

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

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

Melbourne—Monday, 28 June 2021

(via videoconference)

MEMBERS

Mr Enver Erdogan—Chair

Mrs Bev McArthur

Mr Bernie Finn—Deputy Chair

Mr Tim Quilty

Mr Rodney Barton

Mr Lee Tarlamis

Mr Mark Gepp

PARTICIPATING MEMBERS

Dr Matthew Bach

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Ms Melina Bath

Mr Craig Ondarchie

Dr Catherine Cumming

Mr Gordon Rich-Phillips

Mr David Davis

Ms Harriet Shing

Mr David Limbrick

Ms Kaushaliya Vaghela

Ms Wendy Lovell

Ms Sheena Watt

Mr Andy Meddick

WITNESSES

Mr Simon Phemister, Secretary,

Mr Andrew Abbott, Deputy Secretary, Creative, Sport and Visitor Economy, and Chief Executive, Creative Victoria, and

Ms Claire Febey, Associate Deputy Secretary, Tourism and Events, Department of Jobs, Precincts and Regions.

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 off or silent and any background noise is minimised.

I wish to begin by acknowledging 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 name is Enver Erdogan, and I am Chair of the committee. I would like to introduce my fellow committee members present here today: Ms Sheena Watt, Mrs Beverley McArthur, Mr Lee Tarlamis, Mr David Davis and Mr Tim Quilty are also online today.

To witnesses appearing: all evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and as per 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. Ultimately transcripts will be made public on the committee's website.

We welcome any opening comments but ask that they be kept to a maximum of 10 to 15 minutes to allow plenty of time for discussion and questions. Could you please begin by stating your names for the benefit of the Hansard team and then start your presentation.

And just for members of the public that are watching: we have witnesses from the Department of Jobs, Precincts and Regions, if they can state their names and start their presentations. Thank you.

Mr PHEMISTER: Chair, thank you and the committee for having us today. My name is Simon Phemister. I am the Secretary of the Department of Jobs, Precincts and Regions. I am joined by Deputy Secretary Andrew Abbott, who is here to my left, who will pan into view should he need to contribute to the committee, and Ms Claire Febey, who is an Associate Deputy Secretary, here to my right, who will do the same as Andrew. Claire and Andrew lead our teams across the tourism and events portfolios.

I too would like to begin today by acknowledging the traditional owners of the land. We are coming to you from 121 Exhibition Street, so we are coming to you from the lands of the people of the Kulin nation, and I would like to pay my respects to elders past, present and emerging and any other elders who might be joining the hearing today.

By way of brief introductory comments, and, Chair, I take to heart your point about getting to questions—I do not have slides—I thought I would just run through some comments today to help frame the conversation and then perhaps reference back as questions come up.

Tourism and events are a really critical part of Victoria's economy. That goes without saying. It is something that we are known for. Often in the tourism and events space it is put that we do not have the harbour, we do not have the rock; what we have is a vibrant culture and an incredible offering of high-quality events and tourism offers.

For decades now Victoria's reputation around events has been forged through being the only jurisdiction in the world to have a Formula One Grand Prix and a grand slam tennis tournament, but it goes much deeper than

that. It goes to the fact that when somebody comes into Victoria, yields are high, experience is good, and that is evidenced by not only the turnover that we see but the fact that we have so many repeat visitors to Australia. We fight for iconology in Victoria because we do not have those big assets that often find their way onto billboards internationally, yet international travellers still come, airlines still fly here direct and our visitor economy is as vibrant as ever.

The pandemic has obviously been devastating to the events community and to tourism operators, and they are right in the eye of the storm. We very sincerely understand what event operators, supply chain operators to events and tourism providers are going through, and hopefully we have been able to work to preserve not only their economic position but also their dignity and respect in the community through what has been an incredibly trying period of time.

We came to the pandemic in a position of real strength with tourism and events. The creation of Visit Victoria only a few short years ago, which was the merger of the major events function and the tourism events function in the state, was the evolution of an industry in Victoria that had been world-leading for many years. Effectively what we had seen was Victoria jumping out in front, Victoria having a structure that many other jurisdictions, even in name, have copied, but it has meant that our first mover advantage was slowly being eroded. The combination or the bringing together of those two functions was a shot in the arm and a re-ignition of our leadership, and I think the evidence of the efficacy of that move was pretty clear over the last few years. So we came with a position of strength. We came with a vision for regional tourism offering, which I will touch on a bit later on. We came with a vision for major event acquisition and attraction and extracting greater yield from those major events. And we came with a strategy in partnership with the Melbourne Convention Bureau around really upping the ante around business events, and that included supply of stock—so the Geelong convention centre—as well as the pursuit of additional events and enhancements in budget capability to do just that.

All of these things, all of these plans, were obviously thrown into chaos with COVID, and like I said, all of the operators across tourism and events found themselves in the eye of the storm. So since the beginning of the pandemic we have been managing an additional function with regard to interacting with the sectors, and that has been through information provision, planning for the staging of events, facilitating tourism and providing survival and business assistance for all of those businesses that have found themselves caught up in different rounds of restrictions—both ours and others—different rounds of border closures, dealing with the impact of international tourism grinding to a halt. So it is those three things, Chair and committee, that we come to talk about today, but obviously we are happy to go in the direction of your questions.

