

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **2021–22 Budget Estimates**

Melbourne—Tuesday, 29 June 2021

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr James Newbury

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor



**WITNESSES**

Mr Martin Pakula, MP, Minister for Tourism, Sport and Major Events,

Mr Simon Phemister, Secretary,

Ms Penelope McKay, Associate Secretary, and

Mr Andrew Abbott, Deputy Secretary, Creative, Sport and Visitor Economy, Department of Jobs, Precincts and Regions.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee and welcome back Minister Pakula, this time for tourism, sport and major events. We again invite you to make a 5-minute presentation. This will be followed by questions from the committee. Thank you.

**Visual presentation.**

**Mr PAKULA:** Thanks, Chair. I will start with the state of the sector. The dual crises of bushfires and COVID have had a fairly significant impact on the visitor economy in Victoria. The total tourism expenditure was \$13 billion in the year ending December 2020. That was a decline of 60 per cent, or a loss of \$19.5 billion, compared to the previous year. Despite that, tourism was still a significant contributor in Victoria. It generates 232 000 jobs, and major events are an important driver of the economy as well, contributing \$2.5 billion a year.

In April of this year I released the *Visitor Economy Recovery and Reform Plan*. It details the initiatives that we are delivering to rebuild and further develop our visitor experiences, to strengthen industry and the workforce, to rebuild visitor demand through effective collaborative marketing and to revive and further develop our calendar of world-class events. We have supported that with an investment of \$633 million. It serves as a whole-of-state strategy, with the goal of achieving \$35 billion in annual visitor expenditure and supporting 300 000 jobs by June of 2024. Some of the other things that we have done as part of that plan have been the regional and Melbourne travel voucher schemes. That has allocated 200 000 vouchers—160 000 for the regions and 40 000 for metro Melbourne—through the first three rounds. And under the two travel voucher schemes Victorians who spend at least \$400 on paid accommodation, experiences, tours or attractions and who receive a voucher can receive a reimbursement of \$200.

We have also announced the Regional Tourism Investment Fund, and in March we announced 30 smaller shovel-ready projects to be delivered in the short term as part of a \$46 million stimulus round of that fund. We have launched the Visit Melbourne campaign and of course Stay Close, Go Further, which has been a statewide campaign aimed at encouraging Victorians to travel within our state. That has been a very well received package. In terms of regional tourism support, we released in June 2021 a supplement for businesses, including a combination of attraction and experience providers, as part of the last circuit-breaker lockdown support. Alpine businesses will receive up to \$15 000 to help them provide a COVID-safe ski season through the alpine support program. There is a fourth round of regional travel vouchers made up of 70 000 unused vouchers—surprisingly a number of people have taken up a voucher and then have not used them, so we have put them back into the pot—and 10 000 new regional travel vouchers. More than 88 000 regional vouchers have been claimed so far, and those travellers have injected an estimated \$130 million into local economies.

We also announced a Victorian events support package, which was \$20 million, and that has a number of streams to it, including the sustainable event business program, which provides up to \$250 000 to major event organisers, hosts and suppliers; the impacted public events support program; an independent cinema support program; and a live performance support program; along with a Victorian accommodation support program.

I will talk briefly about the public events framework because that has been in place since November and has provided a pathway for event organisers and venues that wish to operate beyond restricted activity directions. Progressed approvals and registrations of around 200 tier 1 and tier 2 events and about 7500 tier 3 events have been supported under that framework. As you see from the slide, the hosting of the 2021 Australian Open was an important milestone. The national business events program was announced in April, with support of up to \$25 000, which I can say we are increasing as a result of a decision made in the last 24 hours. There will be

even greater support for that national business events program. We have also supported live music through the Sounds Better Together and Music from the Home Front events.

Very briefly, other events we have hosted have been, for example, the NBL Cup, which we hosted earlier this year. We had a world record crowd at the football, of 78 000 for the Anzac Day game, before the current restrictions. We have continued our work delivering world-class sporting facilities, including the Australian Golf Centre; the State Netball and Hockey Centre; the Marvel Stadium upgrade; Melbourne Park, stage 3; and the State Basketball Centre. And given the fluxion of time, I will simply mention the home of the Matildas and the rugby centre of excellence, a \$101 million investment; and the support for the VIS.

**The CHAIR:** Thank you, Minister. Deputy Chair, did you want to go first?

**Mr RIORDAN:** Yes—last minute.

**The CHAIR:** Sorry, we have had a confusion with the timing of the questions on this one.

**Mr RIORDAN:** That is okay. Thank you, Chair, so we will make it up as we go.

First question: Minister, page 251, budget paper 3—\$280.1 million has been slashed from the tourism and major events funding. That is a massive 59 per cent cut to funding. Now, I understand some of it, you will tell me, was because you put in extra last year, but clearly we have already seen this year, with February lockdowns and the lockdowns again now, that there is really no room to cut much out of supporting this very vital tourism and major events portfolio, I would have thought.

