

**Division 7: Jobs, Tourism, Science and Innovation — Services 2, 3 and 4, Tourism \$99 798 000 —**

Ms S.E. Winton, Chair.

Mr P. Papalia, Minister for Tourism.

Mr. S. Wood, Director General.

Ms. L.A. Scott, Acting Executive Director, Markets and Partnerships.

Ms. S.J. Doherty, Executive Director, Events.

Mr R. Sansalone, Chief Financial Officer.

Ms. J. Arden, Principal Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number.

If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 29 September 2017. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for member for North West Central.

[5.00 pm]

**Mr V.A. CATANIA:** I refer to the line item "Freeze Salaries and Allowances Tribunal Determined Salaries" on page 98 of budget paper No 2. How many jobs within the tourism portfolio will be lost as a result of the 3 000 voluntary public sector redundancies?

**Mr P. PAPALIA:** Which line is the member talking about? Is the member referring to "Significant Issues Impacting the Agency" or something else?

**Mr V.A. CATANIA:** It could be under any of the salaries and allowances items, or the line item "Freeze Salaries and Allowances Tribunal Determined Salaries". Would that come under it?

**Mr P. PAPALIA:** The member is just looking for a line; okay.

**Mr V.A. CATANIA:** It is on page 98.

**Mr P. PAPALIA:** As the member has probably heard from other ministers on this particular matter, the Labor Party's commitment prior to the election was to reduce the senior executive service by 20 per cent. That is the objective as an across-government target. The impact that will have on the Tourism WA agency has not yet been fully resolved. We are still in the process of revealing the final structures. Is the member talking about the voluntary redundancies?

**Mr V.A. CATANIA:** The voluntary redundancies, yes.

**Mr P. PAPALIA:** That has not played out. We have not yet determined whether or how that will impact on the agency.

**Mr V.A. CATANIA:** Is there no determination, given that 3 000 voluntary public sector redundancies are anticipated in the budget over the next 12 months? Does the minister still have no idea how that is going to affect his department?

**Mr P. PAPALIA:** No, and it is a pretty small agency, so the expectation that we are going to realise a lot of those within the agency is probably not very high.

**Mrs R.M.J. CLARKE:** I refer to the fourth dot point on page 98 under "Significant Issues Impacting the Agency". It relates to the commitment to provide \$425 million for destination marketing and event tourism over five years.

**Mr P. PAPALIA:** I might give an indication to my colleagues on the committee that we have only an hour for this particular field. It is a significant area of endeavour and it has a reasonably wide range of issues to address. I am comfortable if no more questions are asked on this division, unless the non-government members get to the point of running out of questions. I am happy to confirm that, as was committed 11 months before the election, we have delivered through the forward estimates an increase of funding on destination marketing and event tourism to \$85 million a year over five years, which equates to \$425 million. That is in the budget.

**The CHAIR:** I just want to clarify that this division does not stop at six o'clock. It can go further. Is that the minister's concern?

**Mr P. PAPALIA:** I understand that it can, but I have five portfolios and there are a number that I imagine the opposition wants to ask questions about. If members want to keep going, of course the division will continue.

**Mr V.A. CATANIA:** How much of the \$425 million over five years will be allocated to regional Western Australia?

**Mr P. PAPALIA:** I thank the member for that. That was an issue that confronted Tourism WA under the previous government with the way the tourism budget was structured. A significant component of it was tied to grants that did not materialise until the second year of the out years. It was tied to grants and related specifically to fields of endeavour where money was allowed to be spent. That prevented the previous government from having the flexibility to spend the money in another way that might have also benefited the regions.

**Mr V.A. CATANIA:** I understand all of that, minister, but how much of that \$425 million —

**Mr P. PAPALIA:** It is an important point. For instance, there would have been allocations of money under royalties for regions within the tourism budget that could not be allocated or spent on funding for regional tourism offices. That was one of the limitations and constraints that was imposed on the agency. That has been removed. Some components of the budget will be dedicated to the regional events program. Naturally, they are in the regions so that will be continued. Beyond that, the intent of the allocation of that money and the removal of the constraints on the agency was to enable it to get the best value for tourism spend on behalf of the taxpayer for the entire state. That meant getting people to Western Australia to fill hotel beds and get them out into the regions. We do that through flexibility and being able to respond in a rapid fashion to opportunities and also threats.

**Mr V.A. CATANIA:** Exactly how much? Can the minister tell me what proportion it is of that \$425 million?

**Mr P. PAPALIA:** No, it will be determined annually in the management process from the agency. If the member is talking about the proportion of that funding to be expended in the regions, there is no intent that it be a proportion of it, but the agency might be able to tell the member what this year's allocation is. It is not rigidly dictated that a component of it —

**Mr V.A. CATANIA:** Is it a grants process that regional events program, for example, may have to go through?

**Mr P. PAPALIA:** For some of them. As the member knows, the regional events program is a grants process but that is a limited amount of the budget and is not being changed.

[5.10 pm]

**Ms L. METTAM:** Will the \$425 million be directly appropriated to Tourism WA or will it be appropriated to the Department of Jobs, Tourism, Science and Innovation?

**Mr P. PAPALIA:** I know that there is some speculation by individuals around the traps that because the Department of Jobs, Tourism, Science and Innovation exists now, its money might somehow be stolen by the department and redirected to activities elsewhere. That is not possible. Where the money is allocated and what it is allocated for is transparent. It will be managed by the agency for delivering on tourism outcomes.

**Ms L. METTAM:** So it will go directly to Tourism WA?

**Mr P. PAPALIA:** All money is appropriated to the department and then allocated to specific agencies as appropriate. That is normal practice. There is nothing threatening to the tourism agency or the tourism community from this process.

**Ms L. METTAM:** Will the \$425 million be untied, as promised by Labor during the election campaign?

**Mr P. PAPALIA:** Some components of it are allocated to the regional events program. Clearly, that is a grants process, as the member for North West Central referred to earlier. The government never intended to remove that program or diminish the allocation to that program, so that component is tied to that grants scheme. I have consulted pretty broadly with the sector. It was not concerned about the commitment that it not be tied to grants programs. It was quite comfortable that that remain allocated in the fashion that it is.