Before I finish, just a few statistics on the survival front. We have had over 1.2 million applications for assistance since the beginning of COVID. My department hosts the range of business support functions, so not all of those come from these sectors. A lot do, and a lot of the programs have been bespoke or targeted towards these sectors—things like travel vouchers and things like accommodation cancellation cash injections and obviously the most recent \$20 million announcement. But during that time, I felt it was really important to state, there has also been a broad-based approach to business support engagement, because these sectors interact with other sectors in many ways. It actually underpins the creativity of particularly our tourism offer but also our events offer. So it is very difficult to put a boundary around events and tourism, and yes, from time to time we do so through the prescription of ANZSIC codes that underpin assistance rounds, much like the most recent assistance round which was ANZSIC code driven—ANZSIC codes that can be traced back to the restrictions that have been put in place under the health and wellbeing Act. But we do deeply understand that tourism offers have profound impacts on local communities, have profound impacts on businesses that rely on those tourism offers. Even what appear to be very small business events have a profound impact on supply chain. That supply chain comes in the form of individual businesses, performers, people who for a living supply to these business events. It comes in the form of car parking revenue. It comes in the form of other related tourism that hangs off the back of events. So we deeply understand that it is difficult to define these sectors, and hopefully the business assistance structure has accommodated to the greatest extent possible those businesses that rely on those events and tourism offers as well as the offers themselves.

Most recently through the provision of the \$20 million fund we have called out events specifically. I guess that might be the content of some questions, so I will not waste your time with details now. That was something that was co-produced with industry, and over the last two weeks, just to give you some sort of insight into our relationship with industry, we have had over 30 round tables across CEO level. They are chaired by myself. Mr Abbott chairs the round tables that have had hundreds of attendees from the events sector and then separate

round tables with tourism where we have also seen hundreds of attendees. We keep our peak partners really close so that they can disseminate information out as well, and we do the same with local governments because we understand the connection of a lot of our particular regional tourism offers back to local government.

Chair, the point I will close out on also relates to engagement, and that comes through the staging of events during a lockdown. And I know the committee is very familiar with the public events framework, very familiar with the way that a lot of our events operate by right under the directions—the majority—but also familiar with our tiered structure and engagement of events. And I will just take a moment to unpack that for you, acknowledging again that I will try to give you some time back for your questioning and acknowledging that this may well come up in questions.

The public events framework was put in place to accommodate events that, wherever possible, could have a bespoke approach taken with regard to crowds, for example, or even staging. Very difficult at a time where there is a great demand on our time and our colleagues in health's time and also a whole lot of pressure on business owners to engage with a bespoke framework. So first and foremost—and I understand you have just had Health in the committee before us—we try to translate the directions out to industry through forums, through calls. We have had hundreds of thousands of calls. We have had millions of applications for assistance where we take the opportunity to engage with business about their current status under direction, hundreds of thousands of hits on our website. Our job first and foremost is to translate restrictions so they are easily understood by event proponents and tourism operators, so they can operate in the safest way possible. We try to translate out their obligations so nobody can get caught short from an enforcement perspective but most importantly their offer is seen as safe by patrons or guests and visitors.

If that does not work for an event, then they can submit through the public events framework that is operated by Ms Febey here to my right, and that is when we undertake a bespoke process to put a proposition in front of the public health team who you have just spoken to. We see us playing a critical role to help businesses come to terms with how they engage with that framework and how they can bring their applications through so they can get the best possible hearing. In the early days of the pandemic we saw many direct approaches to health, and we thought—and I think the evidence suggests—that a much better way to do it was through a process where events proponents were coming through my department. We could, through the existence of a fair amount of case law now, work with them to help them tailor their offer, work with them to build into their offer a whole lot of COVID safety measures. That means they can get the best possible outcome when they reach hearing.

After the hearing at a public health team, we translate that back. We communicate it back to event holders, and should events go ahead, we offer event observers. Those events observers operate in addition sometimes to the authorised officers from Health who are attending events, and the role of our observers from DJPR is to work with event proponents to, in real time, manage COVID risks and also to debrief after events so that we can continue to build a platform of excellence in hosting events. After that happens we then debrief not just with the individual event proponents but across the board for large events, for small events at tier 3 level to make sure that all event holders across industry have the best possible information. That goes to event proponents and tourism operators who come from a non-English-speaking background. That goes for event operators and tourism operators that work in different segments of the community with different cultural backgrounds and different needs. We have done our best to translate that across the board so that everyone is engaged in a pretty clear and smooth information flow, acknowledging that even with 1.2 million contacts through our assistance programs and hundreds of people attending our round tables there are always going to be people who need more information. And I will be frank with the committee: we have built a body of information that has got better every single week of this pandemic and we continue to look for opportunities to improve. Chair, with that, I will thank you and hand back to you.

The CHAIR: Thank you, Mr Phemister. It has been very informative. A very challenging time for the tourism and events sector, and I guess that is the primary purpose of this inquiry and the effects of the pandemic. You have done a fantastic job in positioning Victoria as the events capital of Australia pre pandemic, and obviously we hope that can continue. On that note I might pass to Mr Quilty to ask the first question. I would like to ask committee members to limit themselves to two questions each, if they could. Mr Quilty and then Ms Watt.

Mr QUILTY: Thanks. We have heard from events industry people that they really think they need a separate part of your department to focus just on events rather than being bundled in with tourism. Do you think there is any value in that?