**Mr PAKULA:** Sorry, what is the question?

**Mr RIORDAN:** The question is: why have we seen such a massive—basically 60 per cent—cut to this portfolio?

**Mr PAKULA:** Well, you have not seen a cut to the portfolio. There has been substantial investment made in the portfolio, as I just indicated in the presentation. In last year's budget we announced 633—yes, I understand. I can read, Mr Riordan.

**Mr RIORDAN:** Well, it has got brackets. How do brackets not show as cuts?

**Mr PAKULA:** As I am sure you actually do understand, what the financial year that we are currently in—the one that ends tomorrow—the numbers in that financial year include hundreds of millions of dollars of COVID support, which you would not expect would be continued—

**Mr RIORDAN:** Well, I—

**Mr PAKULA:** no, hang on, I will come to that—in 2021–22.

**Mr RIORDAN:** I do not think the events industry is saying that.

**The CHAIR:** Mr Riordan.

**Mr PAKULA:** No, it is certainly not in the budget, Mr Riordan. Now, what we have demonstrated throughout the pandemic, whether it was in the period of July to October last year or in February or in May, is that if there are shocks and events that require the investment of additional government support, then that government support is provided. It is not part of the ongoing recurrent funding for the portfolio. That does not mean if there is extra support necessary that it will not be forthcoming, but it is not budgeted for in the same way that ongoing programs are budgeted for.

**Mr RIORDAN:** Minister, do you concede that the overwhelming uncertainty that is generated by lockdowns—and we understand why the government has chosen lockdowns—crushes the event and festival and major tourism industry like no other. When you have had lockdowns and events cancelled, people do need the confidence to plan—these things are months and years in the planning. It is simply not good enough, is it, to say, 'Oh, we don't need the budget for it this year'? Do you not recognise that the enormous amount of uncertainty that is in this industry now requires major government investment in support?

**Mr PAKULA:** Well, of course. Let us talk about the events sector. We have provided tens of millions of dollars in support through the Business Events Fund. We have provided support through the national business events fund, which I just referenced, and I just indicated that we are going to increase the support for that from up to \$25 000 per event to up to \$90 000 per event to try and attract those national business events. We have provided tens of millions of funding to ensure that the convention centre can continue to operate, we have provided funding for Business Events Victoria, and we have shown throughout this pandemic that when support is required, it has been forthcoming. Now, if your question is, ‘Is the pandemic bad for certainty of events?’, of course it is, and that is not just here in Victoria.

**Mr RIORDAN:** No, you have just said that you have not budgeted for—that you have cut \$200 million out, 60 per cent of the budget, and you are saying you have not needed to allocate and plan for that in this coming year—

**Mr PAKULA:** Mr Riordan, I do not—

**Mr RIORDAN:** and I think the events and tourism industry would say, ‘Absolutely you do’.

**Mr PAKULA:** Mr Riordan, I am not prepared to be verbed. What I have indicated is that there was in 2021 a huge amount of expenditure which was not budgeted for because it became necessary to provide that funding as a consequence of support packages. That was not budgeted for at the beginning of last financial year either, but it was forthcoming nevertheless. In the same way, what the output for tourism and major events is a reflection of its funded programs, projects, infrastructure and the like. It does not represent what additional funding might or might not be necessary if there are future lockdowns or support is needed or things of that nature.

**The CHAIR:** Thank you, Mr Riordan. Mr Maas.

**Mr MAAS:** No, but I am happy to take it, Chair.

**The CHAIR:** Mr Richardson.

**Mr RICHARDSON:** There we go. Minister, I want to take you to budget paper 3, page 71, and I refer to the La Trobe University sports park, which has been provided \$101.1 million over three years. For the committee’s benefit are you able to outline what benefits this funding will provide for high-quality performance football in Victoria?

**Mr PAKULA:** Yes. Thanks, Mr Richardson. Look, that is just one of the most exciting projects I have been associated with. I was out there at La Trobe with the Acting Premier on 16 May to announce that we would be providing \$101 million for both the home of the Matildas and the rugby centre of excellence. As a dual-code project for two codes that have not been the recipients of large amounts of government support in the past I think it is extremely exciting. That project will see a purpose-built state-of-the-art state football centre alongside a state rugby union centre at the Bundoora campus. It will I think establish La Trobe sports park as one of the premier sports precincts in the nation.