**Mr C.J. BARNETT:** Just on this budgetary situation and the allocation of funding, as Tourism Western Australia, which is the Tourism Commission, is established under its own legislation as a statutory corporation, how will that

be subsumed within a department and what role and responsibility will the chair of the commission now have? In other words, how can the government separate the money legally?

**Mr P. PAPALIA:** Is the member referring to the chair of the board of the commission?

**Mr C.J. BARNETT:** Yes, and its legislation. It is not a department.

**Mr P. PAPALIA:** Effectively it is unchanged. The role of the board and the chair of the board remains unchanged. The role of chief executive officer of the agency, which was previously occupied by an individual at Tourism WA, is currently being performed by the director general of the Department of Jobs, Tourism, Science and Innovation. As far as the actual process relationship with respect to the legislation or anything of that nature goes, nothing has changed.

**Mr C.J. BARNETT:** Yes, it has. The minister has a legal problem because it is a statutory corporation, and a statutory corporation cannot be part of a department.

**Mr P. PAPALIA:** Is the member asking a question or making a speech?

**Mr C.J. BARNETT** interjected.

**The CHAIR:** Order! Member for Cottesloe, thank you.

**Mr P. PAPALIA:** Is the member asking a question?

**Mr C.J. BARNETT** interjected.

**Mr P. PAPALIA:** If the member has a question, I am happy to answer.

**The CHAIR:** Order! Thank you, minister. Member for Cottesloe, please, can we just go through the Chair.

**Mr C.J. BARNETT:** I have been here for 27 years.

**The CHAIR:** Member for Cottesloe, I really ask: could we please try to do this through the Chair?

**Mr C.J. BARNETT:** This is a committee, not *Q&A*.

**The CHAIR:** Member for Cottesloe! Thank you.

**Ms L. METTAM:** With the exception of the Minister for Tourism under section 16 of the act, will the Tourism WA board be solely responsible for making decisions regarding how the \$250 million is spent?

**Mr P. PAPALIA:** In exactly the same fashion as occurred under the previous government and under the previous structure, the Tourism WA board proposes expenditure of the funds that have been allocated to the minister and the minister authorises them or does not authorise them.

**Mr C.J. BARNETT** interjected.

**Mr P. PAPALIA:** That is exactly what used to happen. I do not know where the member was when the financial management process was playing out during his tenure as the minister, but that is what happens.

**Mr V.A. CATANIA:** I have a further question, which was the original question, about the \$425 million over five years. Is there an infrastructure fund allocation in that \$425 million? For example, the cruise ship industry has indicated that there is a desperate need for facilities in Geraldton, Exmouth and Broome. What is the government's priority for those three ports that have been highlighted by the industry as having a need for infrastructure to cater for cruise ships? Where will the funds come from to fulfil that, and in what time frame?

**Mr P. PAPALIA:** It is an interesting stretch of that relationship to the original question. No, there is no infrastructure money. Clearly, the tourism portfolio has a deep interest in advocating for capital works as required to try to get the cruise industry, particularly Carnival, to recommit to home porting out of Fremantle. As the member is aware, a letter was received by the government in September last year that suggested a number of issues had to be addressed at ports. With regard to the prioritisation of those needs, we have already done Geraldton. I believe the shore side tensioning at Geraldton has been completed, but, if not, certainly the funding has been allocated. With regard to the other two ports, Broome undoubtedly has a comparatively small impost to rectify its problem because there are in the order of three obstructions in the channel that constrain access to larger ships to limited tidal windows, which members opposite are familiar with, and to address that could be significantly lower than the cost associated with Exmouth. I was in Exmouth recently and I am very supportive of addressing the challenge with Exmouth longer term. I do not have the money, but I will advocate with the Minister for Regional Development and the Minister for Transport to address the infrastructure needs of Exmouth in due course.

**Mr V.A. CATANIA:** Further to that question, have time frames been given by the cruise ship operators on what they would expect?

**Mr P. PAPALIA:** Carnival in particular—it advocates on behalf of the vast majority of Australian cruise operators—home ported two ships in Fremantle a couple of years ago, which resulted in a threefold increase in regional port visitation. It is the home porting of the two ships in Fremantle that does that. Carnival indicated in the letter to the then Premier in September that it had concerns at those ports. I am hopeful that were we to address Broome port as a matter of urgency, we could convince it to return.

**Ms L. METTAM:** Page 100 of budget paper No 2 refers to government goals and desired outcomes. In particular, the increased competitiveness and viability of the Western Australian tourism industry is listed as a desired outcome. I refer to the new liquor control regulations under which we will see the introduction of liquor licences for operators with accreditation through the Australian Tourism Accreditation Program. Was Tourism WA asked to provide advice on a proposal by the Tourism Council prior to previous exemptions in 2016?

**Mr P. PAPALIA:** Was Tourism WA asked to provide advice prior to the previous proposal?

**Ms L. METTAM:** Yes, the proposal by the Tourism Council.

[5.20 pm]

**Mr P. PAPALIA:** I am not aware, because it was the previous government. I am not aware of what advice was requested.

**Ms L. METTAM:** How many tourism businesses operate in Western Australia, and how many are accredited ATAP businesses?

**Mr P. PAPALIA:** Answering that question might take some time. I might ask the member to place the question on notice. If she wanted supplementary information, the time frame is only nine days, and I am not sure that the agency would be able to provide the information in that time.

**Ms L. METTAM:** On the website it says that there are about 1 000 members.

**Mr P. PAPALIA:** What is the member trying to get at? What is the issue?

**Ms L. METTAM:** The issue is: why is the government forcing genuine tourism operators to become accredited members of an independent industry group?

**Mr P. PAPALIA:** That is an interesting take on it. We are enabling genuine tourism operators to provide a service to their customers that has not been previously available because of the regulation that prevented them from doing it. It is the provision of an opportunity for tourism operators that was advocated for by the Tourism Council on behalf of its members.

**Ms L. METTAM:** My understanding is that that opportunity was already available to tourism operators, and the amendments that have been introduced in fact introduce red tape and additional costs to genuine tourism operators who are not accredited members, but would like to be able to provide alcohol as part of a tourism experience, as was introduced by the previous government.