Mr PHEMISTER: Thank you, Mr Quilty. My department has, like all large bureaucracies, a group, which is headed by Mr Abbott here, that covers tourism events in title, and within that there is an Associate Deputy Secretary who looks after both, but we actually do stream into an events team and a tourism team, and within the tourism team there are specialists on regional tourism and there is a specialist team on metro. The same goes for events. We have specialists on large-scale public events—so sporting events, the grand prix and the like—and we have a team that specialises in business events. We are also supported by Visit Victoria and the Melbourne Convention Bureau, who hold obviously deep expertise when it comes to staged events. So I would argue that our structure actually does provide for specialists in tourism and events, and that is also how we structure our engagements. We will have a CEO-level engagement that I will host, which is all sectors, then we stream off. Mr Quilty, I will come back to you for a follow-up question rather than pre-empting it, but when Mr Abbott hosts those events we actually do stream by tourism and events. We find a lot of overlap for people, but I would argue the bottom line in answering your question is that we already do have a structure that provides that level of detail.

Mr QUILTY: Okay. My second question is not about the same thing, so just as well you did not pre-empt it. We have heard there is a very long delay between when people submit event plans and the approval of them. Do you have any details about the time it takes to get it, on average and outliers and so on? And also is there an opportunity to decentralise that approval process more when you are talking about events in the regions and so on?

Mr PHEMISTER: Yes. I think it is a really good question. Thank you. First and foremost, people can operate events under the directions. If they can operate under 300 indoor or under 1000 outdoors under a set of directions, then we work with event proponents and say, 'Let's try to get it done within restrictions. That way you're not working through bespoke processes'. Once people decide they want to come in through the public events framework—there have been two phases. There was a standing up of the public events framework that saw, as you can imagine, a terrific number of applications that we had to work our way through. So in the early days when the framework was stood up we are talking hundreds that went through. Ultimately the time it takes to get from application through to public health decision, which I think Professor Sutton and Ms Brady in the previous session outlined, the process goes: event proponents come into us, we help them work up their bids, we help them get on a time line that gets them before the public health team and then it goes off for separate consideration. So our job kind of ends once we hand it over to Health, and that does not fetter Health's decision-making, but it also means we can work with proponents. That is determined by two things. One is the cycle of meetings, which is very regular. But it is mostly determined by the quality of the application that comes to us and how long we need to work with individual event proponents. So I will throw to Ms Febey in a moment on timing, average timing, because we have had so many now, that will give you a sense. But it is really important to note that all of those outliers are not because of a lack of scheduling or a weekly churning of the public health team. Indeed attention of the public health team actually comes down to the time it takes us to work with those proponents to get their proposals into a shape that we think actually will receive a good hearing. But Ms Febey, if you are happy to take it from there.

Ms FEBEY: Thank you. So I will just add to that to say that I guess at the start of the public events framework we had quite a large volume of events that required approval—so that was tier 1 and tier 2. Over time as I guess we have learned more about the settings that make events happen in a COVID-safe way we have been able to streamline the approval process. So really it is just the large, complex tier 1 events that now need to go through that full public health approval process. What we do now is ensure that every event that is going through that process has somebody within our department allocated specifically to their event so that they can work with them before they come to the approval process to make sure that their application is as strong as possible and incorporates as many of the learnings that we can share as to public health advice that is now known around the staging of COVID-safe events. And then it goes through an approval process that is becoming more swift every day. So as the Secretary mentioned, we have weekly meetings of the public health advisory panel that makes determinations on individual events and then weekly meetings of the ministerial task force that is the decision-maker on those events. I will take on notice what the current turnaround time is, but certainly we have seen a very strong improvement in that processing time. Thank you.

The CHAIR: Thank you for that. I might pass over to Ms Watt. And for anyone watching via the live broadcast, we have got representatives from the Department of Jobs, Precincts and Regions: Mr Simon Phemister, the Secretary; Mr Andrew Abbott, the Deputy Secretary; and Ms Claire Febey, the Associate Deputy Secretary. They cover a broad range of issues that are pertinent to our inquiry into the tourism and events sectors. So Ms Watt to ask the next two questions, and then we will go to Mrs McArthur.

Ms WATT: Thank you, Chair. Thank you, Mr Phemister, Mr Abbott and Ms Febey. Very quickly—we have talked a little bit about this framework—I am just wanting to know how many events have actually been approved or registered under the framework, because that would be helpful to understand just how functional, how very effective this framework has been in our state, and then I do have a follow-up question after that.

Mr PHEMISTER: Ms Watt, thank you. I actually do have those numbers I can give the committee now rather than taking it on notice. It is important to know I can give you these numbers split by metro and regional if that would be helpful.

Ms WATT: I think some of our members would appreciate that, yes.

Mr PHEMISTER: Great. Thank you. It is also important to know that we have far more contacts, because often when somebody calls up to register for the framework, we discover that they have been permitted to operate under the directions, which is obviously a far more expedited way to go. When that occurs, we do take that opportunity to share learnings on COVID-safe staging of events, so they are really valuable contacts. I do not pick those up in these numbers. These are just those that register.

For tier 1 and tier 2 event submissions received it is 306, and that one is about 70 per cent metro, 30 per cent regional, which feels about right based on what we know about how events run, particularly at tier 1 and 2 statuses. There is a really strong engagement from regional Victoria, which has been encouraging. Tier 2 events that have provided a COVID-safe event plan and COVID-safe public event attestation to proceed without review: 397—and if you want me to unpack that, Ms Watt, I can certainly throw to Ms Febey—and that is 183 metro and 214 regional. There is a reason that is sitting at tier 2 level, that so many have been focused on regional: (a) regional Victoria has had longer periods of permitted events, but also tier 2 events find a home in regional Victoria, which is really encouraging for us.