The home of the Matildas and the state football centre will include a show pitch with grandstand seating with a capacity of 1000; four additional pitches; a competition-standard futsal court; a state-of-the-art high-performance gym; sport science, medical and recovery areas; and a Matildas change room and lounge area as well as admin facilities for Football Victoria and for the Football Australia coaching team. When you think about the women’s football World Cup coming to Australia in 2023, having that as a base for the Matildas to pursue success on the world stage, including at that World Cup, I think is very important. It will also be used as a training base for all of Football Australia’s national women’s squads—so the Matildas senior team, the Young Matildas and the Junior Matildas—and it will provide important pathways and support professional programs for football in Victoria, which will strengthen the elite levels of competition. It is expected that on average there will be 6000 hours of use by national teams.

James Johnson, who is the CEO of Football Australia, I think said it best when he said that:

This substantial commitment from the Victorian government ... will have a significant impact on the development of women’s football ... in Victoria and Australia for decades to come.

We expect that to be ready ahead of the FIFA Women's World Cup being held here and in New Zealand in 2023. There will be five games played in Melbourne including a quarterfinal, and I think in terms of our history of supporting female participation in sport this is one of the proudest investments the government has made.

**Mr RICHARDSON:** We have seen a huge upsurge in female participation in sport out in the community as well. Minister, how will this government contribution benefit football players in the wider community?

**Mr PAKULA:** Well, when you talk about participation in soccer—in football—in Victoria, it has grown very strongly. It has more than doubled in five years, so you have got 55 000 participants, including 25 000 girls. That is 55 000 female participants, 25 000 of them being young. Football Victoria has a 50-50 gender participation target by 2027, and in terms of the role of the state football centre, that will give women and girls access to world-class training and playing facilities. Those pitches will be available at discounted rates for training and competitive use for the community but also for students of La Trobe. Once the project is completed we expect that it will be used by Football Victoria pathway programs, so more pitch time will become available for community use at other places as a result of that—John Cain Memorial Park and Knox Regional Sports Park. The location of the facility at La Trobe will provide some great outcomes, I think, for the wider community. The show pitch will provide the capacity to host state, national and international football events, so youth championships, futsal championships. There are really great opportunities for collaboration between Football Vic, Football Australia, high-performance experts and La Trobe. So, look, on every level this is a great outcome for participation of women and girls in sport.

**Mr RICHARDSON:** In the time I have left I might leave it there, Minister. Thank you very much.

**The CHAIR:** Thank you, Mr Richardson. Mr Limbrick.

**Mr LIMBRICK:** Thank you, Chair. And thank you, Minister and team, for appearing today. I would like to ask a question about international tourism. I understand that there is a quarantine hub being built at the moment, so it appears that—

**Mr PAKULA:** Not quite, but it is on its way.

**Mr LIMBRICK:** Well, it is in the pipeline. So it looks like quarantine is going to be used for a very long time, it would appear. But I know that tourists from many countries, including the United States and Japan and other countries, they have trouble even getting two weeks leave. How is quarantine going to affect international tourism? Will we expect these tourists from these countries to still come here if they have to go through quarantine?

**Mr PAKULA:** Look, it is a good question and I understand the import of it. I cannot crystal ball gaze about how long. And really this is a matter for the commonwealth. The commonwealth is responsible for our borders and the circumstances upon which people are allowed entry into the country. Right now the position of the commonwealth and indeed of national cabinet is that everyone who comes into the country, other than people who might have some particular exemptions, has to quarantine for two weeks. For how long that is the requirement, I do not know. I do not know the answer to that. Obviously as global vaccination rates increase, as domestic vaccination rates increase and as the pandemic subsides, as it will at some point, those things might change, but I do not think that that will change rapidly. I think the Prime Minister indicated yesterday that he felt like we were maybe about halfway through this thing. Some people would say that is optimistic. But yes, I think there will be obviously quarantine required for some period of time to come. Otherwise you would not have governments around the country seeking to invest in these facilities. Whether that necessarily remains 14 days, whether it becomes a shorter period of time, whether ultimately vaccinated people are treated differently to non-vaccinated people in terms of the expectations placed upon them, all of those things I think are going to be the subject of substantial discussion both at national cabinet and within the federal cabinet.

**Mr LIMBRICK:** Thank you. But we are competing in an international market for tourism; right?

**Mr PAKULA:** Of course.

**Mr LIMBRICK:** And many countries already are allowing travel without these sorts of quarantine requirements, and it is also easy to imagine that many people are not going to get vaccines from overseas, because maybe they have already contracted COVID and think they do not need it. How are we going to

remain competitive in Victoria if we are competing with these other countries and we have these very, very stringent international tourism requirements? Doesn't that mean that a lot of these international tourism operators that we see in Victoria are not going to be able to hold out until this is all finished, surely?