**Mr P. PAPALIA:** I will say, member, that I am the minister responsible for liquor legislation, and that is not correct. The previous government did not change the regulation, and I can tell the member that it changed on the day that I authorised it. The previous government may have talked about it and considered it, but it did not do it. It has now changed to enable genuine tourism operators who are properly accredited by a registered training authority in the form of the Tourism Council to provide liquor as a component of their service to their customers.

**Mr C.J. BARNETT:** On what basis has the Tourism Council been given, effectively, regulatory responsibility for approval? The only other organisation I can think of that has that is the RSPCA, on animal welfare.

**Mr P. PAPALIA:** The Tourism Council is accrediting tourism operators. The director of Liquor Licensing advised that this is an appropriate means of enabling tourism operators to serve liquor as a free component of their service to their customers.

**Mr C.J. BARNETT:** Yes, but my question is that it is a regulatory power.

**Mr P. PAPALIA:** Is the member making a speech again, or is he going to ask a question?

**Mr C.J. BARNETT:** My question is that it is a regulatory power.

**The CHAIR:** Minister and member for Cottesloe, we are not going to get into a debate.

**Mr C.J. BARNETT:** Yes, we are.

**The CHAIR:** Member for Cottesloe, ask a question.

**Mr C.J. BARNETT:** I did, and I want an answer.

**The CHAIR:** Member for Cottesloe, I call you to order for the first time.

**Mr C.J. BARNETT:** This is ridiculous; it is regulatory.

**Mr P. PAPALIA:** I sought advice from the director of Liquor Licensing, who advised that it was a regulatory change that could be achieved in this fashion. It needed to be achieved in this fashion to achieve the outcome that was intended.

**Ms L. METTAM:** Did the minister seek advice from Tourism WA on this as well?

**Mr P. PAPALIA:** In regard to what?

**Ms L. METTAM:** In regard to the changes to the liquor regulations.

**Mr P. PAPALIA:** It is a change to liquor regulations. It is a change to the regulation governing liquor.

**Ms L. METTAM:** But the minister argued that it had a huge impact on the tourism industry, given that it has the potential to benefit.

**Mr P. PAPALIA:** It has been universally welcomed by stakeholder groups and people within the sector. If there is concern beyond the person sitting to the member's left, she should let me know about it, but everyone else I have talked to welcomed the announcement.

**Mr V.A. CATANIA:** I refer to the details of controlled grants and subsidies on page 106 of budget paper No 2. I am sure the minister has been expecting this question. Right at the bottom of the list is the line item "Regional Visitor Centre Grants". After 2017–18, where a figure of \$1.273 million is shown, it disappears. Does this mean that the visitor centre grants have now been cut by the government in future years, after the 2017–18 budget is finished?

**Mr P. PAPALIA:** Member, I am pretty certain that the grants ended in the forward estimates of the previous government as well, within the same time frame. I do not recall that they existed beyond that year.

**Mr V.A. CATANIA:** Minister, these are the present government's estimates.

**Mr P. PAPALIA:** I think that was a grant scheme that had a finite life, and we are seeing it through, but, as I recall, the grants were not in the forward estimates of the previous government's last budget.

**Mr V.A. CATANIA:** The regional visitor centre grants, as of the end of 2018, will cease under the minister's stewardship as Minister for Tourism, in this government's budget. The grants have been successful in providing support to visitor centres right across regional Western Australia. That means that the government has no intention whatsoever of assisting those visitor centres.

**Mr P. PAPALIA:** We will be assisting them, but the member knows full well that that scheme had a finite life under the previous government. In the previous government's forward estimates, that grant scheme ended in 2017–18.

**Mr V.A. CATANIA:** That is an assumption, because we are not in government anymore.

**Mr P. PAPALIA:** Had the state been unfortunate enough for the opposition to have won the last election, we would have seen exactly the same allocation in the forward estimates.

**Mr V.A. CATANIA:** Clearly regional tourism is not a focus, and is not being supported in the government's budget, and I just wanted to make that statement.

**The CHAIR:** We are not here to make statements, member for North West Central. Is it a question?

**Mr P. PAPALIA:** I must commend the member for his tenacity.

**Ms L. METTAM:** I refer to the spending changes listed on page 98 of budget paper No 2. Excluding event tourism baseline funding, which of Labor's election commitments listed under "Election Commitments" are being funded from the government's \$425 million total investment in destination marketing and events tourism over five years?

**Mr P. PAPALIA:** Sorry, can the member say the line that she is referring to again? I have the page, but I just need the line.

**Ms L. METTAM:** It is just the headline. On page 98, the title is "Spending Changes" and then the table is headed "Election Commitments". Under that heading, apart from event tourism baseline funding, which is the fourth line, what election commitments are being funded out of the \$425 million?

**Mr P. PAPALIA:** The only other one is the tourism destination marketing baseline funding at the bottom of that list, just above "Other".

**Ms L. METTAM:** So it is just the tourism destination marketing baseline funding, and no other election commitments?

**Mr P. PAPALIA:** It is also the "Swan Valley Strategy", two lines above that one.

**Ms L. METTAM:** Why are the Labor Party's other election commitments in the tourism portfolio, such as the Premier's commitment to host at least one international trade delegation annually to promote WA business and trade on the international stage, as confirmed in a previous question on notice, not included in this list of election commitments in the budget papers?

**Mr P. PAPALIA:** Because that funding would be coming from other parts of the budget, I imagine. Is the member talking about the trade delegation that the Premier will lead and asking why there is no funding in the tourism budget?

**Ms L. METTAM:** That is right, so the —

**Mr P. PAPALIA:** The trade delegations will have different emphases in different years. It is true that the Premier committed to the first one being significantly a focus on tourism and international students, and it will be to China.

**Mr V.A. CATANIA:** That is through destination marketing.

[5.30 pm]

**Mr P. PAPALIA:** I was asked why it is not in this table.

**Ms L. METTAM:** Yes; did it come from a previous year?

**Mr P. PAPALIA:** No. The costs associated with the travel for that delegation are not coming from the Tourism budget.

**The CHAIR:** Member for Vasse, you can ask a further question. Minister, can we ask you to leave the microphone alone because Hansard is having trouble.

