

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2002–03 budget estimates

Melbourne – 24 May 2002

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#### Witnesses

Mr J. Pandazopoulos, Minister for Tourism;  
Mr P. Allen, Secretary, Department of Tourism, Sport and the Commonwealth Games; and  
Ms L. Appleby, Chief Executive, Tourism Victoria.

**The ACTING CHAIRMAN (Ms Maddigan)** — I welcome Peter Allen, Secretary, Department of Tourism, Sport and the Commonwealth Games; and Ms Lois Appleby, Chief Executive, Tourism Victoria. I will ask the Minister to give a brief presentation.

**Mr PANDAZOPOULOS** — I will talk also about the Department as lead Minister for the Department, and I would imagine there might be a few more machinery of government questions later on but I will deal with those later.

**Overheads shown.**

**Mr PANDAZOPOULOS** — The Department was created on 5 March this year with responsibility for activities in tourism, sport, recreation, racing and major events and the Commonwealth Games. The focus is on interlinking of sport and tourism and the image projected by Victoria internationally, as it hosts major events. It is quite possible that after the Commonwealth Games this department may no longer exist, so we are just giving notice. The reason that we wanted to create the split in Department of State and Regional Development, where we were located before, was that the next stage of that department will be to focus on innovation while our next stage is really to focus on delivering a highly successful Commonwealth Games, with the great tourism and sport opportunities that it provides. So it is about underpinning the implementation of the Games and ensuring the continued focus on government objectives, which is about sport and recreation, racing, major events and domestic and international tourism.

While the Commonwealth Games are still four years away there is still a great deal of work to be undertaken and a lot of planning, which is well under way. Of course attention will turn to Victoria after the Manchester Games in the middle of this year and we are given responsibility for the imaging of the State from the middle of July to the Games in four years time. It is also about ensuring that the sport and tourism links with the Commonwealth Games are broader than just the Games themselves, that the focus is on sport and recreation opportunities and the importance of participation, and the Games will help highlight the importance of that for Victoria.

The Department shares a corporate background with the Department of Innovation, Industry and Regional Development (DIIRD). We are aiming to retain as far as possible a consistency of policies and approaches with DIIRD, and we are developing a shared services model for organisational support. In fact we are developing a memorandum of understanding with DIIRD setting up parameters of cooperation, expectations and corporate service delivery expectations, and the MOU will be backed up by specific service level agreements. So coming from the same corporate background, being in effect the one department, we believe that will work quite well for us.

The 2002–03 budget provides for a departmental budget of \$100.6 million. The Department's budget now incorporates the sport, recreation, racing and tourism output classes previously part of the budget of DSRD. We can anticipate an increase in the Department's budget and forward estimates during the course of the year as a result of identification of the provision of funding for Commonwealth Games activities. We have been directed to approach the Expenditure Review Committee (ERC) later this year setting out the elements and costs of the Commonwealth Games activities. We have had budgets over two years for the Commonwealth Games, but seeing the ball starts really rolling from later this year the ERC has asked us to identify a whole range of areas which we have to give priority to, and we are focusing at the moment on the details of the overall levels of funding that we will need. The funding for facilities has been made available but the funding for the delivery of the Games is what we have been focusing on a lot more, and also the image branding of the State overseas.

**Mr HALLAM** — By way of clarification, where is that funding to come from if it is in the middle of a budgetary year?

**Mr PANDAZOPOULOS** — I understand that there are dollars available within the budget that we have to bid for. I will ask Peter Allen to speak on that.

**Mr ALLEN** — The intention is post-Manchester to put together a budget that flows through to the Commonwealth Games in 2006. We would not expect substantial increases this financial year. What the Government wants to do is to see the whole picture as soon as we can after the Manchester Games in terms of the total spend through to 2006, so there is an expectation that there will be some supplementation to the Commonwealth Games Coordination Division budget this year when we see

the scope and scale of the work required to deliver the quality of Games that we are looking for, but it will not be a substantial sum of money this financial year.

