructure as well. I mean, the Rottneest Channel Swim is not going to move to New York.

Hon KEN TRAVERS: Just moving on, if you look at those events, I think one of the suggestions was whether local bands are starting to get signed and the like, when the event was first considered in 2006, my recollection is there were industry assistance packages to help promote the contemporary music market in Western Australia. When the event was finally signed off, I am not sure that that contemporary music package was still there. I am just interested as to what impact that would have had and whether that was something that the board would have looked at. If you are going to maximise those benefits that you have talked about, you need to have that industry assistance package running—not by Tourism, because I agree with you because I agree with you that Tourism should be about getting people into WA, and that other part of it has to be the other arms of government working in tandem. How do you do that and was that an assessment that occurred around One Movement?

Ms Lamont: I think everyone on our board would love government agencies to work better together. That is something that I am sure governments would like, politicians would like. I believe, over time, Eventscorp does—as I think I have already said—work very closely with DCA, Sport and Rec and whatever government agency. Do we want to do it better and do we want to try harder? Absolutely.

Hon KEN TRAVERS: I understand that, but I am asking: in terms of this event was that ever done and what do we need? Obviously one of the issues for this committee will be what needs to happen in the future. Was that an issue that arose and occurred and do we need to be looking at that for the future?

Mr Welborn: Your question harks back to 2006. I was on the board in 2010, so I cannot answer that. Again, all I can refer to is going forward—absolutely. One of the key things, particularly as a lot of our events are in sport, is we are always working across a number of different departments in government and how they interrelate in terms of both the running of the event, but, more importantly, in terms of the impact of it and the ongoing benefit, is very important. We continually assess those. It is part and parcel of a business.

Hon KEN TRAVERS: Even getting the internal divisions of the Tourism Commission to work together on some of these things is not always the easiest, I know from experience. That is why —

Ms Lamont: It is better now.

Hon KEN TRAVERS: I know. There has been a lot of work over a number of years to try to get that. If you get an event, the marketing arm sees that as a joint job to get to market it.

Mr Welborn: In thinking about the role of a commissioner or a Tourism WA board member in terms of events, I think a key one is to manage those relationships and that strategic issue.

Hon KEN TRAVERS: I guess my final question was—I think someone used the term “building home-grown events was high risk”. Clearly, part of that is that if you do get a successful event, you maintain it for Western Australia. What was the mechanism to ensure that this event was maintained in WA?

Ms Lamont: I have read it. Look, we spent a lot of time talking about that and it was about making sure that it was around our option to keep it going and keep it staying here. I would have to refer to a document, I am sorry.

Mr Cearns: There are a couple of things. We had three-year options. We had a 20-year—25 years, I think, was locked into the event. We had sort of options going at intervals for that 20-odd years. We also, I think, demanded that One Movement Pty Ltd and Sunset Events had 51 per cent and stayed at the 51 per cent level as the local operator. We had discussions around whether or not, you know—I think we built in a profit-share arrangement. We also had discussions with the proponents about brand IP, but we did not get as far as we perhaps would have liked on that. We looked at a number of ways of making sure we could secure that, and I think what we put in place was pretty good.

[2.50 pm]

The CHAIR: Is that then something that was in writing? Is there something in writing that we might not have?

Ms Lamont: You would definitely have it.

The CHAIR: We would have it?

Ms Lamont: There is a big file that I read that I know you have got; you have it.

The CHAIR: Would it be in the board minutes?

Ms Ridsdale: Yes, it is my understanding it is. If you look at the board papers associated to this decision, there is one—I mean, I have them here and I can have a look at them, if you like—that demonstrates that Eventscorp goes back to the proponents and says, “The board is happy to support this on the following conditions”. There were a whole range of these that needed to be met and they were the things that Howard was referring to. The board was very, very focused on, “This looks really terrific. How can we manage many of the risks associated to this? How can we keep it WA-owned? How do we get the IP? If there is a chance that this is going to be amazingly successful in the future, how do we actually ensure that there is some profit share arrangement in relation to the future?” So all of those things are certainly in the papers, and if you like I can check it for you.

The CHAIR: It is fine,. I have just had it confirmed; we do have that, thank you.

Hon KEN TRAVERS: This is the key question for me. I put it to you that the contract that you had bound One Movement. The contract refers to related parties who were not signatories to this document, and the contract requires One Movement to seek to get some form of contractual component obligation on the other partners, which I think you both mentioned earlier was quite crucial in helping you choose this in Chugg and A&R or Pangaea. But there is no legal binding contract between the state of Western Australia and those two partners that they will not set up in competition, and, to the best of my knowledge, One Movement never actually formally signed any agreement with either Chugg or A&R to lock those people into maintaining the event in Western Australia. So are you, as a board, aware of that or is this news to you as I have put it to you today?

Ms Lamont: I would really appreciate if I could have a look at the documents, please, because that is not my understanding. I had a level of comfort that we had secured the event the best of our ability and that event would stay. It was in a period where events were constantly being bought and sold across the country—famously, the Grand Prix going from Adelaide to Melbourne or whatever. It was something that if other states have a bigger events budget, they are always busy —

The CHAIR: Poaching.

Ms Lamont: — poaching.

Hon KEN TRAVERS: We can dig out a copy of the contract. When we have asked, no-one has been able to provide us with a—the contract definitely says that you have got those requirements, and in the contract it says that One Movement should seek to get a further sort of letter with the related entities. When we have asked—so I cannot produce the letter that does not exist. That is my whole concern; there does not appear to be any legally binding contract. I also find it interesting that

we as a state never sought to have a direct relationship with A&R and Chugg because they are, in terms of the national and international partners, so crucial to the event.

The CHAIR: I am just wondering —

Hon KEN TRAVERS: We can get a copy of the contract and that clearly shows it.

The CHAIR: While that is happening, we might just continue with other questions and we might come back to that.

I might just take you back just a couple of steps. There was mention of the impact of the global financial crisis. Do you want to elaborate on that any more? Do you have any further comments on that in terms of the impact of the global financial crisis in terms of the actual outcomes for this particular —

Ms Lamont: Only broadly that I think Sunset probably had a higher expectation about the level of private sponsorship that they may have been able to source. I think we all know that once the GFC hit most corporates in Perth stopped sponsoring events. I know, even PIAF and other events, you know, really, people cut back their sponsorship level, so I am sure that had an impact on them. That is only an assumption of mine, but I believe that would be the case. I think that many other things in our economy changed during that period and it may well have been around the amount of money people were prepared to spend to go out. I know it affected travel plans; I know some interstate and international people may have chosen not to travel or travelled on much smaller budgets. So I think the GFC did have an impact and I think, frankly, it is still being felt.

The CHAIR: I have some more general questions in terms of the roles and functions and responsibilities of the board. What do you understand are the board's responsibilities?

Ms Ridsdale: The board in general?

The CHAIR: Yes.

Ms Ridsdale: They are not dissimilar to the role of a board in any other organisation. I mean, collectively, the board is responsible for the strategy and the strategic direction of the organisation. They are the policy stewards of the organisation, although when you are on the board of a statutory authority that job is made a little bit easier for you by, you know, a shareholder that has some very strong views about policies that must be abided by. We certainly have an oversight role in relation to risk and to ensuring that the agency is compliant in all areas of its compliance. Although we do not hire and fire the CEO, like you might in perhaps a non-statutory authority organisation, it is fair to say that the CEO uses the board to bounce ideas off and the relationship between the CEO and the chairman is still the special relationship that exists outside statutory authorities. Obviously—and not at all intended to be, it might be last in my comment, but not least—our role is to monitor the performance of the organisation and to communicate that performance to relevant third parties, and we do that in the briefings to the minister in our annual reports. So I suppose that would be the way I would summarise collectively our obligations.