**Mr PAKULA:** Well, COVID is an incredibly challenging reality for those international tourism operators. I would make the point, Mr Limbrick, that most if not all of those other jurisdictions that you reference, where there are more liberal rules emerging in regard to the circumstances in which people enter those countries, are countries where there have been substantial COVID outbreaks which are ongoing. So if you look at the UK, for example, or the USA, they are still having thousands of cases a day, so understandably they are probably less sensitive to the question of whether someone imports the virus onto their shores in an environment where the virus is already rampant on their shores. We have been in Australia in a more fortunate situation in which the virus has been kept out of large parts of the community for large and extended periods of time and as a consequence we have not had the same infection rate, death rate, hospitals overrun and things of that nature. I think as difficult as that is for international tourist operators, if you ask members of the Victorian and the broader Australian community what circumstance they would prefer to see abide, they would prefer that circumstance. Having said that, yes, it is a difficult and increasingly difficult situation for operators in those internationally exposed sectors, and the quickest and best way for things to revert to something that they consider more normal is for vaccination rates to increase substantially on where they are.

**The CHAIR:** Thank you, Mr Limbrick. Deputy Chair.

**Mr RIORDAN:** Thank you, Chair. Minister, in the next eight months we have got a Melbourne Cup, an AFL Grand Final, potentially two grand prix and an Australian Open tennis. Are you committing to underwrite those events to make sure that there is the confidence to continue through with the planning and the obvious long lead times that those events have to set up?

**Mr PAKULA:** I do not think underwriting would be an apt or accurate description of what the government does. I mean, if you take those events, if you consider them separately, in regard to Formula One it is well understood that the government pays Formula One management a licence fee, there is significant cost involved in setting up of the track and things of that nature—

**Mr RIORDAN:** Minister, that is standard. We do not need to know what you normally do. For these events there are huge funds expended to set them up and plan for them. They are iconic to Melbourne. Are you underwriting and giving those events certainty to go ahead with their planning?

**Mr PAKULA:** I was not trying to be unhelpful, Mr Riordan. I am making the point that, no, underwriting them would not be an accurate description, but we certainly talk to and deal with the organisers of those events to try and ensure that we provide the best possible environment for them to operate. But what I think should be the obvious point is that financial underwriting or any kind of financial support of and by itself does not guarantee that anything continues or goes ahead, because if what you have got is—

**Mr RIORDAN:** Seriously?

**Mr PAKULA:** Yes, seriously. So, for example—

**Mr RIORDAN:** What, you are saying that—

**The CHAIR:** Mr Riordan.

**Mr RIORDAN:** these organisations will gladly enter into something and be prepared to lose tens of hundreds of millions of dollars?

**Mr PAKULA:** No, I made the point that of and by itself financial support does not fix problems—not of and by itself. So, for example, Mr Riordan, the AFL Grand Final was played last year in Brisbane because in Brisbane they could have a crowd and in Melbourne they could not. There is no amount of financial support that can overcome that reality. Last year the Formula—

**Mr RIORDAN:** So are you saying you would be happy to give the grand prix and the Australian Open away?

**The CHAIR:** Mr Riordan, could you allow the minister to answer.

**Mr PAKULA:** No. I am certainly not happy to be verbally, Mr Riordan.

**Mr RIORDAN:** Well, you just used the example that the AFL we gave away, so are you flagging the support of giving away the grand prix and the Australian Open?

**The CHAIR:** Mr Riordan, you have got to allow the minister to answer your propositions.

**Mr PAKULA:** No, Mr Riordan, I am not. I am not saying that and I will not be verbally. You seem to suggest and assert that with the commitment of financial support you can guarantee that things can go ahead, and I am making the point—

**Mr RIORDAN:** No, I am saying the planning for them.

**The CHAIR:** Mr Riordan, could you allow the minister to answer the question, please.

**Mr RIORDAN:** I very specifically said the planning and the inevitable work that has to go into preparing them. If you underwrite—

**The CHAIR:** Mr Riordan, when you put a proposition you need to allow the witnesses the opportunity to answer it rather than interrupt them. If you could allow the minister to answer, please.

