

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors

Melbourne—Wednesday, 14 April 2021

MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

WITNESS

Mr Gab Robinson, Chief Executive Officer, Harry the Hirer.

The CHAIR: The Economy and Infrastructure Committee public hearing for the Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors continues. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I wish to acknowledge the traditional owners of the land, and I pay my respects to their elders past, present and emerging. I wish to welcome any members of the public that are watching via the live broadcast. My fellow committee members that are present today, Mr Davis, Ms Lovell, Mrs McArthur, Ms Watt and Mr Quilty, thank you also.

I would like to read a short statement for the witness. All evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. However, any comment repeated outside the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee website. We welcome your opening comments, but I ask that they be kept to a maximum of 5 to 10 minutes to ensure we have plenty of time for discussion. Could you please give your name for the benefit of our Hansard team and then begin your presentation. Thank you. Over to you, Gab.

Mr ROBINSON: Thank you, Chair. Gab Robinson, Harry the Hirer. What I thought I would do is just give you a quick summary of what the last 12 months have looked like, a quick snapshot of the state of play as of today and then some reasons behind why the industry needs further support, or targeted support. Then I guess we will go to questions.

The main point I will make is that when COVID first came to Australia back in March last year we felt it when the grand prix tried to open and did not open. That was mid-March, and that was really a turning point. We had heard about COVID, but that was a turning point, and from that moment on over the next two weeks every single event and exhibition that our business works on, which is Harry the Hirer, disappeared, was cancelled or postponed—ultimately cancelled.

Harry the Hirer is the biggest supplier of equipment to the event and exhibition industry in Australia by some way. We have been around 45 years or so, and we are at the centre of most of the events and expos that happen, so we can provide a pretty good summary of how the industry is going. All the work disappeared. It was not a reduction in revenue. It really has to be described as an industry shutdown. Our revenue—and we are big business, 1200 people pre-COVID—reduced by 98 per cent from March onwards all the way to December of 2020. Associated with that, we therefore had to reduce our workforce from 1200 people down to 54 people, which is a very significant thing for a business to do. That was the only way the business could survive.

As I said, we saw a 98 per cent drop in revenue immediately following COVID. That was April, May and June. Then from July onwards to December we had a further 90 per cent reduction in revenue. And the only revenue we were generating over that time came from non-traditional revenue streams. There was some work associated with testing stations through the DHHS, and our temporary infrastructure could be utilised for that purpose. There was also some activity around outdoor dining to assist around Melbourne and Victoria. But I guess the point I will make is our business survived for 10 months from March to December on next to no revenue, which is a very long time for a business of 1200 people to survive, and within that the revenue that we did generate was not traditional revenue; it was non-traditional revenue, which was health or COVID related. If you want to get a snapshot of the industry, the industry was in shutdown for that period of time.

Before Christmas we were hopeful that the grand prix and other associated events and exhibitions would return in the first quarter of this year, which is January to March, so we geared up from 50-odd people to 170-odd people in preparedness to plan, stage and resource some of Victoria's important major events and exhibitions, one of which we all know is the grand prix. We scaled back up, but unfortunately the grand prix did not happen, nor did the other six to 12 events and exhibitions that were meant to happen over that time. So it was

very difficult from a revenue perspective and also from a human resourcing perspective because we did gear up; we brought people back out of jobs to our business. And of course that work disappeared due to the lockdowns in December and February in Sydney.

The way we see the industry at the moment, we are hopeful that work starts to return from May onwards, and that will be focused within the business events industry. And by 'business events' I mean exhibitions and conferences if you go to the MCEC, if you go to the REB if it is not a vaccination area—that is, the exhibitions, the home shows, the car shows, those sorts of things. So we are hopeful that the business events return in May, bar another outbreak. And following that, we do hope we start to see true momentum returning to our industry from September onwards, when the outdoor events return. The next six months are a very difficult six months because we have to be prepared to offer support and be ready with our equipment and people for the convergence of events which have all been compacted into this September to December period because they have all been cancelled and postponed and now have to be held. So you have a grand prix slated for November, when it was meant to be March, and there are another hundred examples like that.

