

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 19 May 2015

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Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group,

Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group, and

Mr Leigh Harry, Chief Executive Officer, Tourism Victoria, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I welcome to the hearing the Minister for Tourism and Major Events, the Honourable John Eren, MP; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group; Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group; and Mr Leigh Harry, CEO and Deputy Secretary, Tourism Victoria.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

I now invite the minister to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

Visual presentation.

Mr EREN — Thank you, Chair. The tourism and major events portfolio is responsible for the delivery of major events programs across Victoria and the broader tourism sector. Additionally the portfolio is responsible for marketing Victoria as a tourist destination for interstate and international travellers; increasing the number of travellers to Victoria; increasing the length of stay at destinations in Victoria, particularly regional Victoria; use of tourist facilities in Victoria; increasing the amount of travel within the state and the use of tourist facilities by Victorians; improving and developing tourist facilities; supporting and coordinating provision of tourist facilities; and promoting more efficient and effective utilisation of investment in travel and tourism.

Tourism is an important economic driver for Victoria. In 2013–14 tourism contributed some \$20.6 billion to Victoria's gross state product and provided jobs for more than 206 000 people. Events, both major and business, are an important component of Victoria's tourism product offering and assist to build a vibrant and sophisticated brand for Melbourne and Victoria that we can leverage at an interstate and international scale.

Major events generate economic benefits of around 1.8 billion to Victoria's economy, up from 1.4 billion in 2010. Of this 1.8 billion, 1.5 billion is attributed to the Victorian government's major events strategy. Additionally, the broader events industry provides 4690 full-time equivalent jobs; 2617 of these FTE jobs, or more than 50 per cent, are associated with major events.

Melbourne Airport recorded more than 31.7 million passenger movements passing through its terminal last year. Tourism is forecast to grow by 3.4 per cent per annum, delivering \$8.5 billion in gross value add plus \$1.7 billion from traveller retention by 2025. The total value in 2025 is forecast to be \$27.4 billion. Employment in tourism is also forecast to grow, by 78 000 jobs plus an additional 16 000 jobs from traveller retention by 2025. Total employment in 2025 is forecast to be 294 000 jobs.

The government recognises the importance of major events to the state, as they help drive Melbourne's national and international positioning and profile, tourism branding and business linkages. The government, through its specialist agency, the Victorian Major Events Company, continues to deliver a world-leading events calendar. In attracting major events, Victoria faces increasingly aggressive competition domestically from Sydney — the sporting capital of New South Wales —

Members interjecting.

Mr EREN — and Brisbane, as well as competitors across the world, including Dubai and Beijing. Victoria has competitive advantages in its established events infrastructure and reputation for hosting world-class globally significant events.

The government has also committed an additional \$80 million over four years to attract and stage new drawcard events in Victoria. Aside from attracting more events to Victoria, we will be looking to hold more major events in regional Victoria and be looking at ways to encourage visitors who visit Melbourne for major events to disperse regionally and extend their long stay in the state.

The government has made provision in the 2015 state budget to build an expansion of the Melbourne exhibition centre as second stage of construction of the Melbourne Convention and Exhibition Centre. The government has developed a design for the expansion, which includes around 9000 square metres of exhibition space, including 1500 square metres of flexible multipurpose space with seating for 1000 people and links between the new facility and the existing Melbourne exhibition centre and Melbourne convention centre.

The expansion will benefit the industry, both the exhibition and the conferencing sectors. The expansion will better provide for the new trend of smaller exhibitions relating to conferences and will provide a medium-sized, 1000-seat venue for conferences, enabling multiple conferences to be staged at the same time. The existing Melbourne exhibition centre will be freed up for larger exhibitions. The completion of the expansion will result in a boost to the Victorian economy, driven by the attraction of additional interstate and international visitors each year, increasing spending in the state by \$167 million per annum.

The Victorian government is committed to growing Victoria's tourism industry, which is why in March we announced the visitor economy review. A key outcome of the review will be a comprehensive Victorian visitor economy strategy that is in line with the government's broader economic development strategy for Victoria. This review is nearing completion, with a report expected to be provided for ministerial consideration in late May.

Additionally, through the regional economic development strategy and a service delivery review, the structural arrangements in place to drive tourism in regional Victoria will be reviewed to identify the best way to deliver regional growth and job creation in this sector. It is anticipated that this review will be finalised in June 2015, at which time the findings of the visitor economy review and the regional tourism board review will be considered in line with the government's policy and budget priorities.

There have also been key achievements in the major events space, with the successful delivery of the AFC Asian Cup 2015 and the ICC Cricket World Cup 2015. We also saw the successful delivery of the inaugural 80 Days of Melbourne program, linking our major events programs with business investment attraction, the delivery of the world cardiology conference and Melbourne Now at the NGV.

The CHAIR — Could the minister conclude his presentation, please.