Tier 3 event registrations since the beginning: 8019. That number is possibly already out of date today, because this was provided to me last night. This is a very dynamic thing, tier 3 events. Fascinating: 3914 metro, 3972 regional, so again showing very, very strong activity in regional Victoria. So I think I have covered everything there, but Ms Watt—I might come back to your question—if you want me to unpack what it means by providing a COVID-safe event plan and just submitting registration, I am equally happy to take that level of detail on further.

Ms WATT: I certainly would appreciate that. I just do have my follow-up question, Chair, if that is all right, and that is really about the future recovery of the tourism sector in our state. Can you just talk me through planning and how we are going with the immediate future and longer term planning for the recovery of the tourism sector here in Victoria? And if you have any particular insights around the vaccine, that would be particularly helpful around, you know, levels of vaccine uptake. That would be great, thanks.

Mr PHEMISTER: Thank you. The last point of your question is really relevant. We are watching the rest of the world engage with events in different ways based on vaccine status, so it is very much a part of our thinking. We obviously defer to public health and the getting together of chief health officers and medical officers around Australia to guide us on that, but I think it is very right to call that out as an issue and that we should be planning for a restart. We are also looking to the federal government to start opening travel bubbles et cetera. So that is something that we are very excited by and looking to in the future.

I will start pre pandemic in your answer, and then I will throw to Mr Abbott, if that is okay, during my answer on strategy. We came into pandemic with a very, very clear strategy around major events, business events and regional tourism. We had done the strategy work, and I am very glad we got to do the strategy work so that we were positioned with a future vision for those sectors. Then we have been thrown into survival mode through pandemic. In engagement in survival mode we have taken to using the department, and it is directed by ministers and relevant committees.

The first thing is that we need to put all of our energy into survival and working with businesses. All the energy of the team needs to be dedicated to those functions while retaining wherever possible a strategic capability to plan re-entry. And on one of the very first weeks of the outbreak, in this room we had a meeting of Victoria's tourism and events leaders—and that was at the very senior level—about what kind of strategic work we needed to put in place during the life of the pandemic so that we would be at the front of the pack emerging from it. Now, Mr Abbott might like to talk about a few of those bits and pieces that have been done to date, but essentially that work told us that we were on the right path pre pandemic. The data is very compelling. We were doing well in regional tourism. I think the review prompted a large spend from government on additional supply-side offering in regional Victoria that was of a high quality to drive greater yield in regional Victoria, and Ms Febey led that piece of work.

We have also got a major events strategy that was about not only defending Victoria's position but attracting additional events not just in competition with other parts of Australia. Yes, we are the events capital of Australia, undisputed, but we are really in a global market, and Brendan McClements, CEO of Visit Victoria, and Janet Whiting, as chair, are very, very focused on that. And I think some of the campaigning we have seen recently leads you to the conclusion that it is a globally competitive environment, so that strategy plays out.

And then finally the convention bureau. We were motoring towards having a second jewel in our crown with regard to events down the highway in Geelong with regard to the Geelong convention centre. Now, the way the Melbourne convention bureau was gearing up—keeping in mind that large-scale business events take years to attract, so bids get put in four years hence—they have probably had the most complicated business environment of all during that period, but we have strongly encouraged them to continue their strategic work on that front so that we are not shooting ourselves in the foot by not paying attention to out years through merely dealing with the overwhelming at times and critically important task of survival.

But Ms Watt, if you are okay, I can throw to Mr Abbott, who might be able to provide a bit more detail.

Mr ABBOTT: Thank you. It is probably worth going back a few years to talk about where we want to take tourism and events in the long run. In recent years, or pre pandemic, both tourism and events were going from strength to strength in Victoria, particularly off the back of international tourism but also interstate and intrastate tourism. The sector was growing at a faster rate than the rest of the economy. We were really keen to ensure that to the extent that tourism was booming regional tourism was getting its share of that growth and in 2019 undertook a review into exactly that. So you would be aware, I think, of the regional tourism review, commissioned by our ministers and led by Mary-Anne Thomas, which looked at how we could strengthen our tourism offering in regional Victoria, how we could make the most of our marketing spending through Visit Victoria and regional tourism boards into the regions, how we could better support industry through industry development inclusive of workforce development, how we could address the needs of our regional tourism boards and strengthen them as a network that could support regional tourism and how we could better coordinate and join other efforts within government, because tourism spans a number of departments and agencies.

So that work took place through 2019, and at the very beginning of 2020 of course we had the bushfires, which gave us pause to rethink exactly the approach we were taking to regional tourism, and then COVID came along hot on the heels of that. So from that point, from March of last year, throughout the balance of last year we consulted heavily with industry to try and understand what the needs are for the visitor economy both short term, responding to COVID, and long-term looking into the future, how we could ensure a strong tourism industry in the post-pandemic world, and that gave birth to the *Visitor Economy Recovery and Reform Plan* that Mr Phemister referred to and was supported with some dollars in last year's budget.

So what that plan has done is incorporate those findings and the recommendations of that regional tourism review on how government supports that sector both to recover quickly and to provide a framework to build a strong and resilient sector in the long term. So it is whole of state, and it is looking to achieve goals of \$35 billion worth of annual visitor expenditure by 2024. With it comes investment on the supply side in terms of infrastructure, so there was significant investment dollars in smaller scale shovel-ready tourism products that are rolling out right now—and that is about stimulus into the economy in the here and now—as well as investment in some flagship projects across Victoria in the medium term to really turbocharge tourism when it is safe for people to travel into regional Victoria; a lot of investment in marketing in terms of industry skills and development; looking at visitor engagement services; a commitment for there to be a statewide destination

marketing plan and dollars associated with that; supporting a range of industry development activities, including crisis management support, digital capability and workforce skills planning; investment in the regional tourism board network, including transitioning them to a network of visitor economy partnerships to make sure that we have really high-quality well-equipped bodies at the local level to be able to support local tourism and network with each other and with Visit Victoria really successfully; and a long-term commitment to the funds that support events.