The CHAIR: How regularly would you brief the minister as a board?

Ms Ridsdale: Only if the minister required —

The CHAIR: As requested?

Ms Ridsdale: Absolutely, yes. There is no formal—there is no “Let us go and meet the minister once a year or twice a year”; those things are very much done through the chairman. As Kate has mentioned, that is very determined upon who the minister is; some have higher needs for that and some have much lower needs for that.

The CHAIR: In terms of reports that the board actually receives, I assume you receive information on which you act, like reports on major tourism events. How often does that occur and where does that information come from?

Ms Ridsdale: It depends. If we are talking about board papers, board papers are divided, like many other organisations, into things that the executive are looking for a decision on, so matters for decision; there may be some matters for discussion, so it is to raise the issue with the board, not for a decision on that day but to get the discussion going so that we are all a bit more on the same page for a future decision that may be required; or it might be a matter for noting, something the executive wanted to bring to our attention. Those issues have a standard board paper summary that goes with them that explains the background, what the action is that is required of the board; it will comment about risk associated to the issue, whether there are any policy impacts of that particular decision, does it fit within the current budget—which you would expect it would—or does it have any financial implications. So it is very regimented in what the information is that we require in those board papers. The conversation that is had at the board meeting is very much about if we think there are any gaps in the information that is provided, it is about asking questions around those gaps or it might be seeking clarification. As you know, sometimes for the writer of these things it is very clear in their mind what it is that they are saying, but to the reader it might require just a few more questions just to make sure that we are very clear on what is being said.

In my other life outside of being a Tourism WA commissioner, I work extensively for boards both in the public sector arena and in the private sector and I have to say that the documentation that we get at Tourism WA is as good as I have seen anywhere in terms of the amount of information and also the willingness to improve things. I mean, I know we are talking about things that occurred and started back in '06, and I totally appreciate that you are looking at it from the lens of the things that have happened in '06. We are now in 2011 and it would not be true to say that we are operating exactly the same in 2011 as we did in '06.

[3.00 pm]

Like any board, new people come on with fresh eyes. John came on board and grabbed events with two hands, with Dixie's help. There is no doubt about it: there is a frame that is much sharper in terms of events than perhaps may have occurred in 2006. We have improvements all the time in the way that we view things. As I said, it might sound a little bit self-serving, but I would have to say that I have been very impressed with what I have seen in the way Tourism WA handles its information to the board. I say that with a lot of experience with other organisations.

The CHAIR: In terms of the role of the board, is that actually in a document anywhere? Is that formalised in that way?

Ms Lamont: There is the act.

The CHAIR: Over and above the act.

Ms Lamont: Over and above the act. Do you mean: have we got a board charter?

The CHAIR: Yes.

Ms Lamont: We talk about it a lot.

Ms Ridsdale: We are actually putting one together right now. In fact it is well advanced. It has been dealt with through the audit and risk committee. It has been in train for a little while. The reason for that is, yes, there is an act and, yes, there is the public sector standards and the codes of conduct and whatever. But anyone who joins a statutory board, induction can be pretty daunting. It is a stack of material this big.

The CHAIR: It is probably like becoming a member of Parliament—from anywhere.

Ms Ridsdale: The beauty of a board charter is that you can take the key pieces of information not only in terms of “These are your obligations individually as directors” but also as a collective board. By the way, this is how we do it in Tourism WA. We are doing that so that we all know how it works, but John will have a much better understanding today—let me choose John because he is the most recent of us sitting here. He will understand much better today how we do things at Tourism

WA than he would have in his first month. The board charter has actually been drafted, and it will be formalised soon. That is really so there is a one-stop shop not only of what we are supposed to do but how we actually do it. It will be improved or updated over time as the sorts of processes and approaches we use change.

The CHAIR: When do you expect that to be completed? Do you have a time line on doing that? Not that it is hugely important.

Ms Ridsdale: Can I look to the gallery?

The CHAIR: Soon?

Ms Ridsdale: The answer is “soon”. I have actually read a complete draft. We just need to put it through the audit and risk committee and just firm up on that and take it to the board. I am not sure how many board meetings that I would need, but certainly I would be disappointed if it is not in place by the beginning of 2012.

The CHAIR: Which might lead to the next question—that is, whether there is any briefing or appointment of new commissioners in terms of legal obligations.

Ms Ridsdale: I can comment for myself. I joined in 2007. The answer was yes. I have—in fact I still have it; I kept it—a folder this big, it says “Trish Ridsdale: Induction”, and in there it had all of the relevant pieces from the Public Sector Commissioner about duties and responsibilities for statutory authority board members.

Mr Welborn: In addition to that—so there is an induction pack—we have also done some sessions to the board in terms of conflict of interest and other things, as any board would usually do. There has been on occasion some updates to that induction procedure.

The CHAIR: I just had an indication that we might just take a five minute break, which will give you a chance to read that document without feeling that you are under pressure there. I might suggest that we adjourn until 3.10 pm.

Proceedings suspended from 3.03 to 3.13 pm

The CHAIR: Okay, thanks very much. We might start again. Perhaps we will return to the question relating to the contract document. Ken, just remind me where you were with that questioning.

Hon KEN TRAVERS: I guess I am interested to see what the mechanism was. I can see what the intended mechanism was, but what mechanism was actually there to protect this Western Australian event into the future?

Mr Cearns: Our understanding, I think, was that the IP for One Movement with One Movement and Sunset Events as the stakeholders in that. Without understanding the legality, I know there is a clause here talking about related parties not running off and taking the event elsewhere, but I think it would be best if we took that on notice, if we can, to understand the legality and the detail of it. But certainly the understanding from us was that the One Movement event and the IP associated with that event was that we had contracted with One Movement and Sunset Events, and that that could not be taken elsewhere. I think the point where you are heading is: could that stop, and Michael Chugg run a similar event under a different name? I am not altogether sure, so we will need to take that on notice. But certainly, in protecting One Movement, we were creating a brand there and I feel that we understood we were protected.

Hon KEN TRAVERS: Can I say, I am not suggesting that Chugg or A&R would have done that, but having said that, that is why we have contracts. Even though we trust everyone that we deal with, we still have contracts to make sure they do not change their mind down the track. As I understand it, Musexpo did the registration of the conference, so they would have had all the details of all the registrations and they would actually physically help a lot of the IP for the conference part of the event.

Mr Cearns: In terms of the brand “One Movement”, it is our understanding that they could not take that elsewhere.

Mr Mazitelli: It also opens up the possibility of legal action, should they do that. The other side of it is those partners, certainly Chugg, had a number of dollars invested in this particular event, which probably would, I think, or ought to ameliorate any concern that he is going to run off and undermine his own investment. But it would raise, I think, legal issues on which we would need to receive legal advice as to whether, in fact, anybody who ran off with that event—Chugg or others—were acting in accordance with the law.

Hon KEN TRAVERS: I suspect that part of the difficulty was that there was never any formal agreement signed between One Movement and Chugg; Chugg is not a signatory to this, nor is A&R. I would have thought that you might be able to sue One Movement and then see if One Movement might on-sue. One Movement is a three-dollar company; its assets are three dollars. That is the sum total. We have asked that question. There were no director’s guarantees or anything in that form, so if it all got too hard, the directors of One Movement could walk away and the best you can do is sue someone for three dollars.