**Ms L. METTAM:** I asked a question on notice on 8 August 2017 about whether the state Labor government's election commitment to invest \$425 million would come from this destination marketing. Sorry; I will start again. In relation to a question on notice I asked on 8 August 2017, why did the minister confirm that the funding for this trade delegation would come from that budget, the \$425 million?

**Mr P. PAPALIA:** I am sorry, member. I do not have the question in front of me and I cannot respond to the member's question about whether it did or why it did. The member can put it on notice for clarification.

**Ms L. METTAM:** Or as a supplementary? The minister has answered it before.

**Mr P. PAPALIA:** I am not sure that I am clear on what the question is. Is the member suggesting that at a previous time the member asked: was the trade delegation to be funded from within Tourism WA funds?

**Ms L. METTAM:** From the \$425 million, yes.

**Mr P. PAPALIA:** Was she talking specifically about the Premier's delegation or just about travel promotion?

**Ms L. METTAM:** I was talking about the Premier's delegation.

**Mr P. PAPALIA:** So the member actually asked whether the Premier's delegation would be funded from within —

**Ms L. METTAM:** I asked whether it would be funded from within the full \$425 million. The question on notice read —

- (1) I refer to the Labor State Government's election commitment to invest \$425 million into destination marketing and tourism announced by the now Premier ... and I ask does the \$425 million include ...
  - (a) at least one international trade delegation annually to promote ... business and trade on the international stage;

The response was —

- (1) (a) Tourism Western Australia undertakes international trade missions for tourism which is included in the \$425 million.

**Mr P. PAPALIA:** That response refers to Tourism WA undertaking that sort of activity, not the Premier undertaking that activity. Tourism specifically undertakes trade missions quite regularly. There is one going to China next month. It sounds confusing but the response is with respect to Tourism WA, not the Premier. The funding for the Premier's trade delegation will not come from Tourism WA.

**Mr V.A. CATANIA:** I refer the minister to the caravan and camping grants line item under "Details of Controlled Grants, and Subsidies" on page 106 and I note that there is no money for the out years. Does this mean that affordable caravan and camping holidays to regional WA will no longer be funded by the state government?

**Mr P. PAPALIA:** You are a cheeky bugger!

**Mr V.A. CATANIA:** I ask that given that Hon Darren West, in the other place, constantly said throughout the election campaign that nothing would be cut; everything would be the same.

**Mr P. PAPALIA:** Nothing has been cut. The member knows full well that this was another program for which there was a finite allocation due to be completed in the same time frame under his government. It has been successful; it has been welcomed and acknowledged as a worthwhile activity wherever it has been rolled out.

**Mr V.A. CATANIA:** So why cut it?

**Mr P. PAPALIA:** It has always been a finite program. We are seeing it through. The conclusion of the program will occur in the same time frame that the previous government had programmed.

**Mr V.A. CATANIA:** The minister says it is a finite program but in the lead-up to the election, we had made commitments such as giving \$10 million to visitor centres. Our intention was to continue these successful programs and the minister just said in his own words they were very successful programs. It is disappointing, because it is something that has worked and I would be trying to expand it because a huge amount of growth could occur. The minister has been in my electorate to look at more ways of increasing caravanning and camping, especially along the coast and inland around the Mt Augustus–Karijini way, and there are plenty of opportunities. For the minister to cut this successful program, is it not just another kick in the guts for regional Western Australia?

**Mr P. PAPALIA:** I can just see that in the member's local paper! The program has not been cut. It was always finite and was going to end at that time in the previous government's budget as well. Having said that, regarding the member's observation about destination development and the potential, particularly in his electorate but also elsewhere, for sites of that nature, the absence of this program continuing does not mean that those things could not potentially be pursued when funding becomes available.

One thing that must be stated—I have not referenced it to this point—is that every dollar that the government spends on behalf of the taxpayer will be assessed, analysed and prioritised. According to our government's priorities, as we can afford things, they will be funded. However, we inherited a diabolical situation with the state's finances—the member for North West Central was part of the previous government—and that puts constraints on what we can and cannot do. One of the things that we will confront in the event that the member's party gets its way and removes \$800 million of revenue measures from the forward estimates, things will get even tougher and that is something he should consider.

**Mr V.A. CATANIA:** I am glad the minister brought up marketing destination because the government has allocated \$45 million to be spent in that area. Am I correct?

**Mr P. PAPALIA:** It is destination marketing. Yes, it is \$45 million annually.

**Mr V.A. CATANIA:** Yes. How much of that is allocated to the regions? On the minister's point about the budget being tight, yet again in the lead-up to the election, a new revenue source was enabling us to put money into tourism. I think it may have been half a billion dollars. A lot of it was to go to marketing destinations, which would have solved the problem the minister inherited.

**Mr P. PAPALIA:** Who is we; is it the National Party?

**Mr V.A. CATANIA:** How much of the \$45 million, which is a small amount of money compared with what we had in the lead-up to the election, is allocated to regional Western Australia?

**Mr P. PAPALIA:** To clarify—by “we” in the lead-up to the election, does the member mean the National Party part of the government? It was completely different and separate from the Liberal Party part of the government, so people could not believe either of them. Is that what the member is talking about when he is making comparisons?

**The CHAIR:** Minister, can you just answer the question.

**Mr V.A. CATANIA:** How much of the \$45 million is for regional Western Australia?

**The CHAIR:** Member for North West Central, I call you to order. You have had a go. You have asked your question. Minister, could you answer the question.

**Mr P. PAPALIA:** The intent of the allocation of destination marketing funding and the certainty over the forward estimates is to enable Tourism WA to get the best possible value for the state and for taxpayers from the destination marketing spend. That means Tourism WA will employ it wherever it can be best used for the greatest return for the state.

**Ms L. METTAM:** I refer to the outcomes and key effectiveness indicators on page 101 of budget paper No 2. I note the outcome that is to provide leadership in the development of WA industry sectors to grow the economy and create jobs. The first point refers to the extent to which agreed milestones for projects for which the department

is the lead agency are achieved within the reporting period. The 2016–17 and 2017–18 budget target is 85 per cent, yet the estimated actual for 2016–17 is only forecast to reach 74 per cent. What does this mean for our state's tourism industry outcomes?