So we have a Major Events Fund you would be aware of, and that has received additional support in last year's budget over a four-year period to invest in those flagship events that bring people into the state, as well as a Regional Events Fund which is about bringing people into regions on the back of the events that they host and a Business Events Fund which is about attracting international events—conventions and events—to locate in Melbourne. And subsequent to that, that fund has been expanded to attract national events, so events that are footloose and could take place in any state in Australia; that has funds now to attract them into Victoria. So that is probably a bit of an overview of the sorts of thinking that have gone on over the last 18 months or so.

The CHAIR: Thank you, Mr Abbott. On that point I might pass over to Mrs Bev McArthur to ask the next couple of questions. Mrs McArthur.

Mrs McARTHUR: Thank you, Chair. And thank you, panel. The consistent complaint we have received from the events industry is you do not seem to differentiate the events industry from the arts industry, events from the tourism industry, events from the major sporting events industry, and the business events sector, which is worth \$12.9 billion in direct spending to this state and, as you said, is an iconic part of our sector in Victoria. It was the events capital of Australia—no longer, since they have not earned a dollar, basically, since March of last year. It represents 79.3 per cent of the total spend in these sectors. When are you going to recognise the business events sector as the key driver of economic activity in the events sector in the state? What they need is recognition that they are an industry alone and also that they need certainty because the events that they plan—incredibly COVID-safe, well-organised—take maybe a year or even more to plan, and without certainty they cannot do this. So when are you going to ensure that you recognise the business events sector as a standalone industry?

Mr PHEMISTER: Thank you, Mrs McArthur, for your question. I would argue that we already do. I mentioned earlier, and Ms Febey might like to talk to, the streams that we engage with. So the framework is supported by a bundle of basically managers who look after different streams of events, and Ms Febey can go into those streams. They are multiple. Business events can be broken down into a range of different subcategories, so that is the level of precision that we bring to those conversations.

Right back up to the strategic question you have asked, however, business events are an incredibly important part of the state. We have the Melbourne Convention Bureau: that is dedicated exclusively to matching the supply of event facilities to large-scale events and wherever possible providing support to other business event proponents. We have long had an established capability in this department with regard to business events. There is an individual budget line in the budget that refers to business events. And the way we have consistently engaged through COVID—and please take this as someone describing this engagement not as a bunch of numbers but an acknowledgement we are dealing with people who are under incredible financial stress, community stress in the planning—we will never be in a position where people are 100 per cent satisfied with our engagement. But through literally hundreds of engagements, face-to-face engagements, tens of thousands of outreach contacts and hundreds of thousands of inbound contacts, we have streams of specific activity for business events. Moreover, we have streamed activities for business events at the large end, tier 1 end, right down through tier 3 to those events that get support from our department to operate under the restrictions. So in answer to your question, I feel as though we already do stream different events to be led by experts.

Finally, with regard to 'When will we permit events with certainty?', we work with event proponents through not only the publicly funded events but with all event proponents to do their best to now plan events that are COVID-safe, but ultimately that comes with the decision of public health. So our role ends once we have worked with proponents to prepare proposals, should they choose to submit through the public events framework, to put forward their best possible proposal. The decision around providing certainty—whether or not those events go ahead and under what conditions; that is, how many patrons can attend—is exclusively under the control, as it should be, of the public health team.

I am more than happy to throw to Ms Febey to help unpack the streams that we engage with to give you some sense of the level of specificity we achieve through our engagement, acknowledging that it is tiered. I meet with CEOs across the board. We meet with peaks. Mr Abbott chairs tourism separate and events separate engagements every time there is a change of direction, every time there is a new program put out to market, and sometimes we just get together when there has been no change to talk about how industry is going in implementing COVID-safe measures. They are all streamed by events and by tourism, and from there, different people attend different levels. They are welcome to attend the peak level if they are a legitimate peak of organisations. They are then welcomed and invited to attend the CEO-level sessions at the macro level. Then it streams off into industry, and we often see different people attend or different entities attend, all the way down through the specific streams that I will throw to Ms Febey to describe, if that is helpful for the committee.

Mrs McARTHUR: Well, perhaps you could just take that on notice and give it to us in detail rather than run through an extensive list of meetings that you have held.

Mr PHEMISTER: No. Not at all. No. I was not referring to an extensive list of meetings. I can certainly do that for you. I thought I was answering your question about when would we stream engagements and our management of business events, and I took it as a question of, ‘Do I have a structure capable of engaging?’. So what I was going to ask Ms Febey to do was talk about our pretty specified capability internally that segments different parts of the economy, not just visitor economy but different parts of the economy. I can focus on visitor economy for the purpose of this committee that segments by our internal capability, but I am also happy to take that on notice in the interests of the committee’s time.

Mrs McARTHUR: Thank you.

The CHAIR: Yes. That would be helpful—just how the team operates in tourism separately from the events space et cetera. Mrs McArthur?