So our business has to find itself in a shape and form where it can support the huge number of events and exhibitions that Victoria is so famous for. It is our culture, it is what we have, it is what sets us apart from the other states. That requires a workforce of 1200 people—maybe even more. If we do not get back to that size with the capabilities that come from that and that IP, it jeopardises our ability to respond to the needs of the state with what we do so very well. However, we have this period between now and September where targeted support—or support through JobKeeper—has disappeared and there is no support, and yet traditional revenues have not returned. Our business between now and September will probably be running at around 25 to 30 per cent of its old revenues, but by August–September we have to have the vast majority of our workforce back so that we can support what the state does so well, which is events and exhibitions. Chair, I might leave it there as a general snapshot and then have questions to follow.

The CHAIR: Thank you very much, Gab, and I loved your great snapshot of the sector impact. I found it very, very informative. On that point, I have actually got a couple of questions of my own that I might start with, then I will hand over to Mr Davis and then we will go around to my fellow committee members. I guess one of the questions I had was: the state government has invested \$152 million into major events, or to attract more events to Victoria; how important are those events to your business?

Mr ROBINSON: Well, the events and exhibitions are what we do, so without them there is no business.

The CHAIR: So you would support the government investing more money to attract more events?

Mr ROBINSON: Well, we definitely support targeted funding to our industry. It is just we all have to question what the right means of achieving that is. Is it through the current schemes or is it, for example, to support that critical supply chain that provides the equipment and people and IP and know-how to enable the building of the major events and exhibitions? I guess within that I would say—and I can only put my Harry the Hirer hat on—our business has not felt the impact of any of that support. It was a great assistance, the federal funding of JobKeeper, because it achieved two things: it kept us connected to some of our people—not all of them—and it provided the business with some form of cash flow to enable us to conduct some of the non-traditional activities, but—

The CHAIR: That is I guess my last question: do you believe maybe JobKeeper needs to continue for the events sector as it has been disproportionately affected, and, two, are you worried about the vaccine rollout being delayed?

Mr ROBINSON: So it is very clear in my mind—and, I am sure, to everyone you will speak to—that targeted support is critical. If you think about the advent of JobKeeper, the criterion for JobKeeper was a 30 per cent reduction in revenue—30 per cent reduction in revenue. We have been surviving off a 90 per cent reduction of revenue. We are now at a 70 per cent reduction of revenue. We have used all the resources that we have managed to put aside over the last 45 years of trade. That has enabled us to fund and scrap our way through to this point, with big overheads for a 1200-person strong business. So we would say, 'Well, our revenues have still reduced 70 per cent, and we can provide the evidence to support that'. JobKeeper was introduced for a 30 per cent reduction in revenue, so we are so far behind that criteria, and that is after 12 months and will probably be the case for another six months. So if I paint that picture, you can see how vital support is.

With regard to your second question, which was on vaccinations, obviously the sooner that we are vaccinated, theoretically, the sooner industry begins to return to what it was, and therefore that can only be a positive thing.

The CHAIR: Thank you, Gab. I will hand over to Mr Davis and then I will go to Mr Quilty.

Mr DAVIS: I thank you for your evidence—that is the first thing. And thank you, Chair. You know, I think you provided a very good snapshot of where it is at the moment—where we have come from and where it is now. Essentially though what you are saying to us is that there is a hiatus period now till September before anything can gear up for that spring and beyond period and that what you need is specific, targeted state government support, crisis support as it is, to support those storage and back-office and other costs that you have as ongoing. Is that a fair summation?

Mr ROBINSON: Yes, that is an accurate description. We need to be in a position to support the state when it wants to launch all its events again, and without targeted support and without the return of traditional revenues between now and September, that is a very difficult thing to achieve.

Mr DAVIS: Okay, so I have got that point. The second point is: post September, what can be done to give that confidence and certainty beyond there? Is it, as we heard—and I do not know how much of the earlier submission you heard—better processes and smoother paperwork? Is that part of it? Or is it the insurance side of it? What is the critical factor post September?

Mr ROBINSON: I think it is human psychology. The things you mentioned are very important. There needs to be a smooth sign-off to enable the events and exhibitions to happen without delay or confusion. There needs to be some surety given to those organisers or entrepreneurs that are trying to hold events who have run out of money but need to stump up the startup costs, and hence there is that deposit scheme—social insurance—that you have referred to. But the best thing of all is just for people to see with their own eyes that the events and exhibitions industry is happening again, and that is simply that, one after another, major events that our state is so used to start occurring. Confidence builds throughout the state and that gives people more and more confidence that it is possible. It gives people more and more confidence that they can attend an event and an exhibition and be in a safe environment.

Mr DAVIS: Thank you.

The CHAIR: Thank you. Mr Quilty—he is online on the broadcast.