[5.40 pm]

**Mr P. PAPALIA:** I am not sure who I can get to give the member more detail. I note that the actual achieved outcome in 2015–16 was also 74 per cent. Agencies aspire to greater performance as a matter of course, normally, and in this case the hoped-for outcome, the budgeted outcome, was 85 per cent. That replicates what it is this year. The achievement was 74 per cent last time. The estimated actual this time is 74 per cent. I am not sure whether anyone here can give some insight into what all that means as far as the member's question is concerned. There is a note there that might provide some assistance. Note 1 refers to the line the member is talking about. It states —

The ... Budget Target is lower than the 2016–17 Estimated Actual as there has been consolidation and increased competition of tourism trade partners. The indication is that some partners may commit at a lesser rate or are unable to match funding in cash, plus there are a number of agreements for 2017–18 yet to be negotiated.

Is that the right line or is that the wrong line? I have the wrong line. I do not have a specific response for the member. As its explanation, it says things like external variables such as market conditions, timing of investment decisions and obtaining events, necessary approvals and the achievement of milestones.

**Ms L. METTAM:** Given the lack of support from the tourism industry for merging Tourism WA within a mega-department and the absence of a dedicated Tourism WA CEO, how will the minister ensure that the tourism priorities of the state are not compromised to ensure that \$425 million is best used to maximise our return on investment?

**Mr P. PAPALIA:** I will respond to the second part of the member's initial statement. The CEO is sitting next to me. The CEO of Tourism WA is the director general of the Department of Jobs, Tourism, Science and Innovation, so it is not vacant.

**Ms L. METTAM:** I said a dedicated CEO.

**Mr P. PAPALIA:** With respect to the member's claim about the lack of support from industry, who is the member referring to?

**Ms L. METTAM:** I am referring to the absence of someone who has a dedicated role to promote Western Australia's fair share of tourism; someone with strong destination marketing skills who has a history in the tourism sector; someone who can argue overseas about a fair share of investment for this state; someone who has great experience in negotiating with airlines; someone who has an ability to procure events; someone who has the phone numbers of tourism leaders across the country at their fingertips because they have been in the industry for that long; and someone who lives and breathes tourism.

**Mr P. PAPALIA:** The member has gone back to the claim with respect to the CEO. The current CEO is the director general of the Department of Jobs, Tourism, Science and Innovation. The machinery-of-government changes with respect to this agency have not yet completely played out. The final structure has not yet necessarily been arrived at. That aside, the member's initial question referred to a lack of support within industry for the machinery-of-government changes. With regard to that claim, who is the member referring to from the industry?

**Ms L. METTAM:** I am referring to feedback that I have received from many people in the tourism sector. They feel that the absence of an independent tourism board, the absence of a CEO who is dedicated to Tourism WA, and the removal of someone with strong destination marketing experience has led to a fair degree of concern that they will be competing, and the government will be competing, with the other ministers who share the Department of Jobs, Tourism, Science and Innovation, which includes the Premier, the Minister for Regional Development and the Minister for Water.

**The CHAIR:** Member for Cottesloe.

**Mr P. PAPALIA:** I —

**The CHAIR:** Sorry, minister, I do not know whether that was a question. You asked a question of the member for Vasse.

**Mr P. PAPALIA:** I want to respond, because the claim that the Tourism WA board is not independent is just plain wrong. Nothing has changed with respect to the legislation that governs the operations of Tourism WA, its board or the chair of its board, other than the chair has changed. The previous chair resigned his position, as did two of his colleagues. As to the third member of the former board, we took the opportunity not to extend his tenure, for no other reason than to refresh the board. The board has been refreshed with people with direct industry experience and who are knowledgeable in the fields that the member raised concerns about, including marketing. It has people

with significant experience in the fields of endeavour that the member identified as important. The former chair of the Tourism Council Western Australia board has been appointed as the deputy chair of the Tourism WA board. The chair of the Tourism WA board is a longstanding former member of the board who was recommended to me by the previous chair as being the person most suitable to become the chair. I took that advice, and only recommended it as a consequence. The CEO of Perth Airport has been placed on the board to bring his knowledge and experience in the field of endeavour of trying to get more direct flights to Western Australia in particular, but also benefit outcomes for aviation generally in the tourism sector.

**Mr C.J. BARNETT:** I refer to the table on page 100 of the *Budget Statements* that shows the designation of responsibilities, particularly “Tourism Destination Development”. I refer to the Rottnest Island Authority, which comes under the tourism portfolio. The current chair of the Rottnest Island Authority, who has done a decent job, has recently been appointed the CEO of Seven West Media WA. I think that is his correct title. Will he be stepping down as chair of the Rottnest Island Authority? Does the minister consider that to be a potential conflict of interest?

**Mr P. PAPALIA:** The machinery-of-government changes have resulted in tourism being a general component of the division that is being discussed at this time. That is the way the budget plays out. There is a Rottnest Island Authority component to this division. The director general of the Department of Biodiversity, Conservation and Attractions will be here. That director general is now responsible for the Rottnest Island Authority. The acting CEO will be here and I will respond to that question in that appropriate area.

**Mr C.J. BARNETT:** Does the minister consider it a conflict of interest?

**Mr P. PAPALIA:** As I said, member, I am happy to answer the question in the appropriate part —

**Mr C.J. BARNETT:** You are the tourism minister, and Rottnest is a major tourist destination.

**Mr P. PAPALIA:** As is always the case, I am happy to answer the question when that part of the division is being discussed.

**Mr C.J. BARNETT:** But you never seem capable of answering it.

**Mr P. PAPALIA:** It is a different department.

[5.50 pm]

**Ms L. METTAM:** I refer to the third line item “Event Tourism” in the service summary on page 100 of budget paper No 2. Given that the Margaret River Gourmet Escape has attracted over 80 000 direct visitors to the region and over 23 000 room nights since 2013, last year generating \$9.5 million in local expenditure, when will the minister provide certainty about the future of this event past 2017?

**Mr P. PAPALIA:** In the same fashion as the announcement was made last time regarding renewal or otherwise of the event, it will be made at around the time of this year’s event.

**Ms L. METTAM:** If the project is being cut, what alternative projects will replace it? Will there be a food and wine event promoting the Margaret River region?