**Mr HALLAM** — That gives me some comfort, and I prefer that explanation to the one in the document in front of me, but what you are effectively saying is that the budget that you are bringing to this committee is to be supplemented sometime during the year but you do not know where it is to be supplemented from.

**The ACTING CHAIRMAN** — The budget for the Commonwealth Games is not in this Minister's portfolio.

**Mr PANDAZOPOULOS** — In terms of speaking overall for the Department as lead Minister, I am happy to answer with what I know about it. There may be a need for supplementation as we get more details. A whole lot of work is being done about what we will need to do. It is predominantly about the out years so we know what we can put in and decide at this stage before 2006 without having to argue each financial year what the level of resource support should be for the Commonwealth Games. The focus and task we have been given by the Expenditure Review Committee is to provide a full budget, year by year, until 2006, but there may be a need for supplementation if we see the need arise. We have not put up all the dollars because we want to focus on those areas that — —

**Mr HALLAM** — My question still is: if it is to be supplemented, supplemented from where?

**The ACTING CHAIRMAN** — I would prefer us to spend our time on the tourism items. We have not had the Minister for Commonwealth Games, so we can ask those questions of him when he comes; otherwise we will run out of time for the tourism questions.

**Mr HALLAM** — I would much prefer to follow this issue than specific tourism issues because this goes to the fundamentals of budgetary construction.

**The ACTING CHAIRMAN** — But he is not the Minister who is responsible for the Commonwealth Games.

**Mr PANDAZOPOULOS** — It is fair to say that the Minister for Commonwealth Games has been directed to deliver that program.

**Mr HALLAM** — Mr Pandazopoulos, you are speaking as the Lead Minister for this department.

**Mr PANDAZOPOULOS** — I am, but it is not me who takes the paper to the Expenditure Review Committee.

**Mr HALLAM** — We will get the Treasurer back!

**The ACTING CHAIRMAN** — The Minister for Commonwealth Games will be pleased to answer those questions.

**Mr PANDAZOPOULOS** — To focus on my ministerial responsibilities, they are tourism and major events; the acts administered by me are listed on the overhead and relate to the Emerald Tourist Railway, the Melbourne Convention and Exhibition Centre, the Grand Prix Corporation, et cetera, and then there are more details around Tourism Victoria. Our mission is to maximise the employment and long-term benefits of tourism by developing and marketing Victoria as a competitive tourism destination, and this is by focusing on increased visitation, increased lengths of stay and maximising expenditure.

Some recent work has been done to determine the economic value of tourism. It has been very useful that the Australian Bureau of Statistics has started collecting data that assists and enables us to focus on how big service sectors are, and we would be encouraging the bureau to continue doing that. Some work that we did via Access Economics shows how important tourism is to the Victorian economy. It is in effect 5.2 per cent of Victoria's gross state product, \$8.5 billion of the economy, and the table shows the actual value in jobs between 1997–98 and 2001 for Victoria. So we are seeing that tourism is growing in terms of its dollar impact on the economy, but roughly to 5.2 per cent of Victoria's gross state product.

The Access Economics data was utilised for the strategic plan 2002–06, which will be the basis of future analysis and which was launched in Parliament House last week. From that study we see that tourism is in effect part of everybody's business. We all know that accommodation, cafes and restaurants are about tourism, but how much of their business is actually tourism? This data shows us that it is 37 per cent; retail trade take-away is 11 per cent; and air and water transport, the biggest

component of tourism, is 46 per cent. It goes right through to petroleum products, cultural and recreation services, beverages, land transport. It is an important area that we think that the broader community and the business community should understand — that in effect whether they realise it or not just about everyone is in the business of tourism. Looking at our tourism output group, we revised the budget to \$52.2 million.