**Mr PAKULA:** In regard to the AFL Grand Final, Mr Riordan, we have a contract with the AFL for that game to be played at the MCG, and in normal circumstances I would expect that that will happen and no more taxpayer funds ought to be required for that to occur. In regard to the Melbourne Cup, the Melbourne Cup runs at Flemington. It ran at Flemington last year. It will run at Flemington this year. We have provided enormous support to the racing industry, including through the last spring, and that will occur at Flemington this year. The only thing that I would hope would be very different to last year's Melbourne Cup is that it will occur with a reasonable crowd this year, unlike last year where it had no crowd. In regard to the Australian Open we demonstrated last year through the detailed arrangements that we entered into with Tennis Australia our support for them logistically, financially, through loans and through other sorts of supports, and through an extension of the contract to 2039 for Melbourne Park. We demonstrated our bona fides with them. The Formula One Grand Prix unfortunately did not go ahead, because there were positive cases amongst participants on the day of first practice, which caused F1 to not want to proceed, and we understood that. So we have already demonstrated, whether it is football, cricket, tennis, F1—all our major events—or racing that we work with those organisations to—

**Mr RIORDAN:** I am aware we can do it, Minister. My question is: are you giving them financial underwriting to ensure that the planning goes ahead?

**Mr PAKULA:** Well, as I say, Mr Riordan—

**Mr RIORDAN:** It is yes or no; you either—

**The CHAIR:** Mr Riordan.

**Mr PAKULA:** No, it is not 'yes or no'. When we provide support we make that clear.

**Mr RIORDAN:** So you will not answer it.

**The CHAIR:** Mr Riordan, the minister is attempting to answer it and you continue to interrupt to your own detriment, because you do not allow the answers to be completed. Mr Maas.

**Mr MAAS:** Thank you, Chair, and thanks, Minister. We might return to some regular programming, I think. If we could go to the topic of the Victorian Institute of Sport, and the budget paper in the output initiatives at budget paper 3, page 71 details some \$24.6 million in funding. I was hoping that you would be able to explain for the committee how the Victorian Institute of Sport is continuing to assist Victorian athletes.

**Mr PAKULA:** Well, the Victorian Institute of Sport has been a wonderful contributor to the work of our athletes over a long period of time. They have been underfunded I think for a long period of time. I think the



general support package for the VIS over recent years has been in the vicinity of \$6.7 million a year, and that has really been substantially less than what has been provided to other institutes of sports around the country. The New South Wales and Queensland institutes of sport have been funded in the vicinity of \$15 million to \$20 million annually over the last few years and the VIS has been in that \$6 million to \$7 million range. So this support, which is in the vicinity of \$24 million to \$25 million over three years, will bring the VIS up to that \$15 million per annum, which I think is appropriate, particularly as we move into the possibility, or the likelihood in fact, of Australia hosting the Olympic Games in 2032. So, you know, a local Olympics means that investment in Olympic athletes over the coming decade will become incredibly important. We would like to see Victorian athletes—those who have Olympic dreams and those who have Commonwealth Games dreams—having the same facilities, the same possibilities, the same dynamics, at the VIS as those in other states and territories. And what that additional injection of funding will mean is not just additional sports being supported but additional athletes every year—dozens and dozens of additional athletes—being able to be put through those programs. I know from talking to Nataly Matijevic, the chair of the VIS, and the executive team that they have been actively seeking this additional funding for a long, long time now, and it is something that they are very, very excited about. There will be a great opportunity in the high-performance sector for athletes to be supported in ways that they have not been able to be supported in recent years.

**Mr MAAS:** Thank you very much. Are you able to provide the committee with any examples of the support that is being given to Victoria's elite athletes by the VIS so that they can compete, you know, on the world stage?

**Mr PAKULA:** Yes. Well, I mean, certainly when you look at some of the support, for instance, I was talking to Michael Kennedy from Snow Australia, as an example, just the other day, and with Winter Olympics coming up, that additional support that might be available to snow-based athletes, to winter-based athletes, through the VIS is something that I know that they are incredibly excited about. But really right across the sporting spectrum, whether it is athletics, whether it is swimming, whether it is gymnastics, we have had some remarkably successful Victorian Olympians and Commonwealth Games athletes. The VIS, based on its location, based on its facilities, can already do an amazing job but it has not had the capacity to support as many athletes as it would have liked to, and this is something that really we think will be rectified by this additional funding. We would be more than happy to provide the committee with specific examples, if the committee wishes, of the types of athletes that we think will be supported through this initiative.

**Mr MAAS:** Terrific. Thank you. I will leave it there. Thanks, Minister.

**The CHAIR:** Thank you, Mr Maas. I will pass the call to Mr Hibbins.

**Mr HIBBINS:** Thank you, Chair. Thank you, ministerial team for appearing this morning. I want to ask about the grand prix. Now, that is going to take place in November this year is my understanding. Will it then revert back to normal and occur in March the following year? Is that the plan?