**Mr P. PAPALIA:** I have not said that it will be cut, and, as I said, the announcement about future years will be made in the same time frame as last time.

**Mr V.A. CATANIA:** I refer to page 100. I am taking a punt on the words “Minister for Tourism” and “Tourism Destination Development”, because I have been searching the budget papers for any support that Tourism is giving businesses opportunities relating to Aboriginal tourism and experiences. Can the minister explain whether his department is providing any assistance for Aboriginal tourism, because I cannot see it in the budget papers?

**Mr P. PAPALIA:** As an individual line item?

**Mr V.A. CATANIA:** Yes.

**Mr P. PAPALIA:** There is funding for the Western Australian Indigenous Tourism Operators Council, which is taking a large part of the role of developing, mentoring and supporting Aboriginal cultural tourism and destination development. Is the member referring to the Camping with Custodians program?

**Mr V.A. CATANIA:** I am asking about any Aboriginal business development opportunities or assistance that Tourism WA can give.

**Mr P. PAPALIA:** A change was made in the early days, by the former government, actually, to the operations of Tourism WA to remove a large component of what it used to do to mentor, develop and support tourism operators. If the member is asking whether there is a program or line item allocated to incubating and growing Aboriginal tourism, there is not. WAITOC is being supported and a large amount of what it will do will focus on the role of supporting and mentoring.

**Ms L. METTAM:** I refer to “Relationship to Government Goals” on page 100 and the desired outcome of increased competitiveness and viability of the Western Australian tourism industry. Given concerning statistics released today that show we are down more than 150 000 eastern states visitors, or 12.7 per cent, since June 2016 whilst we are seeing growth in every other state, is WA on track to reach the target of increasing the value of tourism in WA to \$12 billion by 2020?

**Mr P. PAPALIA:** I am glad the member asked that question, because it specifically refers to the former government’s Tourism 2020 strategy. The member would probably understand that as a consequence of not just these statistics, but ones released earlier, I am concerned about that strategy and its appropriateness given the changed circumstances confronting the state and also the fact that we are closing in on 2020 pretty rapidly. The federal minister is already assessing a post-2020 strategy. I have met with the chair of the Tourism WA board and requested that he assess the current strategy with a view to replacing it with a strategy that more appropriately reflects the current circumstances. That includes, in particular, the significant challenges confronting our tourism sector and our hoteliers in Perth and around the state and the lagging effort in achieving a greater number of direct flights from some of our source markets in comparison to our competitors on the eastern seaboard. I have asked that in the process of developing the new strategy, collaboration with stakeholder groups and key players in the tourism sector is incorporated to reflect their needs and advice. I have asked that the strategy comprise two components—an immediate component that will respond to this critical situation that the member identified and recognised, and a post-2020 and longer term component to ensure that our aspirations and targets reflect the best possible outcome for the taxpayer and the tourism sector.

**Ms L. METTAM:** The minister referred to the previous government strategy. Why did the minister think that the direct flights between Perth and London, which I understand will amount to 14 a week, were a dud deal for WA?

**Mr P. PAPALIA:** What is the member talking about?

**Ms L. METTAM:** The minister was reported in the paper as saying that the deal with Qantas of 14 direct flights between Perth and London was a dud deal for WA. The minister referred to the previous government’s tourism strategy and the fact that he will change the previous government’s goal of increasing the value of tourism. Why did the minister think the direct flights between Perth and London were a dud deal for WA?

**Mr P. PAPALIA:** Is the member referring to comments I made at the time of that announcement?

**Ms L. METTAM:** Yes.

**Mr P. PAPALIA:** At the time of that announcement I felt, and I still feel to this day, that the amount of money we paid and the nature of our contribution to that process was not the best deal. I am now the minister responsible for making it work as best we can. I believe the need for a reappraisal of the strategy reflects the changing circumstances we confront. We have an opportunity. Things have changed dramatically. Everyone has seen that the transition in the commodity sector from construction to production has resulted in a significant downturn in business travel right at the time when a large amount of high-quality hotel product is hitting the market. At the same time as that has occurred, Sydney and Melbourne are at the peak of hotel pricing pressure. They have limited capacity and that is pushing up prices. We have extensive capacity and that is pushing down prices. It is an opportunity for us to reset our position, change the legacy reputation that we hold of being expensive and not that great, and market ourselves as being affordable and of quality and an alternative entry point to Australia.

**Mr V.A. CATANIA:** The subject of Qantas non-stop flights from London to Perth has been brought up and the marketing activity will focus on encouraging stopovers in Perth. The budget papers mention a dispersal to regional areas. What work has been done to ensure that regional WA benefits from those direct flights? How much money will be spent in 2017–18 and over the forward estimates for marketing of regional areas in direct relation to customers coming to WA via the new direct flights from London?

**Mr P. PAPALIA:** The member would be aware that Qantas is actively marketing flights to his electorate as a component of a stopover in the sales pitch of the direct flights from London. That has been done by Qantas. As far as I am aware, the marketing is being done jointly, but we are not funding. We will come back to it after the dinner break.

*Meeting suspended from 6.00 to 7.00 pm*

**The CHAIR:** Minister, can you continue your remarks?

**Mr P. PAPALIA:** I will continue with the response to the member for North West Central. With respect to his question about the regions being promoted as part of the Qantas deal for the direct flights from London, it is true that the marketing in the source market, and particularly in this case the United Kingdom, which is done in conjunction with Qantas as part of the deal, incorporates destinations across the state. It is selling not just Perth, but, in the member’s case, very much the coral coast and some of its key destinations, which will feature in the

marketing and entice people to convert to bookings. The member would also be aware that packages are being marketed specifically by Qantas. They do not incorporate any subsidy from us; that is being done by Qantas. However, the member's electorate in particular will be a beneficiary of those really attractive flights.

**Mr V.A. CATANIA:** The deal struck of having those direct flights is basically that the Qantas airline will market those regional destinations and the areas that it flies to, like Exmouth, Karratha, Broome and Geraldton, and Paraburdoo to go to Karijini, for example. Any other area that does not have the Qantas airline flying there will not receive those—

**Mr P. PAPALIA:** No. The funding that Tourism Western Australia has committed to this partnership as a consequence of that, incorporates the marketing of all destinations in the state. I am referring to those very cheap fares, which the member would have heard about, that Qantas is offering for flying to the member's electorate and a couple of other destinations, but that does not use our money. There is no subsidy of Qantas for the provision of those fares. That is Qantas intent on trying to maximise the impact of its new offering.