**The ACTING CHAIRMAN** — There is an addition for commonwealth games in there, so what is that?

**Mr PANDAZOPOULOS** — I will come to that shortly; that is in the Tourism Victoria budget. The \$52.2 million was revised. Project Recovery money, which is the rescue package, was \$9.5 million post 11 September and the collapse of Ansett. We provided also funding to the Melbourne Convention and Visitors Bureau of half a million dollars in the financial year. International marketing initiatives are \$4 million, which was in the last budget, and there was a carryover of \$1.9 million from 2000–01. So that is the difference. Obviously we deduct that \$52.2 million figure, but we add to it the new funding for the Melbourne Convention and Visitor Bureau of \$1.5 million and funding for the Commonwealth Games of \$600 000, which is for this financial year.

**The ACTING CHAIRMAN** — Is that to advertise the Commonwealth Games rather than run them?

**Mr PANDAZOPOULOS** — This is part of the marketing and part of the support in Manchester. I am happy to give you more details about what the activity will be in Manchester, but it is very similar to what we did for the Sydney Olympics. We will be working with the travel media and travel trade over there so that once the handover ceremony is done they are much more aware of Melbourne and Victoria. These figures do not include some of the announcements that were made in the business statement — for example, the \$10 million in the next financial year from the Regional Infrastructure Development Fund for regional tourism infrastructure and the \$2 million provided for the plenary facility feasibility studies.

In terms of key successes, we had quite impressive returns for the year ending December 2001: domestic visitor nights increased by 3.2 per cent while nationally they decreased by 1.3 per cent; Victoria's market share of domestic visitor nights is now at 19.2 per cent, which is its highest since December of 1998; and in the 2001 September quarter overseas arrivals and departures data, Victoria received a 19-per-cent increase in the number of international visitors choosing Victoria as the main State of stay.

Programs that we have been focusing on are certainly working and the rescue dollars that went in have helped minimise the impact of 11 September and the collapse of Ansett. We have also assisted in the development of a peak body for tourism, the Victorian Tourism Industry Council, and we now have a common voice among the very different tourism groups that are under the umbrella of VTIC, which is associated with the Victorian Employers Chamber of Commerce and Industry. We have also filled the missing link in the jigsaw with the establishment of Destination Melbourne, which is the marketing body for central Melbourne. Other key successes include our strategic plan, which was launched just a week or so ago in Queen's Hall. That plan encompasses strategies that promote the entire state for the period all the way out to the Commonwealth Games.

The Operation Recovery money was well received by the tourism industry. That was really about ensuring that we gave some confidence to the industry by demonstrating that we were not going to abandon it and that we would in fact support it. From that initiative we have seen new opportunities bring in some of the figures that I spoke to you about before. Also, for the first time ever we have direct daily Qantas flights between Melbourne and Tokyo. That has never happened before, but it saw we had a proactive approach, that we were not going to let the industry just take on the impacts of recent events on its own and that we were going to work with the industry to minimise those impacts and try to get Victoria out of that situation stronger than it went into it.

Key successes in international marketing include the \$4 million in the previous budget — which I mentioned last time I was before the PAEC — for five specific campaigns, predominantly focusing on regional Victoria. The goldfields campaign in China is expected to result in an additional 4000 visitors per annum. The UK backpacker campaign is expected to result in a 15-per-cent increase in business and bookings and \$300 000 worth of additional publicity. The Little Penguin

campaign in Japan is generating \$38 million worth of publicity. The good thing about investment in marketing like this is that it is matched by the travel trade nearly dollar for dollar, but we also get a whole lot of free promotions as well.

Other key successes include the implementation of phase 6 of the Jigsaw campaign focusing on the Romantic Melbourne commercial and a range of regional initiatives. Our first brand television commercials have been shown in Singapore and New Zealand, and New Zealand reports a 25-per-cent increase in preference for travel to Melbourne as a result of these campaigns. The Victorian Tourism Online project has been delivered, with the [visitvictoria.com](http://visitvictoria.com) site receiving significant numbers of domestic and international visitors.

Other key successes in regional marketing include the relaunch of the regional cooperative marketing campaign — that is, the marketing committee that works with the tourism industry in regional Victoria; and the industry development that I touched on before with VTIC and the establishment of Destination Melbourne.