[Supplementary Information No A3.]

Hon LJILJANNA RAVLICH: From what I am hearing, we have had a reply from Mr Mazitelli that we could possibly sue. The real question is: what did you do in terms of protecting the trademark or, indeed, taking out a patent on the trademark or anything else so that you would not have to be in the position of having to sue because at the end of the day, once again, you are talking about the possible use of taxpayers’ money in terms of suing. That is really the issue when we talk about protection of the public interest.

Mr Mazitelli: I think it is covered in so far as the event holder is constrained. If someone else wants to run off and go into competition, they do not have to be somebody who is associated with this event in any case; it could be that a third party who is totally unrelated to this event could decide to run it, and there is not much competition; there is nothing we can do about that. If one of the parties, from our point of view, spins out and does something, then that is the nature of competition. To the extent that a relationship exists between us and the event holder, that has been tied in, and the IP is secured, as far as we understand it, with Sunset Events. That was the level of comfort that we had in relation to this document. In the event, that never happened anyway.

Mr Welborn: In terms of the issue you are identifying, it has not been an issue in this event.

Hon LJILJANNA RAVLICH: No, but it may well be down the track—that is really the point. You say that you understand that the IP has been taken care of somewhere; it is probably not directly in the contract, but it is being taken care of and we assume that it is somewhere and we will get that information on notice.

Hon KEN TRAVERS: I accept that it would be difficult for someone to set up a new festival called One Movement, but Musexpo could take an offer from the New South Wales government to set up a music expo and promote it as the southern hemisphere’s version of Musexpo, and this is the premier Asia–Pacific music expo event, and that is the real challenge. From what I gather, Musexpo was a key part of your decision to back this event because of that international link, and Musexpo was also, as I understand it, the people who actually physically ran the conference side of it; Sunset ran the festival side of it.

[3.20 pm]

Mr Cearns: I think that the last point—or another point—to add is that we are sponsors of events and we support events, predominantly. We rely very heavily on event managers and promoters et cetera to come to us with ideas that we can partner up with them, and we do push pretty hard on those people to try to lock in as much security as we can for Western Australia, whether that be by brand IP or not taking it somewhere else. Largely, they are the risk-takers and we try to push them

as hard as we can, but at the end of the day it is their business. To try to lock them in and say, “You can’t do this anywhere else in the world,” that is their bread and butter. We can push them so far too to say, “You can’t do One Movement anywhere else in the world,” but it is kind of hard to say that they cannot do this sort of thing forever and ask them to sign here.

Hon KEN TRAVERS: You would probably get picked up by restrictive trade practices at some point as well, if you are not careful!

Mr Cearns: In my time on the board, it is something we have raised higher—to try to get more IP events to try to protect.

Mr Welborn: It is easy to say, “Build equity in events”, or, “Build home-grown events”, but it comes down to the issue of ownership. Often in the past you would be bidding for events like the Red Bull Air Race, for example, which comes and then goes somewhere else; you will never get in-built exclusivity for that event. One of the advantages of, and why we focussed on, building events is to anchor them in the state. There are a variety of ways to do that either legally or by intrinsically linking the event to infrastructure and other things.

Hon KEN TRAVERS: I understand all that. From my reading of the minutes, I can see that the board was trying to secure those things, although I am not sure that the end result of the contract that was signed actually secured them. It is that closing of the loop between what the desire is and what the ultimate outcome is, particularly if you are going down a high-risk strategy, which I think you described as earlier—you are building a whole range of events and some will fall over and some will survive. The ones that survive and grow into fantastic events that become world-renowned are the ones you want to make sure that you lock down so that they stay here in Western Australia. The issue for me is making sure that we have it protected for the future.

Ms Lamont: The only other comment I will make on that is Eventscorp’s reason for being is that there is a market failure in this area. If there was not a market failure, we would not need to be doing it. The other point that you may find of interest is that we also try very hard to minimise, in terms of the size of the events budget, the amount we invest in what you may consider to be “high risk”; it is actually very small. Even though it is a significant amount of money, the vast majority of our events funding goes into events that are not start-up events. At some point everyone in business spends a little bit trying to grow something new.

Hon KEN TRAVERS: I will just make one last comment on that. I think the other point that was raised was about it being sponsorship. Although yes, it is sponsorship, you were also, effectively, providing the operating capital, or at least half of the operating capital, for the first event, and if you look at the milestone payments, it was \$400 000. A fair bit of the cash flow prior to the event occurring was actually being funded by the tourism commission. Even though it is under sponsorship, in effect, you are making a fairly significant contribution towards both the operating capital and the cash flow of the organisation.

Mr Cearns: You are putting money out there at risk. That is why you look at these promoters and ask whether if they were to take \$200 000 or \$300 000 in some of those up-front payments and say, “We’re not sure about this. Let’s run away with that money”, it would hurt their reputation a lot. We take that into account as well.

The CHAIR: The next set of questions regard the structure of the board. Does the board have a view as to whether the WA tourism commission board—sorry, the WA tourism commission—could be better structured?

Ms Lamont: The board or the agency?

The CHAIR: The agency, we are talking about.

Ms Lamont: To be honest, the board implemented a fairly significant restructure in the last 18 months. As I mentioned earlier, we felt, particularly when the GFC hit, that it was very clear

customers from our traditional markets would stop visiting and spending as much as they had, particularly, I guess, those from the UK, which is a big market for us, and also from interstate. As times have changed, we have recognised that Australians and Western Australians have a predisposition to travel overseas. The high Australian dollar obviously made that even more attractive. After extensive consultation with industry and other government agencies, the board made some changes to the structure of the agency, partly to free up some money that was being spent on wages and salaries and to put that, as we say, at the pointy end into markets to drive awareness of Western Australia. One of the other shifts in the strategy has been around investing in more events and, subsequently, more money in the budget for that followed because we felt that events, particularly in the regions, were the hook that encouraged visitors to visit now. We know that Australia, in a global sense, and Western Australia, even more so within an Australian sense, is a place that is that highly aspirational—everybody wants to go there, but it is something they will do one day. Getting people to convert that aspiration into travel is an enormous challenge for this state. One of the things that quite extensive research has shown is that people, if there is an event on that they would like to attend, coupled with the fact that they have always wanted to go there, means they are more likely to travel. I have to say that many other boards and ministers over the years have tried, as was referred to earlier, to get even the silos within the agency to work better together. The board encouraged, and cabinet supported, quite a significant shift in the way the agency ran so that we now use events more and more as marketing for the state. I think that implementation has gone relatively smoothly and I pay great tribute to the executive at Tourism WA, who have worked very hard to make that happen. We are already seeing good outcomes from that shift in focus. I have a level of comfort with the agency.

Hon LJILJANNA RAVLICH: Ms Lamont, you would be aware that a lot of the restructure occurred partly in response to the Mills Wilson report.

Ms Lamont: I am interested in what you mean.

Hon LJILJANNA RAVLICH: There was the Mills Wilson report and not long after it there was an announcement about some fairly drastic changes. For example, I think the agency lost nearly half of their FTEs. The industry development branch of the department was totally gutted. I do not know whether it exists anymore.

Ms Lamont: It exists.

Hon LJILJANNA RAVLICH: How many people are in there, could you advise?

Ms Lamont: Off the top of my head I cannot, I am sorry, but it is still quite a strong division; it is just focused on different things from what it was focussed on previously. It has a very strong director, actually.