**Ms L. METTAM:** Will specific and additional funding be provided to market the south west region to promote interstate visitation to coincide with the opening of the Busselton–Margaret River regional airport in, hopefully, late 2018?

**Mr P. PAPALIA:** I cannot really say what might happen with that airport and whether any marketing deals were concluded at that time. I can say that at the moment we are very focused on trying to raise the visitation from the east coast. As the member has seen, it has slumped dramatically. We have asked Tourism WA to bring forward funding and focus on new campaigns to try to increase visitation from the east coast. As a component of that, we are re-establishing a marketing presence on the east coast that was removed, and we will be selling the state however we can to try to grow numbers.

**Ms L. METTAM:** I have a different question but a further question. I refer to the service summary table on page 100 in budget paper No 2. Can the minister please explain, using the service summary table, how the figure of \$425 million in total investment into destination marketing and events tourism over five years has been calculated?

**Mr P. PAPALIA:** The member might recall that we committed to \$45 million annually for destination marketing and \$40 million for event tourism—it is pretty much that. If the member is concerned that, for instance, in the first year of the out years it is \$39.997 million as opposed to \$40 million, that is quibbling over small matters. The reality is that if the member looks at the allocations, they are essentially as promised.

**Ms L. METTAM:** I guess there are two matters. The first is where is the remaining \$7 million to bring the total to \$425 million? The second is that it appears that there are four years of funding here, and it is not a \$425 million commitment over five years but rather is over four years.

**Mr P. PAPALIA:** The budget plus forward estimates always equals four years. We have committed to five years of funding. Clearly, that fifth year requires us to win the next election to continue the commitment. However, with that commitment and promise during the election campaign, we made sure that we gave certainty to not only the industry, but also the agency, as opposed to what had occurred previously. If the member were to look at the previous government's forward estimates, she would see a funding allocation in the current year of a certain amount. She probably would see a replication or thereabouts of that funding in the subsequent year, but in the third years of the out years she would see a collapse in the order of 30 per cent or so in the funding of the total budget because the previous Premier did not believe in the forward estimates. Undeniably, the previous Treasurers, and there were seven of them, employed that tactic as a means of not recognising the true extent of the damage they were inflicting on the budget. That meant that in the out years, we would not have a true representation of the costs that would be met by government. In the estimates associated with this agency, when I was sitting on the opposition side and the previous Premier was sitting over here, I asked what would happen in two years' time when the budget collapses from \$77 million at that time, to, say, \$55 million, which it did a couple of years ago—that is what was happening—and he would say, "Never mind. When we get there, it will be in the budget."

**Ms L. METTAM:** And the minister is saying "never mind" after the election.

**Mr P. PAPALIA:** I would not be so presumptuous as to assume we will win the next election. I hope that we will win the next election; that would be a nice thing. It would be a good thing for the state because we have a lot of damage to rectify, and four years definitely will not be enough time to do it in.

**Ms L. METTAM:** It is worth pointing out that last year the marketing budget for destination marketing and event tourism was actually more than what is now committed. It was actually \$91 million as opposed to \$85 million.

**Mr P. PAPALIA:** True, member, and that was a consequence of the stadium opening and a funding allocation to facilitate additional events at the new stadium. It was a one-off allocation. If the member looks beyond that year in the previous government's forward estimates, as I said, it went from an allocation of around \$77 million to the

year that we are currently in with an escalated allocation, most of which was publicised in last year's *Government Mid-year Financial Projections Statement*. It then collapsed in the second year of the out years. Despite that increase, it was the case, as was always the case under the previous government, that a short time frame for planning was assigned to Tourism WA. Therefore, it was unable to, with any certainty, plan for three or four years hence because, despite the assurances provided by the four different tourism ministers, there was no guarantee or certainty that it would get the money. A professional public servant cannot plan on the assumption that the promised money will arrive if it does not appear in the forward estimates.

[7.10 pm]

**Ms L. METTAM:** How can the minister promise, despite his assurances, that there will be money in five years' time for that fifth year, given —

**Mr P. PAPALIA:** Right now I can say that if the member looks at the forward estimates she will see the funding as committed to in the forward estimates every year of the out years until the next election. I will then ask the people of Western Australia to re-elect us, noting that they will have witnessed us deliver on the promise. Member, everyone in Western Australia who reads and understands the budget papers understands we have four-year fixed terms of government in Western Australia. Our commitment to five years was a sign—an indication to the industry and the wider tourism sector, and specifically to the agency—that in the event of us winning the last election they could rely upon \$85 million a year for the entire tenure of this government of this term of office. In the event we win another, that will continue.

**Mr V.A. CATANIA:** That is what I said about business centres, but the minister said the opposite.

**Mr P. PAPALIA:** Pardon?

**Mr V.A. CATANIA:** That is what I said about business centres.

**Mr P. PAPALIA:** No, it is not, because —

**The CHAIR:** Minister, if you could finish that response just so that we can go back to the correct —

**Mr P. PAPALIA:** Sorry.

**The CHAIR:** Thank you. You have finished that question, so we can go to any further questions.

**Ms L. METTAM:** I would like to correct the record on something I said before. Previously, just before the break, I said there were 1 000 Australian Tourism Accreditation Program accredited businesses—this was in relation to the question regarding the liquor amendments. That was incorrect. The figure is how many providers the Tourism Council of WA claims are accredited in WA. I had a look at the website. According to the website, there are 519 accredited tourism operators. Can the minister confirm or take on notice how many tourism operators there are in WA; and how many are currently accredited through TCWA—the monopoly provider that will be the approval body or regulator —

**Mr P. PAPALIA:** I wonder where this question came from.

**Ms L. METTAM:** — of the tourism operator licence that the minister's media statement refers to?

**Mr P. PAPALIA:** The problem with the question, member, is the definition of a tourism operator. If the member is suggesting that she wants me to give her every single hotelier, restaurant owner, bed and breakfast provider —