Mr QUILTY: Are there any specific measures the government could take in the next six months to prop up the industry other than the subsidies? For example, could the government bring forward payments for things that we are getting later? Any ideas just for small, specific steps the government could do in the next six months?

Mr ROBINSON: Yes, look, it all comes back to money. I mean, it really is targeted support and funding, and that can take many, many forms. It could be some form of wage subsidisation. It could be some form of targeted grants to the critical supply chain that makes things happen. It can be deposit schemes or insurance schemes to encourage people to fund an event, and should that event not happen for COVID-related reasons, that money is funded by government. So there are a number of different ways you can carve it up but in essence, businesses in our industry simply need money to survive—even if health restrictions have eased and we can gather again, there is a lag between that moment in time and the organisational process to stage a major job. It is not like you say, ‘Well, you can gather again’, and two days after that a grand prix can run or a flower show can run or a Melbourne Food and Wine Festival can run. It takes many weeks and months of preparation, and that is the gap that we are struggling with at the moment.

The CHAIR: Thank you. Mr Quilty, do you have another question? Okay, I might go over to Mrs McArthur, then Ms Lovell, then we will finish off with Ms Watt.

Mrs McARTHUR: Thank you, Gab, for your presentation obviously. We are most grateful that you have taken the time to appear before us. What we have heard is that confidence is a very important aspect of this whole saga and the continual uncertainty that is created by government in relation to lockdowns and closures and rules and regulations—whether we cannot go across that border or we need a double permit to come back and so on—is a major impediment to the sector, and not just you providing the services but your customers requiring your services, because they have not got the confidence to either conduct a wedding or conduct a

major event, because they do not know what is going to happen in a week's time or a month's time when some premier decides that actually the most important thing they can do with one case is to lock a border down. So wouldn't you say that instead of actually continually having, say, the federal government provide taxpayer support through JobKeeper, the most important thing we could do is end this uncertainty of state premiers embarking on lockdown and rule and regulation—for which we cannot actually find the medical evidence on which any of them are based anyway—so that your customers can get up and running and ask for your services?

Mr ROBINSON: Sure. It is one or the other. So, yes, if health is not prioritised as the number one concern of government and they can enable industry to open in a long-term way with consistency and certainty, absolutely. I mean, that is what we would all want—to go back to normal. However, if for whatever reason the health policy and concerns do not allow that and government cannot give our industry the certainty and confidence, if we cannot get an industry that is opened up again because health policy is coming first, then it has to be targeted support. But it cannot be neither. So we cannot have a state that is unable to trade in addition to not having targeted support, because if that happens, there is no way for us to earn a living and there is no targeted support to prop us up until that time returns.

Mrs McARTHUR: Thank you.

The CHAIR: Thank you. Ms Lovell.

Ms LOVELL: I am just interested to know: have the department engaged with you on how you can start to deliver safe events again under COVID, or are you just getting a top-down approach telling you what those regulations are? And have the regulations and the process been sufficiently clear for you? How could they be improved or how could the processes be improved?

Mr ROBINSON: Yes. It is a tough question. It has not been a simple or easy time for anyone. There is complexity in managing the completely unique situation that COVID has given us. So I have sympathy for everyone involved in decision-making. Right from the start government and the relevant departments have made an effort to speak with us, liaise with us and get our ideas, and that has all fed back into a central point. However, the way that we understand it to have been run is that the health concerns and health policy have always trumped our suggestions as to how we could reopen industry. And whether we agree or not, I respect that decision. So there has been lots of engagement with industry, but as it has fed back it seems that the health policy and eradicating COVID or managing COVID have come first, which has pushed back or delayed many of our suggestions. That is why I keep coming back to this point that if we cannot open up, we respect it—whether we agree or not, we respect it—but there therefore must be targeted support, because you cannot have neither, because businesses in our industry cannot survive. And then it comes back to that broader question: what importance does the state of Victoria put on its major events and exhibitions? Because I would have thought it is a very significant part of our culture, and that is what our people love and that is what sets us apart from the other states.

Ms LOVELL: So have they provided you with any of the evidence for their health policies that has trumped the industry's opinions on how they could safely run an event?

Mr ROBINSON: No, and I am no expert in that area, and I would know far less than you guys would. I simply know what the general public knows, and I have to accept that. But therefore all we can do is keep offering up suggestions as to how we can reopen our industry. Should that not be acceptable, please fund us, give us targeted support—not forever; as I say, it is only from now to September so we can survive—if Victoria as a state puts a value on our industry. If Victoria does not put a value on our industry, then do nothing.