**Mr CLARK** — Tourism numbers, both domestic and international, have been pretty flat if not downward over recent years. As I understand it in 1998–99 there were 55.4 million domestic visitor nights and 20.6 million international visitor nights, and the figures are still well below that at the domestic level and they are pretty stagnant at the international level. I have two questions. Firstly, why are the targets, actuals and expected figures — particularly the actuals and the 2001–02 targets — shown in such broad ranges in the budget papers at page 315, when the Department of State and Regional Development annual report for 2000–01 is reporting firm actual figures? Why do you have a range in your budget papers whereas the annual report has already reported actuals? Secondly, given that these numbers are declining or flat — and you have outlined the difficulties with international tourism, in particular post 11 September — what was the rationale behind the decision not to continue the international marketing initiative in this year's budget; and given that decision, do you believe you have adequate resources to effectively market Victorian tourism?

**Mr PANDAZOPOULOS** — That is a whole lot of questions. I will do the best I can. Why is there a range? There has historically been a range under the previous government and under this government because Tourism Victoria relies on the Tourism Forecasting Council figures, and they are the figures that we have been using in the budget papers. We are revising all those target areas, and I note previous comments by Mr Hallam about commending some of the new figures we are using. It is worth while to do that, but we have to rely on what the Tourism Forecasting Council advises us on, and of course when these figures were done no-one would really have known what the real impact of 11 September and Ansett has been. We think we will be doing quite well compared to the figures that are shown in there as a result of the campaigns and the tourism rescue package we have initiated. We have seen, for example, that for overseas arrivals, in December of last year we had the second-highest number of arrivals into Melbourne Airport we have ever seen, and the highest ever was in the preceding December of 2000, which was the year of the Olympic Games. Historically they are quite high, and in February and March they also had their highest February–March figures ever.

Victoria is certainly on the map internationally for overseas arrivals, and the resources we have in the budget — some of those resources are continuing on from the \$10 million tourism rescue package — together with the historically high-level interstate and international marketing campaigns, are resulting in the figures I highlighted in the slides before, which are improving not only our performance internationally but also our market share of the interstate market as well.

**Mr CLARK** — I will pick you up on one point. The 1999–2000 figures shown in last year's budget paper 3 at page 309 had precise actual outcomes — 52.5 million domestic visitor nights and 20.5 million international visitor nights — whereas if you look at the actuals for 2000–01 in this year's budget papers they are still showing a range. This is a departure from past precedent, and again I urge you to look at ensuring that your department puts actual figures in for past years and not just ranges.

**The ACTING CHAIRMAN** — That was a suggestion more than a question, was it?

**Mr CLARK** — I suppose implicitly I am asking why you have discontinued your practice of last year, when you included actuals in last year's budget paper, and gone back to putting in ranges.



**Mr PANDAZOPOULOS** — We had an output review with the Department of Treasury and Finance in relation to our outputs, and the measures we are using on the outputs and performance measures are much more appropriate. I think that is what one of the committee members said earlier on. The figures and how they appeared based on those output reviews were agreed with the Department of Treasury and Finance. I note what you are asking us to consider.

**Mr RICH-PHILLIPS** — Minister, you actually quote in your slides a 3.2 per cent increase in domestic visitor nights for the year to December 2001. Are you able to provide the accurate figures to the committee?

**Mr PANDAZOPOULOS** — Do you want the actual breakdown of that?

**Mr RICH-PHILLIPS** — The actual figure; obviously it is around 52 million.

**Mr PANDAZOPOULOS** — I think the Bureau of Tourism Research gives us a breakdown later — about six months after these figures are actually published — so these are quite recent figures.

**Mr RICH-PHILLIPS** — Whose figure is that 3.2 per cent?

**Mr PANDAZOPOULOS** — The Bureau of Tourism Research.

**Mr RICH-PHILLIPS** — But they have not actually told you what the actual figure is?

**Mr PANDAZOPOULOS** — We have not got the breakdown yet.

**The ACTING CHAIRMAN** — Presumably, that will be in the government's statement in September or October of the actual result of last year's budget? That is where those figures should be normally, is it not?