**Mr PAKULA:** Well, the allocation of race dates is a matter for Formula One management, which is based in London. They take into account a range of factors, including the desires of local organising committees like the AGPC along with the desires of other host cities around the world. So that is still an open question and a source of discussion between the Australian Grand Prix Corporation and Formula One management.

**Mr HIBBINS:** Yes. Is it your intention, given there is obviously a lot of infrastructure works that need to take place every time the grand prix comes to town with the facilities and the stadium and what have you, to leave those structures in place from November should the race go ahead in March the following year?

**Mr PAKULA:** Well, (a) that presupposes when the 2022 grand prix might occur, but let us for a moment assume that you have a November race and a race in the early part of 2022—and, as I say, that is not yet confirmed—no, you would not expect to see all of the infrastructure like grandstands and cyclone fencing and all of that remain. But there might be some things that remain.

**Mr HIBBINS:** Okay. Do you know of the time line in terms of when that decision will be made?

**Mr PAKULA:** Look, I can come back to you on that. My recollection is that Formula One management tend to make their announcement about the following season's race dates in around about October, but I might be out by a month or so. But I think it is around about October.

**Mr HIBBINS:** All right. Thank you. Now, you mentioned having the AFL Grand Final stay in Melbourne until, I think, 2057 and then it was 2058 given it was extended a year because it was played at the Gabba. Was that in exchange for the Docklands upgrade and some facilities that were handed over and what have you? Was that a direct sort of—

**Mr PAKULA:** The one-year extension was not.

**Mr HIBBINS:** No, not the one-year extension, but the overall playing contract.

**Mr PAKULA:** Look, I cannot speak particularly knowledgeably about the agreement that was signed in the last term of government, because I was the A-G at the time, not the minister for sport. But my appreciation of it, my recollection, is that there was an agreement done that involved a few things, one of which was a \$225 million contribution to the Marvel Stadium rebuild in return for a 40-year—

**Mr HIBBINS:** I ask—I appreciate that you were not involved at the time—

**Mr PAKULA:** I am answering.

**Mr HIBBINS:** But was there honestly a genuine chance that the AFL was going to take the grand final to another city?

**Mr PAKULA:** Have you been listening to the comments of premiers around the country and the managers of stadia around the country? As I said, you are asking me to go back to a period of time when I was not the relevant minister. But if I answer the question in the context of what I know today, what I know today is that other states and territories and the managers of grounds like Optus Stadium, the fact that the Gabba is going to be rebuilt, the fact that the Adelaide Oval has been rebuilt—all of those premiers and all of those stadium managers and some of the AFL clubs that are based in those cities argue vociferously and consistently that the AFL Grand Final ought to move around, there ought to be a greater consideration of who has home ground advantage based on ladder position, there ought to be a sharing of these things. You heard Tony Cochrane's rather silly comments a couple of weeks ago. So if your question is, 'Was it conceivable that one day it might have moved in the absence of this agreement?'—

**Mr HIBBINS:** Well, no. That was not my question.

**Mr PAKULA:** I think my answer is 'absolutely', and that is why the agreement is important.

**Mr HIBBINS:** That was not my question. Well, I mean, obviously if the AFL is coming to the state government and saying, 'We're going to move this thing unless you guys stump up', that would be a reason. Did they do that?

**Mr PAKULA:** Again, Mr Hibbins, I was not the minister at the time—

**Mr HIBBINS:** Okay, fair enough.

**Mr PAKULA:** so I cannot talk about conversations I was not a part of.

**Mr HIBBINS:** I think that is the end of our time.

**The CHAIR:** Thank you, Mr Hibbins. Ms Richards.

**Ms RICHARDS:** Thank you. Minister, I would like to take you to the visitor economy and refer you to budget paper 3, pages 71 and 85 and the initiatives in relation to the 'Visitor Economy: destination marketing' and 'Visitor Economy Partnerships'. I am hoping you can outline for the committee how these funding commitments will support the recovery and longer term sustainability of the visitor economy in Victoria.

**Mr PAKULA:** Yes. Well, it is incredibly important, the visitor economy, and Mr Limbrick went to some of these issues himself in his comments. The visitor economy employs something like 230 000 people, and we have to take an incredibly significant role in promoting Victoria as a destination domestically, internationally. Visit Vic leads that destination marketing effort. We have provided \$55 million in the budget for Visit Vic to entice intrastate and interstate tourism in the immediate term, and of course that should be followed then by the

return of international travellers when public health conditions allow that to be the case. So the \$55 million in the budget enables Visit Vic to implement marketing campaigns in the following key markets: \$16.9 million to drive destination marketing, \$31.3 million to strengthen short-haul flight destination marketing, \$3.3 million for long-haul flight destination marketing and \$3.5 million to start the work on increasing visitor numbers from international growth markets like China and India. It complements some of the previous investments we have made in the *Visitor Economy Recovery and Reform Plan* and supports the overall goal of getting back to that \$35 billion in annual visitor expenditure by June 2024.