Hon LJILJANNA RAVLICH: I wonder whether you could provide us with the latest figures in terms of the restructure of the agency?

Ms Lamont: I would be happy to do that in a supplementary way.

[Supplementary Information No A4.]

Hon LJILJANNA RAVLICH: In terms of the restructure, was the decision for the restructure driven by the Economic Audit Committee?

Hon LIZ BEHJAT: What does that have to do with it?

Hon LJILJANNA RAVLICH: I am interested to find out. Can I ask what that restructure was driven by?

Ms Lamont: By the board.

Hon LJILJANNA RAVLICH: The board decided there should be a major restructure and so it occurred. In terms of industry consultation, how widespread were those consultations?

Ms Lamont: They were very widespread. I travelled the breadth of the state talking to the operators on a one-on-one basis and also in groups. We did workshops with both lots of industry associations. In fact, it was a one-off situation where the Tourism Council and the AHA came together with their senior leaders to attend a workshop to talk about where the industry felt the government's investment would be best spent.

[3.30 pm]

Hand on my heart, we did extensive consultation. I am very comfortable with the level and number of people we spoke to.

Hon LJILJANNA RAVLICH: In response to that restructure, in terms of the people who had input into it one way or the other, whether they supported what was being proposed or opposed what was being proposed, was the board in receipt of those submissions, or did they go to the department?

Ms Lamont: Oh no, there was an email address that could come directly to me. I updated the board regularly on the kind of feedback we were getting and what the industry was looking for, and we spent many, many hours discussing what the industry was looking for and how the agency could be designed to best deliver upon that.

Hon LJILJANNA RAVLICH: Madam Chair, I wonder whether we could have that information as supplementary information—in other words, the submissions received by the board in response to the restructure?

Ms Lamont: I think you have the Mills Wilson report.

Hon LJILJANNA RAVLICH: Have we got it all?

The CHAIR: Yes, I think we have all that. I think we have probably, as you say, almost emptied your files entirely.

I have questions regarding corporate governance. Prior to the events with One Movement for Music, was the board aware of the corporate governance principles outlined by the Public Sector Commission for that?

Ms Lamont: Well, everyone had that in their pack when they joined the board.

The CHAIR: Do you have a view as to whether they are appropriate standards in terms of assessing the performance of the board?

Ms Lamont: Yes.

The CHAIR: Are there any training and development plans in place for board members to maintain their skills and enhance their knowledge of the tourism industry, so professional development?

Ms Lamont: No.

The CHAIR: Is that something that is being considered by the board?

Ms Lamont: We certainly have had some training through the Public Sector Commissioner. I know everyone found that quite valuable, and I expect that we would probably do that on an annual basis.

The CHAIR: Is the events committee a formal subcommittee of the board?

Ms Lamont: Yes.

Ms Ridsdale: Yes.

The CHAIR: Who is on that subcommittee?

Ms Lamont: At the moment John is the chairman and Howard is on it, and at the moment I am sitting on it because Dixie Marshall has resigned; she was on it previously.

The CHAIR: Is it a three-member subcommittee?

Ms Lamont: Yes.

The CHAIR: The committee was advised that the events committee keeps no records of its deliberations. Is that correct?

Ms Lamont: Yes, we do not take minutes.

The CHAIR: Is that unusual? When we had that information provided to us, it seemed unusual that there would be nothing minuted.

Ms Lamont: Well, it is a subcommittee. Perhaps I will let John answer.

Mr Welborn: We have the terms of reference, which you have received, and although we meet formally on occasion, it is far more often informal meetings. It is a function the board has, to follow through on events that are both in development and currently underway. There are very few formal meetings of the subcommittee with everyone all together; it functions as an opportunity to really keep the board informed. The formal discussions take place in the course of the board meeting; there are no key decisions made by the committee that are not then related and formalised and recorded in the board minutes.

Ms Ridsdale: I think it is a function of the fact that the events committee does not have any delegated authority to make decisions about events at all. It is a mechanism to preview events as the executive is developing them up, and then bounce off the events committee members. When it gets to a stage when it comes to the board for approval, it will often say that the events committee has given its support to this, which is an indication to us that they are satisfied that all of the right issues have been raised and addressed. That does not take away the board's ability to then ask additional questions, but I think it does give us kind of a level of comfort about the sort of questions that we know that people like Howard and John, and previously Dixie—there was no hiding anything from Dixie—have, and it gave us a little comfort that, okay, a lot of the preliminary stuff is done, we can just look for the things that we cannot demonstrably see here.

Mr Welborn: I think one of the things coming out of the restructure was to make the agency more efficient. You would have seen in the terms of reference of the events subcommittee that as chairman I can request that minutes be taken, but there has not been a need, to date, for that to happen. I see no need to take the busy job of people in the agency aside to record minutes of meetings just for the purposes of having them. If we require minutes, we can have them taken.

Mr Mazitelli: I was just going to add that as a board member who is in receipt of that information at each board meeting, I think that the system works extremely well. John reports to the board on the deliberations, talks to the papers that are there, and the board has the opportunity to discuss it en masse. It works extremely well, and it reduces the overheads and the paperwork and the costs to the organisation for minutes that would really not serve a purpose, because the decision does not reside with the events committee.

Mr Welborn: Yes. Lastly on that, the key aspects of all of the subcommittee's work is contained within the documents that go to the board within the board pack, in terms of each individual event's assessment, feasibility, matter for decision or matter for noting.

The CHAIR: Does the board also have an audit subcommittee?

Mr Welborn: It does.

The CHAIR: Does that produce minutes?

Ms Lamont: Yes.

Ms Ridsdale: Absolutely.

The CHAIR: Good. Does the board believe that the advice provided to the minister by Tourism WA regarding One Movement Pty Ltd was of an appropriate standard?

Ms Lamont: I do not know what advice you mean. If there were briefings notes or whatever, is that what you mean?

The CHAIR: Briefing notes and responses to questions on notice, in particular.

Ms Lamont: It is possible that the board—I do not know that I have seen them. The board would not get involved in parliamentary questions, unless they directly were about us.

The CHAIR: I think you made that comment before.

Ms Lamont: Yes. I could make a general comment that the briefing notes I do see from time to time about issues are always pretty good. I think they are very honest and transparent.

The CHAIR: Who in Tourism WA is responsible for ensuring that there is adequate guidance and training with respect to the management of conflicts of interest?

Ms Lamont: The CEO.

The CHAIR: Can you advise the committee how it sees its role in managing conflicts of interest that come up?

Ms Lamont: Well, at a board level it is an agenda item; it is on the agenda at every meeting for any board members to raise any issues they may feel about themselves. In a broader agency perspective, I have much confidence that—I understand that nearly all of the employees of Tourism WA have been put through conflict of interest training within the last 12 to 18 months.

Mr Mazitelli: As has the board.

Ms Lamont: And the board as well, yes. I trust Stephanie to do that appropriately and competently.

Mr Mazitelli: Just to add that, Chair, where there is a perceived conflict of interest in relation to any particular matter that is on the agenda, the party who has the perceived conflict of interest does not receive the board paper. The party is advised, of course, that the board paper is missing from their board pack. That is also part of the process.

Ms Lamont: Thanks, David.

The CHAIR: What is the board's view as to whether the use of non-compete for a number of months clauses in employment agreements is an appropriate mechanism to manage conflicts of interest where a Tourism WA employee is offered employment with an industry participant outside?