**Mr PANDAZOPOULOS** — Yes. BTR is a joint research body between all States and the commonwealth. As you know, we ask them to do the research for all of us and tell us how we are all performing. Like so much data gathering, the details of that data are made available to agencies a considerable time afterwards.

**The ACTING CHAIRMAN** — Perhaps we could ask if that information could be sent to us when it is available?

**Mr RICH-PHILLIPS** — Yes, certainly. It just surprises me that they can give you a figure of 3.2 per cent growth but cannot tell you what the actual outcome was. Obviously if you are going to calculate a growth figure you must have figures on which to base it.

**Mr PANDAZOPOULOS** — We just do not get the breakdown at this stage.

**Mr RICH-PHILLIPS** — The other slide of interest was that headed 'The economic value of tourism', which shows that tourism was 5.2 per cent of Victoria's gross state product in 1997–1998 and, on the Access Economics figures, is still 5.2 per cent three or four years later. So as a share of the Victorian economy tourism has not grown, despite the fact that we are seeing a shift from primary and secondary industries to tertiary industries. Under the service industries you would expect tourism to be growing. Can you explain why over that period tourism has not grown as a share of the Victorian economy but remains at 5.2 per cent?

**Mr PANDAZOPOULOS** — I would not say it has not grown. It has been only in the last couple of years really that the Australian Bureau of Statistics has been collecting data. I understand Access Economics would be extrapolating the actual figures from the Victorian economy. They have identified that it is 5.2 per cent of the Victorian economy now. They would be extrapolating from known figures in 1997–98 what they believe the actual dollars impact to the economy and the actual job number impact to the economy was. We would hope that the ABS continues to collect figures on an annual basis because now we will be able to start collecting proper data that really at the moment is only two years old. These are coming straight out of an Access Economics report. It is not dressed up as anything; it is straight as they show. No figures would have been made available to let us know what the percentage of the gross state product tourism offered to the Victorian economy in 1997–98, but they are figures extrapolated by Access Economics. It is not for me to question Access Economics.

**Mr RICH-PHILLIPS** — Is that a report commissioned by Tourism Victoria or your department?

**Mr PANDAZOPOULOS** — Yes, Tourism Victoria.

**Mr RICH-PHILLIPS** — So to the best of your knowledge all that Access Economics have given you is an extrapolation of ABS data?

**Mr PANDAZOPOULOS** — Yes. Figures are always late; it is Access Economics extrapolating from that. We asked them to do research, from the figures that they know and can access: what does it mean in relation to the Victorian economy? Because all different sorts of figures could be used we wanted to know what was the impact on the Victorian economy, so they have extrapolated them. Previously I showed you a table about the reliance of different parts of the Victorian industry on tourism. This is a useful data gathering for us. It may not have all the answers in there for us, but it actually gives us a much better idea than we have ever had before about how big tourism is in Victoria and where it actually impacts in particular industry sectors. So that is the answer.

**Mr RICH-PHILLIPS** — Presumably Access Economics would have applied some professional judgment when providing those figures for 2001, as to their accuracy. It would not have been just a straight extrapolation; they obviously must agree with the accuracy of those figures reflecting the significance of the tourism industry in the Victorian economy for 2001. I presume Access Economics agrees that is an accurate reflection of the size of the tourism industry and therefore there has been no proportional growth between those two periods?

**Mr PANDAZOPOULOS** — I think you are reading more into it than actually is there. This is the first time that, as a percentage of gross state product, tourism has been measured. So really to me this is the starting point. In future years, subject to ongoing data gathering, we can actually start comparing, in effect by this report by Access Economics, what it means for the Victorian economy. Tourism Victoria, subject to ABS continuing its data collection, will continue to do these sorts of reports every year so we actually know where we are trending and can have an answer in future years for the sort of thing you are saying: is tourism growing as a percentage of the state economy or is it declining? The indications are that it is growing, but it has never been measured before. I am not going to question Access Economics in terms of the way they have done it and their methodology. Obviously they are a pretty reputable company, and we are very pleased that they have done some work that starts helping us identify what is the actual impact and assists us, not only within government but also in the private sector better understanding where the benefits and impacts are — and also in the broader community. Part of the challenges of growing tourism, which we see in our strategic plan, is the broader community understanding that there is real economic benefit in supporting tourism, but we all have to guide it and plan for it together, otherwise we simply will not maximise the benefits out of it.