Most of the businesses in the visitor economy are small to medium enterprises. The comprehensive marketing that is necessary is really much more within the purview of government and marketing agencies and indeed organisations like regional tourism boards rather than asking individual businesses to do that.

We think that there is still significant opportunity to attract visitors from around the state, to move that tourism dollar around the state. I myself was up in the Daylesford-Macedon region on the weekend, and I travelled to the King Valley over Easter, and lots and lots of people I know have done most of their holidaying in regional Victoria over the last 12 months. But when the situation stabilises in the rest of the country we want to see again visitation from the rest of Australia and again, when New Zealand removes the pause that it has currently got on the travel bubble, from New Zealand as well.

So there is a lot in that. In terms of the visitor economy partnerships which we have funded in the budget, we have moved from the regional tourism boards, which do a great job but where there is a degree of patchiness. The RTBs do not cover, really, every corner of the state. There is differential buy-in depending on which local government area you are talking about and there is differential capacity. So you have got, whether it is Destination Gippsland or Tourism North East, for example, really high levels of capacity with high levels of buy-in from local government and not quite as much in other parts of the state. So the new visitor economy partnership model is really about ensuring that you cover the whole canvas. We have put \$8.8 million in this budget on top of the I think \$2.2 million in the last budget to really drive that capability and to ensure that we have got that complete buy-in from regional local councils. And we are going to ensure that that relationship between the visitor economy partnerships and government is directly to the department rather than through the kind of third party of Visit Victoria. We think that is a better approach, and I have been meeting with them regularly. There is some extraordinary work being done in those visitor economy partnerships.

**Ms RICHARDS:** Thanks very much. I think with the short time left I will leave it there. Thanks, Minister. Thanks, Chair.

**The CHAIR:** Thank you, Ms Richards. Mr Newbury.

**Mr NEWBURY:** Thank you. Can I take you to advocacy from the Save Victorian Events group, which represents over 2000 people, presumably thousands of families and 930 businesses. They have advocated they are genuinely concerned about the mental health impact on their industry—really, really serious concerns. They are looking on, and I know they feel that the big end of that industry, the events industry, is treated one way and anyone outside the big end of town is treated differently. If you are in the AFL, you get \$70 million, you can have thousands at a football game, but if you are outside, you cannot. What would you say to the events sector who are clearly struggling?

**Mr PAKULA:** I assume you are talking about the organisation which is primarily represented by Mr Thewlis?

**Mr NEWBURY:** Yes.

**Mr PAKULA:** Yes. I was actually due to meet with Mr Thewlis last Monday. He has already met with Minister Pulford and has met with my office and my department on numerous occasions. I had to cancel that due to the bereavement which you are aware of, but I am going to meet him in about a week or two. What I would say is I do not accept that the government's support or focus has been geared towards the large end of the sector in the way that you would describe or that he might assert. I mean, there are plenty of players at the top end who have suffered substantial loss because the large events that they support have not been going ahead. If you look at the smaller end of the events sector, the best thing that we can do for them is to allow events to go ahead. It is why the public events framework has been set up the way that it has—so that the tier 3 events, those smaller events, can go through the approval process with a minimal amount of bureaucracy and a

minimal amount of red tape and work. That is why thousands of such events have been approved. When you talk about the difference between, say, a football match and, say, a wedding, it is not about one part of the sector being favoured over another, it is about what the public health experts view as relative risk. So whilst it might seem incongruous in the minds of some—

**Mr NEWBURY:** Can you understand that is how they feel?

**Mr PAKULA:** No, I do. I do.

**Mr NEWBURY:** I mean, you watch on TV and you see thousands of people sitting in a stadium.

**The CHAIR:** Mr Newbury, could you allow the minister to complete his answer.

**Mr PAKULA:** No, I do. And I would like to think I am treating the question seriously. When you look at, on the one hand, an event where people are well spread out, where they are outdoors, where they are fully ticketed, where every individual who might be there is known and where the contact tracing is very easy, that can in the minds of the public health team in fact represent a lesser public health risk than an indoor event where there might be a couple of hundred people in a confined space singing and dancing and mixing very closely. I understand for the people whose business it is to cater weddings or provide that sort of event why that might be difficult for them, but that is why when we put in place restrictions we try and go hard, go early—so that we can remove those restrictions to the greatest extent possible in the fastest way possible. That is the first point. And that is what I think you have seen that we have done, both in February and now; as soon as we can lift those restrictions and let those events proceed, that is exactly what we have done. In regard to support, whether it has been the specific events package or the rounds of the BSF or the rounds of the business cost assistance program—

**Mr NEWBURY:** On that support, are you aware that there has been some feedback that a number of businesses in that space are not eligible? I know that the association or grouping that I referred to earlier has given feedback that it has actually caused them additional difficulty to be advertised to that the package is available and then to go through the system and find out they are not eligible, so in their view that is actually impacting on mental health.