Mrs McARTHUR: Yes. My second question refers to the Ombudsman’s report and the PAEC inquiry, and it refers to the appalling, it seems, approach that your department has taken to providing support for businesses in the event industry and the tourism industry and so on. It was scathing actually, the report, of so many of these programs that you have put in place. I refer to appendix 8 in the PAEC inquiry: the Global Gateway program, for example, no information available; the CBD Small Hospitality Grant, no information available; the Melbourne City Recovery Fund, no information available; the Night-time Economy Business Support Initiative, ‘\$1 million in funding dispersed to 5 business groups’; the business recovery and resilience mentoring, no information available. You have set up these support mechanisms—grants and so on—but yet you are unable to demonstrate that you have actually delivered the support. In the Ombudsman’s report it says how difficult it was for businesses to access these grants and get information, and in fact in one comment from the Ombudsman it was the fact that more than 106 000 calls were received to a call centre but there were only five people able to explain the needs of the people making the phone calls. Is this satisfactory, do you think?

Mr PHEMISTER: Can we just unpack your question a little bit. I am just trying to come to terms with the point of your question, but the Ombudsman inquiry into the Business Support Fund—are you referring to?—is very separate. 1.2 million applications were received. The Ombudsman’s report refers to 12 000 cases. So I think your assessment of my team being appalling needs to be taken in the context of 1.2 million applications received and 12 000 apologies, escalations to the Ombudsman with regard to business support.

I will unpack your question regarding the PAEC question at first, if that is okay, and then come back to your points in the Ombudsman’s report, because—and going to the essence of your question, I think—the Business Support Fund did pick up tourism and visitor economy operators. The Ombudsman report did not cover the range of specific grants and payments made to these particular sectors and also did not pick up subsequent rounds of grant funding. So it was a very small window—like I said, 1.2 million applications and 12 000 issues raised in the Ombudsman report, which we are systematically working through now—and I can get into quite a granular detail on that if you would like.

First and foremost, the PAEC report is a financial year report at a point in time, so I do not have output measures to provide for the PAEC questionnaire. I cannot, and that is a standing convention as per the PAEC reporting framework. So I apologise. A few of those programs are now running to an end because they are financial year programs. The PAEC questionnaire offers an insight into forecasting. It is impossible to forecast

demand-driven programs that were put in place the week the questionnaire was due to be received. We included them because they were appropriations, or a Treasurer's advance, but if the committee is interested in how we are tracking across those domains, they will be publicly reported back through PAEC next year. They are reported in our financial outcomes in both the mid-year update and will ultimately find their way into a BP3 reporting measure next year. I can say that we are confident as a department that we are delivering against stimulus targets and objectives, and that confidence will ultimately be tested when we report in BP3 next year. So what you have just described in terms of non-reporting in the PAEC questionnaire is actually the way PAEC asks us to report, so I am bound by that framework. Should there be a change in framework or should PAEC recommend a different reporting regime, then obviously we will change the calibration of our reports, and no doubt the minister who is appearing in this space tomorrow at PAEC might address some of those with more contemporary information. But the questionnaire itself is a point in time, and we are bound by the framework of reporting.

Back to the Ombudsman report, which, like I said, raised the issue of 12 000 applications, we as a department acknowledge there is a series of things—and we thank the Ombudsman for the report—that we could do to work with people who are under incredible stress better. That related to the Business Support Fund, which is but one of many funds that we have raised, and there are a few key takeaways particularly with regard to when people make data entry issues and those data entry issues prevent applications from going forward—how we can work with people to better articulate their case or perhaps come back and coach people through how they can provide more contemporary information. ASIC registration was a common issue, as was people putting in place their incorrect email address or perhaps putting in place their incorrect ABN, which meant we could not then find a point of reference for them on the securities register. The key takeaway from us that picks up the majority of the 12 000 cases was with regards to the flow of information—emails from us saying, 'You need to provide additional information' that went to spam folders on people's email, and we now are at pains to double contact people; people putting in place incorrect email addresses so we could not get back to them seeking further information, and we now ask people to double check the email they have provided to us.

With regards to the call centre, I am not across, I am sorry, the five cases. That one is a very specific reference in BSF, as articulated by the Ombudsman, and it went to a key finding of the Ombudsman that we have picked up and run with, which is there is a big privacy wall between our GEMS, which is where grant applications come in, and our outsourced call centre, and in the early days of the pandemic we could not find a way through that wall. So we ultimately had people coming in through GEMS. The call centre was set up to provide generic specific information, not specific case information, and so we did not want to provide ultimately great amounts of detail about individual businesses that could be accessed by the third-party call centre. We have now found a way to cross-reference call centre operators back to GEMS, but it has to go through that privacy wall. Otherwise we are handing over, as I said, in some cases very great amounts of commercial-in-confidence information through to the call operators.

I do not want to appear defensive. That is something we could improve. We have improved since the Ombudsman report, and we thank the Ombudsman for calling those issues out. Ultimately we need to be coming at these applications—the 1.2 million applications we have received—with as much compassion as possible while working within the framework the government has given us to work within, and ultimately we will be held to account from a framework perspective by PAEC and by the Auditor-General, which is having a look at the conflict of interest in the way we administer public moneys, and ultimately our processes will be assessed by the Ombudsman. So for those 12 000 cases in the sea of 1.2 million applications received by our department, we completely acknowledge we can do better. We have implemented a whole lot of changes since the Ombudsman report came in—not just since the report came in, I should say; since the Ombudsman team identified them to us—and we have been systemically working through those 12 000 cases since the tabling of the report.

The CHAIR: Yes. Thank you very much. I have probably got one question, then I will pass over to Mr Davis. Just by way of feedback I know throughout the hearings we have heard from tens of witnesses and we have had over 100 submissions, and many of the people that have appeared from the tourism and events sectors have been very grateful for those grants. I mean, there have been some complaints or concerns about time frames for response, but they have been very pleased with the grants. And obviously for your department I can understand the volume of work that you have had to transact. It is probably at record levels over the last 12 to 18 months. In relation to that probably you have partly answered one of the questions I had, which was, I

guess: how is feedback from the sector used to continually improve your department? Can you give us an example where that has happened over this period?