**Ms L. METTAM:** B and B providers are exempt.

**Mr P. PAPALIA:** — tour guide, bus operator, taxidriver, boat operator—whatever—or ferry company, that does not relate to the policy. As to the policy amendment, the regulations were amended to facilitate tour operators, or tourism operators in areas where appropriate—it is not appropriate in a lot of tourism companies, businesses or environments—being able to provide gratis, as part of their service, alcohol as a component of the service. By way of example, when we launched it down in Albany the tourism business we were talking about was Willie Creek Pearls. Clearly, it already has a restaurant with a liquor licence, but it has a way to employ the change. Another part of the business is that tourists come along and get the opportunity to open an oyster and perhaps find a pearl in there. That business suggested that it would be a really great addition to their service to serve up a glass of champagne at the same time as somebody pulls out that pearl. That is the sort of thing. So it is not applicable to every tourism operator —

**Ms L. METTAM:** No.

**Mr P. PAPALIA:** —so it is kind of distorting it to suggest that the member wants me to tell her every tourism operator in the state.

**Ms L. METTAM:** Okay. I will clarify then.

**The CHAIR:** Is there a further question?

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**Ms L. METTAM:** Yes, I have a further question. Can I get some idea of the number of tourism businesses that applied or would have been eligible to under the previous government's regulations, which are ACA —

**Mr P. PAPALIA:** I told the member before —

**The CHAIR:** Minister, if she can just finish her question.

**Ms L. METTAM:** — and then the new government's regulations, which were introduced on 12 September?

**Mr P. PAPALIA:** I know the member has had it suggested to her by "Captain Miserable" that the former government changed the regulations —

**Ms L. METTAM:** No, I —

**Mr V.A. CATANIA:** Point of order, Mr Chair!

**The CHAIR:** Minister! Minister!

**Mr P. PAPALIA:** The member for North West Central knows exactly who I am talking about, does he not?

**Ms L. METTAM:** No, that is absolutely not true. Since the minister asked, this was raised by a tourism operator —

**Mr P. PAPALIA:** Okay.

**Ms L. METTAM:** — that feels frustrated that it has to go through a process of accreditation —

**Mr P. PAPALIA:** Who?

**Ms L. METTAM:** Sorry?

**The CHAIR:** Sorry, members, just pause for a second. Minister, can you wait for the member to ask her question, and I ask you to reply as shortly and to the point as possible just so we can allow Hansard to record and we can get the answers, if that is possible.

**Ms L. METTAM:** Yes.

**The CHAIR:** If you could please state your question, member for Vasse, so I can then ask the minister to respond.

**Ms L. METTAM:** Okay. A concern raised by a number of tourism operators that are not of the accredited 519 is that they will have to pay a \$289 fee to join the Tourism Council, and then go through a process of accreditation.

**Mr P. PAPALIA:** Member, the way this will be administered, as advised by the Director of Liquor Licensing in consultation with the industry, is that the Tourism Council will accredit people. Those people will not be required to engage in the expense and challenge of accessing a liquor licence, and will still be able to serve liquor as an augmentation to their current service.

**Ms L. METTAM:** That was there before.

**Mr P. PAPALIA:** If they are doing it now, they are breaking the law.

**The CHAIR:** Does the member have a further question?

**Ms L. METTAM:** I understand that from October last year they were able to do that without going through that accreditation process. That is what has changed.

**Mr P. PAPALIA:** I will repeat it. Regardless of who suggested to the member that the former government changed this regulation, it did not. When we arrived in office I made specific inquiry of the Director of Liquor Licensing regarding this regulation and others. The former government had not changed the regulation, hence our action in changing it.

**Mr V.A. CATANIA:** Can the minister table that, just so we can —

**Mr P. PAPALIA:** No.

**Ms L. METTAM:** I have a copy of the regulation —

**The CHAIR:** You can ask a question if you like. Member, is there a further question?

**Ms L. METTAM:** I would like that as supplementary information from the minister. I have a media statement of 9 August 2016 that states that the liquor restriction on tourism operators is removed. I also point to the section of the current act that states that there is an exemption for complimentary supply by tourism businesses. That is how it was defined. It would be appreciated if supplementary information could be provided for clarification.

**The CHAIR:** Minister.

**Mr P. PAPALIA:** No, member, there is no information to provide by way of supplementary. I advise that I sought and received verbal advice in personal meetings with the Director of Liquor Licensing. The media releases of the former government did not necessarily mean that the ministers took the action that was undertaken in recent times by this government.

**Ms L. METTAM:** I refer —

**Mr P. PAPALIA:** The member will probably —

**The CHAIR:** Member, I will let the minister reply, and then I will come back to you.

**Mr P. PAPALIA:** The member will probably also find that restrictions would have been imposed on the amount of alcohol that could be served. If it had been intended to change the regulation, that regulation would not have replicated the changes —

**Mr V.A. CATANIA:** Did the government change the conditions?

**Mr P. PAPALIA:** No. I am saying that I do not believe the regulation was changed. I understand there were suggestions of limitations in the event that the former government changed the regulation. I understand that the former government did not change the regulation. We did —

**Mr V.A. CATANIA:** But you as minister have now done that?

**Mr P. PAPALIA:** The regulation changed as of the day after we announced it last week, yes.

**The CHAIR:** I will go to the member for a further question. I acknowledge that a time issue is developing. Further question, member.

[7.20 pm]

**Ms L. METTAM:** This is the last point I will make. I refer to regulation 8CA, which was inserted in the *Government Gazette* on 6 September 2016. It defines the exemption from the act for the complimentary supply by tourism businesses and it defines what the tourism businesses are. I believe there was a cap of five standard drinks for consumption by a customer and that cap has now been lifted. I am simply pointing out that some new red tape has been introduced by the new government and some costs are associated with that.

**The CHAIR:** Is the member's question to confirm that?

**Mr P. PAPALIA:** What is the question, member? By red tape does the member mean some means of regulating the service of alcohol to people and ensuring that the people who provide alcohol are qualified for the responsible service of alcohol?

**Ms L. METTAM:** Does the Tourism Council of WA have a responsible service of alcohol?

**Mr P. PAPALIA:** Yes, it does as a component of its accreditation. It is also a registered training organisation.

**The appropriation was recommended.**