**Mr PAKULA:** Well, in terms of that package, the events support package itself has a number of different tiers, and whilst some of those businesses might not have been able to get support under that, the vast majority of them have received support under other packages, whether it is BCAP, BSF or other supports that have been provided.

**Mr NEWBURY:** Thank you.

**The CHAIR:** Ms Taylor.

**Ms TAYLOR:** I think it might be helpful for the committee to look at the business events program. If I can refer you to budget paper 3, page 71, can you describe how this investment will assist Victoria's COVID recovery, particularly the importance of having secured funding for the next four years?

**Mr PAKULA:** Yes. So the last point is really important. For the business events sector, it has been bit year by year in the past in terms of support, so having that four-year funding certainty I think is very important. If you go back to the end of June 2019, we had 295 000 international overnight business event visitors in Australia, and of those about a third visited Victoria, so pre COVID-19 business events were really the highest yielding part of the visitor economy. The spending per night was much higher than for other visitor segments. And last year the combination of COVID and the travel and gathering restrictions basically meant all business event activity globally stopped, so it has been an incredibly difficult time for that sector. We had a lot of events that were scheduled for the last calendar year cancelled or postponed. We reckon that was worth about \$175 million in lost economic activity—very substantial—and they were events that would have been secured by the Melbourne Convention Bureau, so that has had a flow-on effect to the broader visitor economy. To give you an example, the events that were expected to be held that were cancelled were expected to deliver about 80 000 hotel room nights in 2020.

That has not, however, stopped the acquisition of and the planning of future business events, so we are continuing to fund the bureau and they are out there actively winning events in the future. You have a reasonably long lead time between winning those events and those events actually occurring, so the bid development and acquisition has continued throughout the end of 2020 and the first half of 2021. The competition has never been greater. The industry is incredibly competitive. It is growing domestically. It is growing globally. We are always finding ourselves competing with other cities in the region as well as other states in Australia, so we have provided that funding now for the MCB and Business Events Victoria so that they can negotiate and secure that pipeline of events for 2022 and beyond. That will really underpin our recovery in the sector. What we have provided is an investment of \$42.9 million over four years in the business events program: \$24 million for the Business Events Fund, \$17 million for the ongoing operational funding for the Melbourne Convention Bureau and then \$1.73 million to Business Events Victoria so that they can grow regional Victoria's share of those meetings, conferences and events.

As I indicated, that four-year funding certainty will allow them to plan with much more certainty. We have got, for instance, the Rotary International convention. It will be one of the biggest events in the world in 2023. We won that back in 2019, so that is the kind of lead time you are talking about. Those business events benefit from long-term partnerships, legacy outcomes from past events, your brand and your reputation, and that is why having that funding now so that those events can be secured in 2023, 2024, 2025 and onwards is so important. You know, it would be easy to say, 'It's not a priority right now because we're not getting business events at the moment because people are not travelling', but that would completely overlook the fact that the work you do now pays dividends two, three, four, five years down the track.

**Ms TAYLOR:** Okay. So on that note, what is the government doing in the short term to attract business events to Victoria and support the business events sector?

**Mr PAKULA:** It is why we announced back in May the National Business Events Program. It is much more targeted at domestic events and giving them support to run those events in Melbourne rather than any other part of the country, up to \$25 000 in support, but as I indicated earlier, we have recently in the last 24 hours made a decision to increase the maximum level of that support to \$90 000. We know, whether it is Sydney, Brisbane, Perth or Adelaide, they are all going to be after what is a much smaller events market, so we are going very hard at those business events and making sure that our local business events sector and all of the companies that Mr Newbury talked about—that we give them the best opportunity to win those events by that support.

**The CHAIR:** Thank you, Minister, and that concludes the time we have set aside for consideration of this portfolio with you today. We thank you and your officials for appearing before the committee in this capacity. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

The committee will now take a short break before moving to consideration of the racing portfolio with you. I declare this hearing adjourned.

**Witnesses withdrew.**