Ms Lamont: Sorry, can you ask me that again? I think I know what you are referring to.

The CHAIR: With regards to the use of non-compete for a number of months clauses in employment agreements as an appropriate mechanism to manage conflicts of interest where a Tourism WA employee is offered employment with an industry participant, do you think that is an appropriate mechanism?

[3.40 pm]

Ms Lamont: It is interesting and it happens a lot in the private sector. You would know that the board of Tourism WA has no capacity to influence the Public Sector Commissioner in the way he runs the public sector. I am not sure what we think matters, because we have no capacity to influence the way public servants are employed.

Hon LJILJANNA RAVLICH: But what you think matters to us. Do you have an opinion on it?

Mr Mazitelli: I have a personal opinion on it, and not an opinion from the board or TWA. In the tourism industry the expertise and movement in and out of state tourism organisations is generally directly linked to industry expertise and working within businesses in the industry. When an organisation such as a state tourism organisation attracts somebody from a private sector organisation to work within the state structure, that would not work if there were a constraint on that

individual being able to work in an aligned area for three-month period or whatever. It does not work that way. When an individual leaves a state tourism organisation to further their career, it is likely that they are going to continue to work in the area—that is, the tourism area—and it would be a significant constraint and personal impact on that individual if they were unable to work in their area of expertise. What are they going to do? Go to university for three months or sit on Cottesloe beach for three months and wait for the gates to open and they can go in?

The CHAIR: It depends on the time of the year!

Mr Mazitelli: It is an issue. In my own career I have had to confront that over the years. I have to say personally—it has nothing to do with TWA and is my personal view—that I do not think, in the context of the industry we operate in, that it is a feasible proposition.

The CHAIR: The Public Sector Commission report that we have seen indicates that a complaint was made on 19 November 2008 regarding a conflict of interest in this matter to Eventscorp. Is the board aware who made that complaint?

Ms Lamont: I do not know. I do not know if these guys know, but I do not know.

Ms Ridsdale: No.

Mr Welborn: No.

The CHAIR: Does Tourism WA have a board-endorsed policy regarding the management of complaints?

Ms Ridsdale: Management of complaints generally?

Ms Lamont: About what?

Ms Ridsdale: What sort of complaints?

The CHAIR: I guess conflict-of-interest is the key thing, and general complaints management.

Ms Lamont: No.

Hon LJILJANNA RAVLICH: Do you ever receive letters of complaint in relation to anything to do with tourism and what do you do with them?

Ms Lamont: Usually the minister does.

Mr Welborn: Most of them are in *Hansard*.

Hon LJILJANNA RAVLICH: The minister is one thing and I am assuming her office regularly receives letters of complaint. She might have them sent down to the agency to deal with, which would be the normal course of action. But I am asking —

Hon LIZ BEHJAT: She probably gets letters of support as well.

Hon LJILJANNA RAVLICH: There may well be letters of support too, honourable member. You are quite correct there. But does the commission itself occasionally get letters of complaint about matters relating to tourism and when those are received how does the commission respond and what happens to those letters?

Ms Lamont: It is not something that I, as chairman, have ever got involved in. It is an operational matter in my view.

Hon LJILJANNA RAVLICH: Does that mean you send them down to the department to —

Ms Lamont: I have never had them —

Hon LJILJANNA RAVLICH: You have never had a letter —

Ms Lamont: I have never had them; actually that is not true. I have probably had a letter of complaint sent to me but it has usually always been being copied in: I have been copied in on a

letter that has been sent to the minister and do not consider that. It is really for my information from that individual. Most letters of complaint go to the minister.

Mr Mazitelli: But if it is related to, say, bad service that would more likely go to the CEO or the minister. For example, somebody has had a very unfortunate experience; a restaurateur was extremely rude to them.

Hon LJILJANNA RAVLICH: Yes I understand that —

Mr Mazitelli: That would really—I have never seen one in the five years that I have been on the board.

Hon LJILJANNA RAVLICH: Yes; yes. But I would imagine that there may well have been times when the board has made a decision about a certain matter and because the industry is so diverse and everyone has an opinion in tourism that somebody might write a letter to the chair of the commission and through her to the commission itself expressing their view on something that they are able to benefit from —

Mr Welborn: It seems to me, and not answering for Kate, that most of those types of complaints are politically motivated and therefore addressed to the minister's office rather than being addressed to the commission.

Ms Lamont: I think the whole tourism industry really has, quite broadly, a limited understanding of the layers and how things work. I am often referred to as the president of the tourism council. I think in the industry all correspondence goes to the minister. That would be my view.

The CHAIR: Information provided to the committee by Tourism WA indicates that in October 2008 Mr Glenn Hamilton made a trip to Europe to investigate a number of events including MUSEXPO. Ministerial approval for the trip was provided on 2 October 2008. Can you advise whether a formal report was produced for the trip?

Ms Lamont: Again, I do not know; it is not something the board would get involved in.

The CHAIR: The Public Sector Commissioner report indicates that Miss Saskia Doherty took annual leave between 26 and 31 October 2008 to visit MUSEXPO at the expense of Sunset events. Did Miss Doherty and Mr Hamilton attend the same event at the same time, and have discussions with MUSEXPO management? Are you aware of that?

Ms Lamont: I do not know.

The CHAIR: You do not know. Okay. In terms of oversight of events, section 13 of the WA Tourism Commission Act outlines the functions of the Western Australian Tourism Commission, which includes —

- (a) to promote or to support and co-ordinate the promotion of Western Australia as a holiday, event and convention destination and to do so within Australia and overseas;
- (b) to develop or to facilitate the development of new tourist facilities and to improve or facilitate the improvement of existing tourist facilities in Western Australia;
- (c) to develop or to facilitate the development of proposals for events and conventions;
- (d) to organize and administer or to assist in the organization and administration of events and conventions;
- (e) to promote tourism generally and to market travel; and
- (f) to advise the Minister on any matter relating to tourism or travel within Western Australia that is referred to the Commission by the Minister.

You know all that.

Can you outline how the board ensures that the commission meets functions (c) and (d)? That is —

- (c) to develop or to facilitate the development of proposals for events and conventions;
- (d) to organize and administer or to assist in the organization and administration of events and conventions; ...

Mr Welborn: That is the role of the staff; the role that David Van Ooren currently fulfils within the agency.

Mr Mazitelli: And in terms of conventions, of course, Tourism WA provides a subvention to Perth Convention Bureau to undertake the work in relation to meetings, incentives, conventions and exhibitions.

Mr Cearns: We—John, Dixie and myself as an events committee—would work with the executive to determine the strategy for the events calendar as to deciding what direction we wanted to head in; some of those criteria that we measure events against where we think we are lacking in some events in the calendar et cetera and try to build out a calendar that is along the objectives that we are after. Then, really, it goes to Eventscorp under David's direction and he has event development directors who look at proposals that come in and also look at ways of potentially incubating events by approaching various people to say, "Look, we think this might be a gap in the calendar, can you work up something?" That is really the way it works. And then it obviously comes back up to the events committee at some point where proposals are put forward in a fairly raw form and we debate them. We challenge the thinking. We give them more direction as to what the board might think and then it inevitably comes to the board for a decision.

[3.50 pm]

The CHAIR: Does the board believe that it has adequately performed these functions with respect to the One Movement for Music event?