Mr PHEMISTER: Yes, thank you. It is a really good point, and it goes to the previous question: that we do not pretend we were perfect on day one of the pandemic. So every grant process has found ways to improve, and we do that by debriefing with users and with both the people who design the policy and the people who implement the policy through our program centre. So how have we improved? We work with industry on the design of support programs wherever possible. Now, when a snap lockdown is announced in a day, the best thing we can do is to move quickly to a business support round. With I think the most recent circuit-breaker lockdown, government asked if it could stand up an effectively ANZSIC-driven program and a licensed venue hospitality program that we had prepared from previous rounds. So they were designed effectively taking previously prepared rounds, then taking our debriefing and debugging from those rounds—some of the points that were just raised with regard to enhancing communication—and we were ready to implement them within 72 hours. That is effectively our turnaround time now. You talk about volumes—we have done more grants in the last 16 months than we did in the previous 50 years of this department's existence, or its predecessors'. So that gives you some sense of scale. That does not mean we should not be treating every case and every call, every one of those 1.2 million applications, with the compassion they deserve, because these are people who are coming to us at often the most stressful if not the top couple of stressful moments of their lives.

When we have a longer lead time we always seek to co-produce. We have had some terrific partnerships with peaks, and I have no doubt that you have heard from some of those, who have really helped us calibrate how we can get the blend right of tailoring the assistance to the very specific needs of businesses while also ensuring speed. We have service standards for every grant round. Take the test and isolation payment, for example. The test and isolation payment, which is about giving to vulnerable workers, many in these sectors, who will find themselves without a pay cheque if they go and get tested and have to isolate for 24 hours—that is all about speed for us. That is about a couple of very, very quick checks, speed and then looking, obviously where public servants are dealing with public money, for fraudulent claims or anything suspicious through algorithms and post-payment review and through our gates to achieve payment. But effectively, Chair, that is about speed and that is about making sure that people have the incentive to have the test and do not go without the essentials. We are seeing in other parts of the world some of the most vulnerable workers are people who are put at the greatest health risk because their choice is either feeding their children or isolating, and that is a position we do not want to put people in.

So in many cases it is about speed. In those cases we work with industry to refine, and we do it through debriefs, so that the next time we implement the program it is as good as it can be. For others, where we had lead time—the first round of our licensed hospitality funds—we spent a long period of time working with different peaks to tailor the payments. When it came down to, if you remember, when we had our first regional Victorian separation from metro and we offered a program to effectively offset cancellations of bookings in regional Victoria and tourism accommodators, we were at pains to work with the industry then to work out the trade-off between speed and policy design. Underpinning all that, however, to be again in the spirit of frankness with the committee, has been a process of continuous improvement on the communication front, on the system front and on the payment front, but most importantly, and to the heart of your question, on the design front so that we get the programs right with the really precious dollars that government give us to run them.

The CHAIR: Thank you, Mr Phemister. As I stated at the beginning of my preamble, many businesses were very grateful, and it is great to hear that you are trying to continually improve the department. On that point I might actually pass on to Mr Davis to ask a couple of questions, then Mr Tarlamis. Mr Davis.

Mr DAVIS: Thank you, Chair. If I can address my questions to Mr Phemister and Mr Abbott and follow on from some of Mrs McArthur's questions, she I think made the point that both in the Ombudsman's report and experientially—we have all had the calls and we all understand that many businesses really struggled in the events and tourism sectors, and I think you conceded that things could have been done better. But in the circumstances of just trying to be brief, it might be worth you making some written submission to the committee about those points made by the Ombudsman, because we will certainly be looking at those, I would have thought, as we go forward towards our conclusion.

The CHAIR: Mr Davis, just on that point, I am happy to put that on notice. I am happy to write to the department, especially in those sections that relate to the events and tourism sector.

Mr DAVIS: I am just looking for an expeditious way forward on that. My point to Mr Abbott in terms of the breakdown of the relationship with the department and the business events sector is: is it a fact, Mr Abbott, that last year in November at a meeting you said words to the effect that the events sector was not an industry?

Mr ABBOTT: Look, I would not accept the premise of the question, which is that there is a breakdown between the department and the events industry, because I do not believe there is. I think there is a very good and healthy relationship between the department and the events industry, and we meet very regularly and constructively. I think the meeting you are referring to in November that related to the events industry—I cannot recall my words now that I made in November, but it would have been to the effect that the events industry is a more challenging industry to define than some others when you look at ANZSIC codes, for example. This department has traditionally invested in events as they relate to the visitor economy—

Mr DAVIS: And the major event sector.

Mr ABBOTT: Major events. The attraction of business events into the state and the attraction of business events into regional Victoria has been something that the department has invested in for some time, and regional events, including community events. Business events that take place within Melbourne traditionally have not attracted investment from the state. They have been part of the day-to-day operations of businesses to run their events. So that is the distinction I would seek to make, and—

Mr DAVIS: It was clumsy at a minimum. If I can perhaps ask about sole traders to the Secretary, to Mr Phemister. There is a significant number of people in the tourism and events sector that are sole traders. Now, many of them have been cut out of any support whatsoever. They are a very important substrate to the events sector, a very important substrate to the tourism sector, so I just wonder why the department, other than the administrative challenges, has decided to cut out so many of the sole traders from support.

