



**Deputy Premier of Western Australia
Minister for Health; Tourism**

Our Ref: 25-26017

Mr Michael Baker
Clerk Assistant (Committees)
Legislative Council
Parliament House
PERTH WA 6000

Dear Mr Baker

Standing Committee on Estimates and Financial Operations Report 35 – Inquiry into Western Australian Tourism Commission’s Involvement in Major Tourism Events

I am pleased to enclose the State Government’s response to the recommendations of the Standing Committee on Estimates and Financial Operations Report 35 – *Inquiry into Western Australian Tourism Commission’s Involvement in Major Tourism Events*.

The recommendations are either partly or fully supported by the Government and are being implemented as appropriate by Tourism Western Australia.

I take this opportunity to thank the Standing Committee on Estimates and Financial Operations for its report on these important matters.

Yours sincerely

Hon Dr Kim Hames MLA
**DEPUTY PREMIER;
MINISTER FOR TOURISM**

Enclosed

28 MAR 2012

Government's response to the Legislative Council Standing Committee on Estimates and Financial Operations Report 35 – Inquiry into Western Australian Tourism Commission's Involvement in Major Tourism Events

Recommendation One

The Committee recommends that during future contract negotiations Tourism WA seeks stronger safeguards in matching the timing of milestone payments with the timing of the contractual performance delivery of the event.

Government response: Supported

In response to the recommendations of the Standing Committee, Tourism Western Australia (Tourism WA) is preparing an Events Framework. This Events Framework will document the processes involved in developing, managing and evaluating events. A guide is to be included in the Events Framework that outlines the key considerations in determining milestone payments in accordance with the contractual performance delivery of the event.

To ensure the attraction of new events and the development of a dynamic event industry in Western Australia it is important that milestone payments not only reward the final delivery of the event but also ensure that it can be delivered. Payments made in advance of an event recognise that event holders generally undertake a significant amount of work and investment to develop a concept. Milestone payments are essential in supporting the establishment and ongoing sustainability of an event.

The milestone payment guide will reflect these considerations and provide, as part of an overall Events Framework, a mechanism for ensuring stronger safeguards in accordance with the recommendation of the Committee. The Events Framework, including the milestone payment guide, will be finalised by July 2012.

Recommendation Two

The Committee recommends that in future, Tourism WA ensure that all material supporting agreements are consistent throughout, formally executed and give proper effect to the main contract.

Government response: Supported

As part of the development of an overall Events Framework, Tourism Western Australia (Tourism WA) is undertaking a review of its sponsorship agreement template. This review is to consider and update as appropriate the provisions of the standard contract entered into by Tourism WA and the event holder to ensure the standard agreement is current and reflects best practice. This includes reviewing the provisions relating to third party contracts and supporting agreements, and the obligations associated with these.

The Events Framework will also include a sponsorship agreement log. This log will outline the responsibilities of the contract manager in administering the contract and provide a means of checking and documenting that the requirements of the sponsorship agreement have been met. This will identify the contractual obligations and provide guidance to the contract manager on matters including third party contracts and supporting agreements.

The sponsorship agreement template and sponsorship agreement log will be finalised by May 2012.

Recommendation Three

The Committee recommends that due to the high financial risk of many major tourism events that, as a matter of urgency, Tourism WA produce a policy that sets out the minimum standards required for due diligence.

Government response: Supported

Tourism Western Australia (Tourism WA) is looking at a number of aspects of how it manages events. This includes consideration of its sponsorship agreement template, approach to risk assessment, feasibility study requirements and post event evaluation. These processes were initiated prior to the delivery of the Standing Committee's report and have been informed by its recommendations.

These individual elements of the event process will be incorporated by Tourism WA into an Events Framework document. This will outline all the potential processes and steps that may need to be undertaken and will include mechanisms and requirements for due diligence at all stages of the event, including its development, operation and evaluation.

The Events Framework will be finalised by July 2012, noting that it is anticipated that its development will evolve over time in accordance with best practice and lessons learned in its application.

Recommendation Four

The Committee recommends that Tourism WA should review its methodology of calculating economic value to the State from visitor numbers.

Government response: Partly supported

In response to this recommendation, Tourism Western Australia (Tourism WA) has developed a procedure for evaluating the overall impact of an event. This post event evaluation procedure recognises the need to evaluate all aspects of the event's performance. This includes economic impact, media impact and destination exposure, contribution to the social environment and impact on stakeholders, events holders and sponsors where appropriate.

Development and implementation of this approach to post event evaluation is considered important by Tourism WA in understanding the total impact of events. This introduces a mechanism for monitoring progress, identifying risks and reviewing outcomes. It will also assist in making decisions about future funding and development potential, as well as flagging any issues or potential concerns.

This post event evaluation process recognises that economic value is only one element of measuring the impact of an event to Western Australia. The methodology for calculating economic value from visitor numbers that is applied by Tourism WA is undertaken in accordance with input from the Department of Treasury. This is an established methodology and it is not proposed to change the current methodology for this component of the events process but incorporate this as part of this overall evaluation process.

The development of the Post Event Evaluation procedure was completed in March 2012.