Mr Cearns: A lot of events that have come to Western Australia have been difficult for us to hold. They are events that maybe exist in other parts of the world. If we get a rugby match, that is terrific but rugby matches happen everywhere. If we get something that comes to town for a while and then disappears, it is not something that we can say is Western Australian or is extraordinary or necessarily promotes the brand and the things we want to communicate. That is part of the strategy. One Movement fell into something that we saw as an opportunity in our part of the world to develop and try to hold as best we could. It was a little extraordinary, having an industry music conference that could potentially attract national and international business because there was not one in New South Wales or there was not one in Asia. That meant that we could develop something that would attract people. To come to Kate's point, "I want to go to Western Australia; here's an excuse to go because I'm in the music industry." It ticked a lot of boxes in that respect. Strategically, we liked the idea. It went down to Eventscorp to develop. They obviously targeted the ITC people in the early stages and then through a sequence of events we ended up with a different group of people. We did not see a lot of that work that was happening within Eventscorp. Ultimately, it comes back to us to say, "This is the way the event is now manifesting itself. These are the people involved who have done homework on these people. This is the way the event is being structured. This is what we forecast and this is what it is going to deliver in terms of the outcomes." We put it up against the criteria and then it goes to the board.

Mr Welborn: In a more independent sense because I was only involved with One Movement in the closing stages, I think that that process that Howard has described is a great example of a board fulfilling its obligations under subsections (c) and (d). Another aspect of One Movement is this partnership between public and private funding to put on these events. That was changed in terms of where Eventscorp saw its role. More recently we have had big success in the partnership with BHP in terms of the swimming event that has been announced. There are a range of other events like that. That is all part of the board fulfilling the role that is outlined in subsections (c) and (d).

Notwithstanding the issues that you are investigating and the fact that the event was discontinued, in relation to the board's strategy behind the event, the way the event was developed and managed, including the decision and the way in which it was terminated, is an example of the board fulfilling its functions.

The CHAIR: Was one of the considerations the strength of the home-grown music industry here as well as the projected success of such an event?

Mr Cearns: Yes. One of the considerations we have to give to whether we can hold an event is whether we have a credible culture or advantage. Western Australia was seen as having a good live music culture and good live music success and that seemed to be recognised by discussions that Eventscorp had had. It was fertile ground to develop an event such as One Movement.

The CHAIR: The Mills Wilson report indicated that stakeholder relationships with Tourism WA are not strong. What action has the board taken to strengthen that relationship with stakeholders?

Ms Lamont: I did not think that is what it said. Can I see what you are referring to?

The CHAIR: We will get a copy.

Mr Welborn: One of the roles the events subcommittee fulfils for the board is having a closer relationship with stakeholders of events, and also using various key advisory people and advisory groups in relation to specific things. The functions as described previously about how that committee operates is designed for that to occur.

The CHAIR: It might take a while to find that. We might follow that up in writing rather than chase that down now.

Do you believe that you effectively manage relationships with key stakeholders such as the WA Music Industry Association in terms of it being a key player?

Ms Lamont: I think a lot has been said about this already, frankly. You will have seen from any of your reading that the board was very keen for WAM to be involved. Over time it became clear that just was not happening in the spirit of the way we expected it to. It is more complex than it seems and I do not want to oversimplify it. I said earlier that I think it was the festival on the Esplanade that was the financial drain for the proponent. Many of WAM's members patronised the event but there certainly were mixed messages coming out of WAM about its support for the event.

The CHAIR: What was the board's role in trying to resolve or deal with that?

Ms Lamont: Again, it is on the board. I met with Paul and his president. I saw his name in the transcript and I wondered whether that was his name. I do not remember. If I saw him, I would know him. I definitely met with Paul and his president. They were disappointed that they had been unable to attract funding out of Eventscorp for their event. That was very clear. It was something that we talked about a bit. WAM is a membership association of local members to build capacity in their industry. It is not about tourism. That was always the issue for us. Our core business is about bringing visitors to the state travelling within the state, from interstate and internationally. It is not their reason for being. While I always understood their disappointment about being unable to secure other government funding—they are reasonably well funded by government already, which is appropriate, I believe—that was also a niggle in the feelings around it. They were disappointed that they were unable to secure funding for their event. From Tourism WA's perspective, their focus was not around tourism. I think I have said that as plainly as I can.

The CHAIR: Did the board or any director indicate whether a formal apology should be requested from WAM for its public comment in its online material regarding the One Movement event?

Ms Lamont: No, I do not think so. The executive were pretty antsy.

The CHAIR: Did any board member instruct management to approach WAM or the Department of Culture and the Arts and threaten WAM's funding in general or for the ACE program unless they got on board and supported the One Movement festival?

Ms Lamont: Absolutely not.

The CHAIR: On the issue of due diligence, I understand the board was faced with two competing proposals—one from WAM and another from Sunset Events. Why did it choose the Sunset Events proposal?

[4.00 pm]

Ms Lamont: I do not believe they were competing at all.

Mr Cearns: I do not think we ever saw —

The CHAIR: You did not see them as being in competition?

Mr Cearns: We did not see a WA Music Industry proposal at board level.

The CHAIR: You did not actually ever see that at a board level?

Mr Cearns: I do not think I did, not for this event.

The CHAIR: Was the board aware of Eventscorp's management's understanding that the event would run at a loss for a number of years?

Ms Lamont: Sorry; did we understand that the executive believed it?

The CHAIR: Was the board aware of that?

Ms Lamont: That One Movement would?

The CHAIR: Yes.

Ms Lamont: Yes.

The CHAIR: Did the board know the financial strengths and financial capacity of Sunset Events prior to its approval in March 2008 of the sponsorship?

Ms Lamont: The feasibility study, the Dun and Bradstreet checks, the regular things were done and were part of the package that the board gets, yes.

The CHAIR: In its assessment, the board asked Tourism WA and management to discuss with Sunset Events the issue of it providing more capital up-front. The management response provided indicates Sunset Events did not wish to make such an investment. Why did the board not insist upon more capital being put into One Movement Pty Ltd prior to the 2009 event?

Ms Lamont: To be honest, I cannot remember the discussions. I would have to go back to the minutes, and I have read them. I think at the end of the day, it was: do your best. We have a view about this event. It was a contract negotiation. I come back to my point about market failure. We were trying to be as strident and prudent as we could be and, at the same time, get some development happening in home-grown events—in ones that we believed had a future. We genuinely believed this event had a future.

Hon PHILIP GARDINER: Can I just take this up a little bit? It is an interesting strategic question, because, as you said, we touched on this earlier. You have got a long-term horizon and you have got market failure, which I understand very clearly and that is correct. In this case, the proponents honoured their commitments; we know that.

Ms Lamont: Yes.

Hon PHILIP GARDINER: But you do not know that necessarily at the beginning and for how long they can go. Is there an option, do you think, in the industry where they would consider putting up capital? What was the total loss—\$2.4 million or something? It was a lot of money. If they were

to put into one of the companies, let us say, \$1 million up-front, would that have given you any more comfort than you had that they would sustain the long haul, because all they had was an undertaking that they would hold the line but nothing more than that? I am just trying to get to this idea of security for what you are trying to do.

Ms Lamont: I completely understand that. I think if they had put \$1 million on the table, we would have been arguing that we would invest less. It was about the capacity. I have no other term except “market failure”. There was no willingness. It is not like we have people queuing.

Hon PHILIP GARDINER: No.

Mr Welborn: There was an appetite to bring the event on. We were not equity investors in the event company, looking for a return on security. I think one of the risk mitigants, as I understand the structure of the arrangement, was the milestone levels in terms of where the government’s funding was going to come from, rather than a need to prop up or support or require as an absolute essential item more capital in the development company.