Mr PHEMISTER: Thanks, Mr Davis. So essentially we have not. I will just unpack the sole trader point. Sole traders are eligible for our most recent rounds of support. There is a GST requirement, which may be—

Mr DAVIS: You do not pay the GST, this is the point.

Mr PHEMISTER: Businesses are not registered for GST. So effectively the \$75 000 threshold, which is difficult for some sole traders, because they have incomes that bounce around year-to-year—

So effectively you are talking about: businesses that have not registered for GST are ineligible.

Mr DAVIS: It is businesses and people's livelihoods. This is the point.

Mr PHEMISTER: Just to be very clear: sole traders are eligible. Those sole traders who are registered for GST are eligible. It has now been—

Mr DAVIS: And those who are not are not.

Mr PHEMISTER: Apologies, Mr Davis. I should let you finish.

Mr DAVIS: Those who are not registered for GST are not eligible.

Mr PHEMISTER: Those who are not registered for GST, with some very limited exemptions, which I can go through for you. Essentially we are in a different world now because the commonwealth government stopped paying JobKeeper, and so you will have noticed that our eligibility criteria have changed somewhat since about 100 days-plus of JobKeeper's cessation. And so it was quite a big step with the most recent round of supports to include sole traders, with, as you rightly point out, the exception of those who are not registered for GST. Now, there are some exemptions from the GST registration eligibility criteria—that is, not-for-profit entities with annual turnovers of between \$75 000 and \$150 000 that are not registered for GST but are registered with the Australian Charities and Not-for-profits Commission, which gives us a point of reference to determine their turnover, which is a really important part of what we do; and second, businesses with an annual 2019–20 turnover of \$75 000 or more that are not required by relevant tax legislation to be registered for GST, like NDIS providers and timeshare accommodation businesses, who must provide a statutory declaration from a registered tax agent, thus giving us a point of reference for their turnovers. Businesses can voluntarily register for GST. Even if they have a turnover of below the \$75 000 threshold they have the same reporting and tax

obligations as other GST-registered businesses—that is to say they are participating in the business tax regime of the nation.

Mr DAVIS: Well, let me just record that many have contacted my office, and I suspect others on this committee's offices, very concerned that they have been cut out. I think great harshness has occurred here. I have one final question, and that is about the recently announced program for events. About \$10 million of that \$20 million that was announced was moved to an arts focus, and it is very appropriate that there be that support, but the fact is about half of that money was not actually directed at the broad events sector. That is correct, isn't it?

Mr PHEMISTER: Mr Davis, it is in the title of the program. This is a long conversation with the committee, but effectively if you were to pick an events business for me, I could work my way through eligibility from business support 1 to business support extension right through. Some are participating in a licensed hospitality venue program. Some are participating in regional accommodation programs. So it is a bit of a layer cake of supports. When it gets down to that specific \$20 million of assistance, as I said, in the lion's share of cases that comes on top of previous rounds of support. In some cases it may be—and I do not have the reporting to share with the committee today—the first time the business has engaged. I will throw to Ms Febey to talk about the breakdown of the \$20 million, and also Ms Febey can possibly provide some insight to the committee, but in the interests of time we may need to take it on notice further. I apologise.

Mr DAVIS: I am happy for it to be taken on notice, given Mr Enver Erdogan's trouble with time. That is fine, but I just think it is important that the committee understand the breakdown of that.

The CHAIR: Thank you, Mr Davis. Thank you, Mr Phemister. Yes, we are at the time of almost concluding today. I will allow Mr Tarlamis, who has not asked a question, to ask a final question on that point, and all the other questions we can keep on notice. Can we please not reflect on the witnesses. Mr Davis, you entertained that a bit previously, and I think it is out of order. So, Mr Tarlamis.

Mr TARLAMIS: Thank you, Chair. And can I thank Mr Phemister, Mr Abbott and Ms Febey for all contributions today and for answering our questions. I appreciate you taking many of them on notice, and I expect you will take mine on notice as well given the time factor. I just wanted to basically comment on the fact that consistently through our public hearings and through the submissions when we have been talking to the events sector there has not been a clear definition of what the events sector comprises of. That has been very clear. You have spoken at length in your introduction and throughout the questioning today around the engagement that you have had with the sector through the round tables and various other mechanisms. Unfortunately we did not get the opportunity to go into much detail around the different streams of the sector. I know you are going to take that on notice. I think any information you can provide about the engagement around the round tables and about the different streams would be really helpful for the committee to get an understanding of, because it may be that there is a disconnect between the information that has been provided through the engagement with the department and those participating and how that is filtering out to those in the sector. If we can kind of identify that and work out ways in which we can maybe streamline that information and get that out to the entire sector, that may be a way of addressing some of the issues that are of concern and filtering that information out more. So it would be great to get that understanding through that information you provide on notice so that we can have a look at that in more detail. So I appreciate your contributions today. I am conscious of the time, so if that could be provided on notice.

The CHAIR: Yes. Thank you, Mr Tarlamis, for that. Yes, we do have a number of questions on notice, and we will forward them in due course. The secretariat will be in contact with the department.

On that note, Mr Phemister, Mr Abbott and Ms Febey, I wish to say thank you on behalf of the committee for your presentation and contribution today and for all the work you have been doing. Many of our witnesses did share their appreciation for the grants that they have received in a timely fashion. So thank you very much and keep up the work, and everybody stay safe. Thank you. That concludes today's hearing.

Mr PHEMISTER: Thanks, Chair.

Committee adjourned.