Ms LOVELL: And what is the cost to you of an event like the grand prix being cancelled like it was, at the last minute?

Mr ROBINSON: Look, it is a family-owned business, so I am not sure if I should disclose those figures, but you are talking millions of dollars. Look, just as a quick snapshot, in the three months following COVID—we are a business that was meant to generate around \$30 million—we generated less than a million dollars. So that is how quickly this happened. It was not a reduction of revenues, it was an industry shutdown.

Ms LOVELL: Yes. Were you compensated for the grand prix being closed at the last minute—cancelled?

Mr ROBINSON: Well, we had agreements in place for those sorts of things, yes.

The CHAIR: Thank you, Gab. That has been very informative. Ms Lovell, did you have another question?

Ms LOVELL: No, no.

The CHAIR: Okay. Ms Watt?

Ms WATT: Thanks, Mr Robinson. I certainly have learned a lot. Can I just disclose that I have indeed worked for businesses that have procured Harry the Hirer services over the years, and so I think that is important for you to know and for it to be shared today. So thank you, and my experience was always very good, including with some very important, you know, culturally significant events that mean a great deal to our community. Now, can you talk about the interstate footprint? What does that look like? What is the impact—

Mr ROBINSON: For our business?

Ms WATT: for your business?

Mr ROBINSON: So we are a national business, because events and exhibitions do move around nationally. So in the pre-COVID times we had 1200 people—round figures. Nine hundred of us are based in Melbourne—and the business is proudly a Victorian business—and we had 300-odd people up in New South Wales.

Ms WATT: I am particularly interested then in any measure of support that has come to you from federal government. Is there any? What is going on with that relationship?

Mr ROBINSON: No, no support. No support.

Ms WATT: We had heard previously that they had been working with federal agencies, so I am keen to understand that. And insurance—I actually want to examine this insurance question because I think that there is something in this, the challenges for businesses around insurance. Is that something that has been a challenge for you guys? Where are you at with that?

Mr ROBINSON: Sure. So back to your first question: we have not got any more financial support than JobKeeper.

Ms WATT: Okay.

Mr ROBINSON: There were a number of initiatives at a state level, but because of the size of our business we did not qualify for those sorts of things. So it was just JobKeeper, and that is from Victoria and nationally.

Ms WATT: Right, okay.

Mr DAVIS: So there was nothing, state-wise?

Mr ROBINSON: Just JobKeeper—well, yes, I guess so. I guess you are right. So, JobKeeper.

Mrs McARTHUR: No, federal.

Mr ROBINSON: Federal, that is right.

Ms WATT: Well, that is federal, yes.

Mr ROBINSON: So then with regard to insurance, our industry has been working on some suggestions, whether it is insurance or deposit refund schemes. So private organisers fund events and exhibitions. They put up their money, they stage it and they get a commercial return from the attendance or the sponsors or exhibitors. So let us say it costs—round figures—\$100 000 in marketing and salaries and deposits to hirers to stage that event and exhibition. What has happened over the last year is these entrepreneurs, these organisers who make our market, have put the money up and then of course, for reasons outside their control, the event or exhibition has not occurred, and they have lost that money.

So what has been suggested by parts of our industry is that that money is guaranteed or insured or put up to be put forward by government to encourage the entrepreneurship to come back into our game, because people

have been so damaged by what has happened over the last 12 months and they do not have much resource left to enable them to stage these jobs. So one idea is, well, let us give them some certainty and some confidence to stage, and should it not happen for COVID-related reasons at least they are not out of pocket or they are not out of pocket as much.

The CHAIR: Thank you, Gab. Thank you for that. Did you have another question, Ms Watt?

Ms WATT: I might have to come back on another—

The CHAIR: Because I am acutely aware that we have actually put a relatively short time frame for your presentation. On that note, unless there is a pressing last question somebody wants to ask, we might move to our morning tea break. So on that note, thank you, Mr Robinson, for your presentation. You have been very informative, and I have enjoyed the discussion.

Mr ROBINSON: Excellent. Thank you, guys.

Ms WATT: Thank you, truly.

Mr DAVIS: Thank you. And people should watch your video. It is still very current, I think. It is actually a very instructive video.

Mr ROBINSON: Well, there is a link. If you have got my paperwork, there is a link in it if you do wish to watch it.

The CHAIR: Thank you. The committee will now take a break for 15 minutes for morning tea.

Witness withdrew.