Hon PHILIP GARDINER: I can see how your milestone thing would have engendered a commitment to a particular level. I can see that, yes.

Mr Cearns: Not remembering the exact detail of the milestones, but it was around the One Movement team going out into the industry and starting to invite and talk to people about coming to Perth. I think there was a third or fourth milestone payment about people starting to commit to coming to the event. I think we had a fair level of confidence. Again, I come back to this reputational risk that they were carrying, not just financial. I think the fact that they had gone that far and were putting it out there and saying, “We are going to run this event” meant a lot to us. They were putting up a fair bit of capital, a fair bit of risk, themselves. As I said earlier, we tried to push as hard as we could to get the protection, but often got pushed back at certain points.

Hon PHILIP GARDINER: The risk they took and the risk they honoured —

Mr Cearns: Was fantastic.

Hon PHILIP GARDINER: — does speak fairly highly of the proponents.

Mr Cearns: Yes, it does.

The CHAIR: Do you, as commissioners, believe the 2009 financial statement of One Movement demonstrated the event provider had sufficient financial capacity to deliver the 2010 event without external support?

Mr Cearns: I think at that point we could only rely on, again, looking at the financial statements and then going back and saying, “Are you still committed to running this event?” I think for the 2009 event, again, a lot of their upside was getting the festival component successful. In 2009, they were hit, from my memory, because I did attend one of the events that year. The weather was not great and they had had some competing festivals around that time frame. I guess they were getting used to marketing the event and trying to get their messages right as to what was industry and what was open to the public. If we were to take a learning out of this, or if they were to take a learning out of this, it was trying to get those messages right, which they did better in the second year. I think they saw themselves still well placed to deliver an event into the future that would return well for them. I think in the second year, having got a couple of those things right and not so many things working against them but they still did not get the result, that is really when it came home to them that maybe this part of the model was flawed. I think the specific thing there was you were asking the public to pay pretty good money to come and see a whole lot of unknown bands. Yes, there were some name artists in there to try to provide some sort of attraction, but largely they were unknown artists. I think that was a bit of a punt on their part.

The CHAIR: Did the board undertake any additional oversight of One Movement, given its weak financial position after the 2009 event and in an expectation it would lose an additional large sum of money? Was any additional oversight put in place?

Ms Lamont: I did not speak to them between 2009 and 2010; it was only after 2010 that I met with them. We were aware that they were not withstanding their losses, and they were committed to the event and committed to making it work and they were making changes to it. We were interested in the event, but it was as much because we wanted the event to work. Frankly, we are interested in all events. It is a big part of what Tourism WA does. No, I had confidence that they would run the event well, and they were optimistic that they could make it work.

The CHAIR: Was the board aware that after the 2010 event, One Movement Pty Ltd requested creditors to defer payment for claims while it received its sponsorship funds from Tourism WA?

Ms Lamont: No, I was not aware of that. I do not know whether or not we were in Shared Services then, but it often took a long time to get bills paid. No, I am not aware.

The CHAIR: Is there any concern that this represents a reputational risk for the state in terms of that delay in payment?

[4.10 pm]

Ms Lamont: No, I do not think so.

The CHAIR: Is there a board-endorsed policy that specifies the board's minimum expectations for due diligence, tourism outcomes, monitoring of events, sponsorship, management and board reporting on major tourism events; a written document in that regard?

Ms Ridsdale: We have a standard approach to the feasibility, which, again, gets approved over time. Again, I would commend the events committee for the contribution they have made in the last couple of years in the changes there. We have a standard approach to board papers, which speaks to the information that we require from a due diligence point of view for us to make a decision. Sorry, chairman, there were about four things you read out.

The CHAIR: In terms of due diligence, the actual outcomes, the monitoring of events, sponsorship, management and board reporting regarding major events.

Ms Ridsdale: I cannot speak to sponsorship, but certainly in terms of the outcomes, yes, there is a very formal process for how those things are assessed and reported. I cannot comment —

Mr Welborn: There is an independent assessment in terms of event outcomes. There is a panel of independent consultants who review all the outcomes of the events and then feed back, through the executive to the board, those outcomes. In relation to sponsorship, I am not sure how we monitor that other than in the documents the board are provided in relation to each individual event. But certainly the board, while it might not be a structured, written down process, in fact it is the main function of the board outlined in your previous description of (a), (b), (c), (d) and (e) and that is what would come through in the minutes of the board meetings.

The CHAIR: In regards to risk management, the board's submissions provided to us indicate that for an event's approval, an event was assessed as low risk—how are those assessments made and who makes those assessments?

Ms Ridsdale: The assessments are made by whatever part of the executive of this particular issue is—you would expect it to occur in Eventscorp. I cannot comment on the extent to which other executive members might comment on that. Just for your information, I suppose, I do not know how long it goes back historically but the board would receive a board paper on a particular decision, whether it be an event or a change to marketing or whatever, that had a risk assessment that would be sort of the standard, consequence, likelihood, risk rating. We have actually asked for a change of that in the last—I cannot remember the exact month but certainly in the last 12

months—for the board to be provided with more detail around that. While the people doing the assessment clearly understand what they are talking about and generically are saying, “We think overall it is low”, it is very difficult to translate that, when you are reading that to say, “What are all the elements they have taken into consideration for that?” The executive has now changed so that in that area of risk it is not a rating as such; it is in fact the headings of all of the key areas of risks and their commentary about the exposure in relation to that. That forms two things: one of them is it means we are able then to see what it is they are considering and to ask questions. But my argument is that it is an opportunity for them to cover themselves in glory, to demonstrate to us as a board that they are onto these types of things. I just make the point that that is a change we have in the last 12 months.

Mr Welborn: It directly speaks to that rating because it is not necessarily a rating of: will the event exist in 10 years’ time? It is a rating of what risk element is there in relation to the government’s funding that has been approved; for example in a particular paper a matter for decision. It is important to identify what risks are being assessed and rated.

Mr Cearns: I think with something like One Movement where a lot of the economic impact was based on the delegates coming to the conference, I think Glen Hamilton going on that trip to London to various events and talking to a lot of people saying, “If we had this event in Perth, would you come? Is this of interest?” combined with what Sunset were doing and the others researching, they would then form a view of, “Okay, if that particular event in Austin, Texas, gets that many delegates, Perth would probably be harder to get to, what do we think we are going to get?” We had this conversation and so on. There would be a fair bit of working trying anecdotally to construct a risk factor as to whether it is highly likely we are going to get 600 people or we are going to get 1 200. Generally they are pretty conservative, the Eventscorp people. They will get a number and often they will halve it.

The CHAIR: In terms of assessment information, was that actually formally considered by the board?

Mr Cearns: A lot of it would be in the feasibility as to what they did. Sometimes we get quotes and whatever, a bit of colour into the document, but often it is just about where they have been, what they have done to research it in the feasibility study.

The CHAIR: I guess with the benefit of hindsight, do you think that was appropriately classified as low risk?

Ms Ridsdale: I actually do.

Mr Cearns: I think they did not quite get there but they got close. We had the GFC come in and a whole bunch of stuff that went against them. We were happy.

Hon LJILJANNA RAVLICH: What would high risk be, if that is low risk?