**Mr RICH-PHILLIPS** — Are you able to give us a copy of the report?

**Mr PANDAZOPOULOS** — I do not have any problem with that.

**The ACTING CHAIRMAN** — We will ask for that to be sent with the other documents. I want to turn to the major events strategy, which is an important part of the tourism portfolio are. We have certainly heard a lot about it in the past. I want to know how successful that has been and what you hope to achieve through it this year?

**Mr PANDAZOPOULOS** — We do have a comprehensive list of major events. Our focus was to have a focus on events not only in central Melbourne but around the whole State. I think the committee might have questioned the Premier about the Victorian Major Events Company. Although it is accountable to him, I am accountable for the \$35 million major events funding cap that is administered by the sport and recreation section of the Department. VMEC accesses its dollars and gets support for its bid — the actual dollar amounts for events come from the Department of Tourism, Sport and the Commonwealth Games.

We actually have a much stronger and bigger agenda on events. We are trying to plug the gaps that there have been in the events calendar, for example, in the middle of the year. You would be aware that World Wrestling Entertainment — not federation; we cannot call them that any more, following a recent court decision — will on 10 August have a big winter event at Colonial Stadium. In one day of ticket sales they sold out nearly the whole place, with 4000 tickets left on the first day. It just shows you that we are getting a lot of interest from New Zealand and interstate. Many people are going to be coming to Melbourne just for that event, so we are also broadening it out beyond traditional sports events. Some people would say that WWE is obviously not a sports event. We

think it is a combination between sport and theatre. We are focusing on other events that are not just sports related. For example, we have locked in the Australian Film Institute awards for a number of years.

When we look at the actual combined impact of the different major events as part of the major events funding cap, which includes the formula one grand prix, it has an economic impact of about \$700 million to the Victorian economy, so it is like an Olympics every year for us and is of huge benefit. When we look at some of the more recent successes in broadening out beyond Melbourne, we have announced the World Hot Air Ballooning Championship for Mildura in 2004; we had the International Triathlon Union World Cup in Geelong in February this year; and we announced only two weeks ago that the World Lifesaving Championships will be held in Geelong and Lorne in 2006. What I am trying to highlight is that we are delivering on major events out of Melbourne. We are supporting Melbourne — we are growing events in Melbourne — but we are also growing them in country and regional Victoria.

There was an announcement the other day about our participation in the holding of the 2003 Rugby World Cup, having seven games. We started off the process maybe expecting to have four games; we are going to have seven games as a result of that — not bad for a non-rugby state. And with great teams like the All Blacks playing three games in Victoria, and also England and Wales games, you can imagine how many overseas visitors are going to be coming here. I hope Melbourne will basically be the Kiwis home base. Having been in New Zealand recently, they are obviously quite annoyed that they did not participate in it, but they see Melbourne as neutral territory, so we expect them to come here rather than Brisbane and Sydney.

**The ACTING CHAIRMAN** — They do not see Brisbane as neutral territory?

**Mr PANDAZOPOULOS** — Many internationals see Sydney as the big end of town of Australia and therefore not neutral. But major events help of course, not only in economic impact, but there is a very big return. From the \$35 million that we invest directly in it, we get a \$700 million economic impact out of it. It is not only the people that attend those events. It is about how it brands Melbourne internationally and how people are made more aware. It is quite interesting that with major events and tourism, which obviously it is part of, it is probably the only area that has the strongest chance of selling an image of Victoria, not only interstate but overseas. So when you are travelling around the world, there is obviously a lot of interest in the corporate area. Major events are important to corporates. It is one of the reasons that they attend places like Melbourne. We launched the latest economic impact for the Australian Open only last week. That has increased by 34 per cent to under \$90 million economic impact for Victoria. That is about \$13 million a day for every day of the Australian Open.

**The ACTING CHAIRMAN** — Does that mean they have the company conferences at the same time?

**Mr PANDAZOPOULOS** — It means not only does it promote travel all year round, but that corporates find attending events in Melbourne very attractive and while they are here they will link up with either other partners in business or contacts or suppliers, and you can get those resulting economic spin-offs beyond tourism. It is a marketing body for the state, and major events really help us develop a brand overseas.

**Mr HALLAM** — Can I get some clarification on this Commonwealth Games allocation of \$600 000?

**The ACTING CHAIRMAN** — That was identified in that slide.

**Mr HALLAM** — As part of the budget. What is different in respect of the funding in that context compared with what you would expect to take back to ERC and receive by way of supplementation; what is the difference?

**Mr PANDAZOPOULOS** — Because we obviously have had to be in Manchester, we have a preparation cost to the end of this financial year about what we need to do to lock in access to the Manchester Games, and then there are costs in the new financial year which will be partly Manchester but also partly promotional. We have a bid in to the Commonwealth Games Minister about what we believe are the dollars we need to be able to market the State from 2003 forward to the Commonwealth Games. Obviously we are not in a position yet, because it has not gone through the ERC process, but there is obviously a considerable ask that we are calling on. We expect to get



some additional dollars. The \$600 000 that appears there is for this financial year, but basically with the \$150 000 in the current financial year it is a \$750 000 allocation we were given. That is about securing space at the Commonwealth Games for the accredited and non-accredited media centres, for functions that we have to run at the Commonwealth Games in Manchester which the Premier and the Commonwealth Games minister will be at, where we are inviting travel trade and travel media. We are wanting to be there because that is obviously going to be what the focus is about: who has the games next; what does it mean; what is their city? We are needing to be able to start doing that sell, one on one, as well as having dollars to work in key markets next year.

We have identified that the Commonwealth Games is going to be very important for helping brand the state, but in terms of tourism response some markets are going to be respond better. We have identified that New Zealand, Canada, the United Kingdom and South Africa are the markets that are more interested in terms of sports tourism. They are the areas we are going to start working with next year as part of that \$600 000 allocation. But also part of the money for next year is about research to identify the triggers that will get the best response in any campaigns we do from different markets around the Commonwealth Games theme.

**The ACTING CHAIRMAN** — Now you have me confused. Why isn't that in the budget of the Minister for Commonwealth Games?

**Mr PANDAZOPOULOS** — Every department has its own Commonwealth Games allocation, but this is about tourism marketing. We would do the same thing in other areas. For us to hold events for media, it is travel media. It does not sit in anyone else's budget. So it is travel media, travel writers, but even any of the daily press, so we are going to be giving them a package of information about Melbourne and Victoria so that when they are wanting to write stories about, 'Where is Melbourne?' or 'What is Melbourne?', they are aware of what we have. We have done work with them one on one. They have all our image branding. They have things like CD-ROMS that they can download in their newspapers.

**Mr HALLAM** — The further you go down that track, the more you confuse me. If you had said to me the \$600 000 is to do with the presence at Manchester — —

**Mr PANDAZOPOULOS** — No, it is about marketing and research as well.

**Mr HALLAM** — Then why is that different from what you now say — you are required to go back for a second bite at the cherry? What is the difference?

**Mr PANDAZOPOULOS** — This is only for next year. This is for Manchester, plus marketing and research in year 2002–03.

**Mr HALLAM** — Is not the entire budget we are talking about here related to next year?

**Mr PANDAZOPOULOS** — Absolutely.

**Mr HALLAM** — You are telling the committee that in the currency of this year you are going back to ERC to plead for an additional allocation from the public purse?