Mr Welborn: It depends what risk you are assessing here. The risk was that Tourism WA would invest this money and get the visitation numbers and get the results, the key drivers around what we were looking for. That comes through in the detailed assessment that has been done of the event as to why it was assessed as low risk at the time in terms of that particular outcome. If you are asking what is the risk of WAMI working collectively and in a cohesive manner with Sunset Promotions and you are assessing that risk at the time, perhaps it might have been a different assessment, but it was not made at the time.

The CHAIR: That might have been high risk.

Was a comprehensive and formal risk assessment ever undertaken involving the risk management and Eventscorp’s management of the processes for assessing due diligence?

Ms Lamont: Did we do a risk assessment of their performance to do risk assessment—is that what the question was?

The CHAIR: I am going over that question myself! Hang on a second.

Mr Welborn: Obviously we have got a standard approach, which we have described in terms of risk assessment. Certainly something the event subcommittee has done more recently in my time on the board is understand exactly what the executive do. We get a paper, and the process that Trish described is in response to in fact the board analysing what does take place in these risk assessments and then deciding we would like a bit more information on it. That is a direct example of an ongoing process of evaluation.

Hon LJILJANNA RAVLICH: It appears there are a number of variables that must be considered when you do your risk assessment. Against each one of those variables is a risk assessment, and then possibly add them up or do whatever you do to get the net final result which would then determine whether it is high, medium or low risk. Really, what we are interested in is to have a look at the modelling, or the model upon which that is based, if such a thing exists. I see you nodding your head so you must do it against some sort of —

Mr Welborn: We have described, for example, on events, the criteria that you assess. One of the key ones would be: does the event proponent have the skills and resources to adequately assess the event? That would be assessed and then there would be a range of others. I do not think there is a detailed matrix as to the number of points ascribed to each one that then —

Hon LJILJANNA RAVLICH: There must be some sort of a guideline. You are actually assessing risk all the time and you are assessing one event compared to another event to see which one is going to bring in more visitation, so on and so forth—net return to the economy, how much money they are going to leave, so on and so forth. There must be some sort of guideline otherwise your measure would be changing all the time. You would not be measuring apples with apples. Really, what I am after is the framework; if it is not in the form of a framework, it might be a set of guidelines which you use consistently in order to make those assessments.

Ms Ridsdale: Thank you to this committee for encouraging me to read 500 pages on One Movement! I may not have retained it all, certainly my memory from the feasibility study is a table that they have rated. I will not be able to remember all of them. It rated things like reputation, governance, financial, and a range of other things. That is very event specific. I have not seen anything like that applied into other areas of Tourism WA. But there is a standard risk assessment template. It is my understanding that the assessments have been tabled to the committee from —

Hon PHILIP GARDINER: I think it was in the proposal to the board.

Ms Ridsdale: These are reliant on risk cover, so the risks of the agency are assessed: catastrophic; there is financial, safety reputation, but to give you an example anything in excess of \$5 million. Again, considering the budget for Tourism WA, that is set very low, and it is to indicate the conservative nature of statutory authorities. I am not suggesting that \$5 million is not a lot of money but relative to the overall budget you would say it is a smaller percentage. There is a risk register that identifies risk owners in terms of which divisions it sits in, and that is updated on a regular basis; in fact, it is my understanding it was updated as recently as last week. The audit risk committee does have oversight of that. In fact, there is an internal audit schedule for this year, which is about assessing the robustness of our risk management framework, and I suspect that we will get improvement suggestions from that again. Does that assist?

Hon LJILJANNA RAVLICH: That is good. Just some confidence, I suppose.

The CHAIR: I have covered what I need to ask.

Hon PHILIP GARDINER: You raised the issue of the internal audit. Does that report to the board or to management?

Ms Ridsdale: The audit risk committee of the board.

Hon PHILIP GARDINER: Then you hire officers within the commission to do the work and they report to you, do they?

Ms Ridsdale: How it works is, we have outsourced internal audit providers, Grant Thornton, who, it is my understanding have presented to this committee. They, with the executive, will put together the audit program for the year and it will come to the audit risk committee. We will look at that relative to what has been looked at in past years. In fact, we will not look at it in a 12-month period; we will look at it often in a three-year cycle. We do not have unlimited internal audit funds. We want to make sure that we are focused on areas of best value. We do not do the work. Obviously, any of the interface between the internal audit providers occurs through the executive and their staff, but their reports get reported to us at every meeting and they come personally to present to us.

Hon PHILIP GARDINER: Thank you.

Hon KEN TRAVERS: Earlier on, when you were talking about assessing the risk, you said that one of the issues was the reputational risk of the proponent and the fact that their reputation would be on the line. How long does a proponent need to be around before you can be secure about that? My understanding is that at the time you approved Sunset Events they had been doing concerts at that level for only about four years. They might have a longer history now but at the time of the assessment they I think the first Blues 'n' Roots was in 2004 and Southbound in 2005. Is that sufficient to be able to be confident about that reputational risk?

Mr Cearns: I think those events were pretty successful and the fact they had coupled up with —

Hon KEN TRAVERS: They were, but 2007, I think, was the first sell-out of Southbound. That is one sell-out event before you give money on the basis of their having a reputational risk.

Mr Cearns: Yes, and they had been running, I think, the outdoor cinemas for a while before that.

Hon KEN TRAVERS: Since about 1997, but that was very small. On the big concert side of it, Sunset was no longer doing it; the cinema had gone.

Mr Cearns: Well, you know, okay it was a cinema event they were running, but they were event managers and then they had moved on to running Southbound, which I think is a very successful event, and quite a large thing to take on, so that gave us confidence. They had also, I believe, things like Blues 'n' Roots were connected into a wider community of music promoters—Michael Chugg and others. I know you made a reference to issues with Michael Chugg, but Michael Chugg was a national and international name. The fact that he had faith in them being part of his tours I think gave us some comfort. And, as I said, the diligence into A&R and Sat Bisla said that this guy had quite a reputation as well. I think running concerts of the scale of Blues 'n' Roots and Southbound for three years successfully and putting those events on the map—and they are still on the map—says a fair bit for an organisation.

Hon KEN TRAVERS: I do not question their reputation today.

Mr Cearns: I have been to those events; likewise, when the first One Movement was held—it is one thing to listen to Eventscorp tell us what they thought of the event, but we, as board members, attend events and walk around and try to get our own feel for them. I went on the first night of the festival down on the Esplanade and certainly the numbers were not there. A promoter would walk around; I would walk around and if we saw people saying, “This event sucks”, or “This is no good; I wish I hadn't put my money into this.” What I saw was people on their mobile phones ringing their mates and saying, “You've got to get down here; this is fantastic.” They were going off, and just having a great time, even though the numbers were not there. I think that gave me a lot of confidence and I think the promoters themselves probably looked at that and thought, “Well, we've just got to get this word of mouth happening and get our message right on this event; we're going to have something that's great, here.” The signs were good; it just did not click the next year either. As I said, there were some flaws in the actual offer. It never made it hit its straps. As far as reputation is concerned, I think we were comfortable with the group that was pulled together.

Ms Lamont: Yes.

The CHAIR: I think we are finished. If there are any different questions, they will be forwarded to you in writing in the next couple of days, together with a transcript of the evidence, which includes the questions that you have taken on notice. If members have any unasked questions, make sure they are given up by the end of this session. Receipt of responses to these questions will be requested within 10 working days. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. Advice is to include specific reasons as to why the due date cannot be met. Finally, on behalf of the committee I would like to thank you very much for your attendance this afternoon, and we will close this hearing.

Hearing concluded at 4.27 pm