**Mr ALLEN** — I thought I was clear when I answered that earlier. I will say again what I think I was trying to say. The Government has asked in the light of the observation and experience of Manchester, for all relevant departments and M2006 to prepare a budget through each of the financial years to the mounting of the Games in 2006. It is possible that that may include some supplementation to budgets in this financial year based on ERC's assessment of the post-Manchester games assessment of what needs to be done to mount the best possible games

**The ACTING CHAIRMAN** — So you are saying you will not know until after Manchester if it will be necessary for — —

**Mr ALLEN** — We also will not know until ERC has looked at whatever the phasing of the expenditure is. All that has been said to a number of departments is, 'We do not want to make allocations other than things that we are absolutely clear that we have to spend now if we are to deliver them for 2006'. We do not want to do this in a piecemeal way. We want to look at the total picture towards the end of this year about what the Government needs to spend to support the delivery of the Commonwealth Games in 2006. My guess is that the Treasurer is more than likely to say that any additional costs that are agreed in this year will be absorbed by departments, but at least in terms of the discussions it has been held as a possibility that if the case can be made and ERC agrees to it then Treasurer advance supplementation is possible.

**Mr PANDAZOPOULOS** — But in relation to Tourism Victoria, which is what you were asking, this is basically the dollars we have been given that is going to assist us with research, our presence on the ground in Manchester, and beginning some marketing campaigns — for example, there will be some advertising campaigns in the UK.

**The ACTING CHAIRMAN** — This will be along the lines of, ‘When you come to the Commonwealth Games, go and have a look at Mildura and Ballarat’? Is that the sort of thing?

**Ms APPLEBY** — Starting that.

**Mr PANDAZOPOULOS** — We will obviously need more dollars from year 2003–04 all the way out to the Commonwealth Games where we are obligated as part of the bid to also try to maximise attendance from overseas by non-athletes and non-Commonwealth Games officials. What we are doing is saying, ‘These are the markets we can work and these are the resources we will need’, but it is appropriate that we plan for that process now going to ERC. They may not lock in money now; they may lock in money in future out years at some time in the future, but we are needing to do the work now for what the resource and demand will be for those out years. Obviously closer to the games is where you start focusing more of your marketing activity. At the early stage it is about brand awareness of Melbourne and Victoria, research and the beginning of some marketing campaigns.

**Mr HALLAM** — This is absolutely inconsistent with the note that you provided us this morning that we can anticipate an increase in your budget. You have told us that you expect to go back to the department. You said we can expect that you will go back to ERC during this year for an additional pull on the public purse as a result of the identification and provision of funding for the Commonwealth Games activities.

**Mr PANDAZOPOULOS** — You may get supplementation for this financial year, but it is also about the out years — —

**The ACTING CHAIRMAN** — It says, ‘Forward estimates’.

**Mr PANDAZOPOULOS** — That’s right! It is appropriate to do work now for forward estimates — —

**Mr HALLAM** — I don’t mind about forward estimates. I thought the budget we were discussing actually covers this year, but now you are telling us that it excludes the Commonwealth Games!

**Mr PANDAZOPOULOS** — Our budget covers our preparation not only for what we do this year, but also in terms of forward estimates — —

**The ACTING CHAIRMAN** — As it is 11 o’clock I ask everyone to stand for a minute’s silence in commemoration of the Anzacs, and in particular for Mr Alec Campbell who is being buried this morning.

**Minute’s silence observed.**

**Mr HALLAM** — Can I have a ball-park figure of what we are talking about? Are we talking substantial funding in this in terms of your anticipations, Mr Allen?

**Mr ALLEN** — No.

**Mr PANDAZOPOULOS** — As far as tourism goes, I do not expect to get any additional resources for this financial year.

**Mr HALLAM** — You are not expecting — —

**Mr PANDAZOPOULOS** — For Tourism Victoria, compared to the rest of the department that Peter is responsible for — —

**Mr HALLAM** — I am not sure whether that gives me any comfort at all — —

**The ACTING CHAIRMAN** — Perhaps you need to address the Minister for Commonwealth Games. I would like to thank Lois and Peter for being here this morning and all the other departmental officials.

**Witnesses withdrew.**