Mr EREN — Sure. I am proud to say that we are committed to delivering our election commitments and have begun work on the wine tourism strategy and have committed funding to stage 2 of the Melbourne Convention and Exhibition Centre expansion. I would like to take you through a quick fly-through, if I can. When you look at it, the government has developed a design for the expansion which includes, as you can see, links between the new facility and the existing exhibition and convention centre, which will flow quite nicely; and around 9000 square metres of exhibition space, including 1500 square metres of a flexible multipurpose space with seating for 1000 people.

This expansion will bring the Melbourne Convention and Exhibition Centre to world-class status and will ensure we can compete for conferencing on the international stage. As you can see, again, Chair, I cannot stress

the importance enough and how this is critical to our infrastructure needs going forward. New South Wales are just about to complete redevelopment of their conference centre and I know South Australia has done the same, so this is a critical part of our economy going forward.

The CHAIR — Thank you, Minister. I might lead off with the first question: in the context of the 2015–16 budget and your own portfolio responsibilities can you inform the committee how this budget acquits Labor’s financial statements?

Mr EREN — In 2014 Labor promised the Victorian people we would get Victoria back on track and back to work. *Labor’s Financial Statement 2014* detailed our plans to fix our state, support families and ensure our finances were sound by maintaining a AAA credit rating. The LFS detailed financial information on the government’s commitments. These commitments were fully costed, were affordable and were achievable. This modern Labor government made a commitment to the Victorian people to put people first, support families, restore services and create 100 000 jobs.

I am pleased to say that the 2015–16 budget delivers on the commitments we took to the last election. Recurrent funding commitments achievable through the Back to Work Fund, such as the \$508 million for the Premier’s Jobs and Investment Panel, \$200 million for the Future Industries Fund, \$250 million for the Regional Infrastructure Development Fund, \$200 million for the Regional Jobs Fund and \$50 million for the Stronger Regional Communities fund will support these election commitments and our future priorities through our first term of government.

The \$70 million for stage 4 of the redevelopment of Simonds Stadium will deliver Victoria’s third multipurpose stadium. This is an important investment and will deliver much-needed jobs in the region — some 90 during construction and 320 ongoing. This world-class facility will be an economic driver for the Geelong region, strengthening the region as a sports hub and host to major and international events.

Another important regional initiative I will deliver is the wine tourism strategy. Wine-specific tourism is worth \$1.04 billion to the Victorian economy. With the 21 wine regions, 500 cellar doors and 850 wineries, and the 1.5 million winery visits each year, almost 12 000 people are employed by the wine industry each year. \$1 million will be funded through the Regional Jobs Fund to increase winery tourism through the development of Wine Victoria strategies. The strategy will drive the development of the industry, focusing on smaller and growing businesses, and emerging as well as established wine regions, growing regional tourism and creating jobs and increasing exports.

Finally, Chair, Labor’s plan is about creating more local jobs, bringing more tourists to the regions and attracting more international interest. This government is committed to enhancing the status of Victoria’s premier golf tournament, the Victorian open, at 13th Beach Golf Links in Barwon Heads through the Stronger Regional Communities fund. The investment of \$1.4 million in the tournament on the Bellarine Peninsula over the next four years to attract more international players and interest delivers significant economic benefit to the Bellarine region.

In conclusion, Chair, I am proud to say that I will be delivering on every single election commitment we brought to the election, and more. The recent budget committed funds to all of the above election commitments, and I am pleased to say it went further to secure a strong tourism and major events sector — an additional \$80 million to secure major events, including regional events, and delivery of stage 2 of the Melbourne Convention and Exhibition Centre.

The Victorian visitor economy is so important to this state. Tourism is our second largest export, delivering some \$20 billion to our economy, and I want to see that grow. That is why I announced the Victorian visitor economy review earlier in the year to provide recommendations to government on how we can achieve growth in the sector and maintain our status as the events capital of our nation and indeed the world.

Mr D. O’BRIEN — Minister, I refer to budget paper 3, page 26, talking about tourism projects. There is a list of tourism projects to be funded from the Regional Jobs and Infrastructure Fund, and I will list them for you: securing Avalon Airport’s future; the Harcourt mountain bike trail; Sovereign Hill by night; the Grampians Peak Trail; the Bendigo Aspire project; Wine Victoria strategies, — which you mentioned; the Stawell Gift; and the Wandong, Wallan and Heathcote rail trail. I ask: when will these projects commence, and how much will each project be allocated specifically in each year of the forward estimates?

Mr EREN — Thank you for that question. Can I just emphasise the importance, as I have indicated, of tourism and particularly regional tourism; it is so important to the state. When you think about all of the events that are taking place in regional Victoria, and about manufacturing, our strong suit, which is now going, and when you think that we are not a mining state and we do not dig our money out of the ground, unfortunately you realise that industries are shrinking — the manufacturing industry — and there is a real void in relation to creating some very decent, important, well-framed jobs. I think that the tourism sector will go a long way in doing that.

That is why within the first couple of months of our government I had a look at the whole sector and I said, ‘How can we do this better?’. I am not saying that we did not do it well, but I am sure that there were some inadequacies, and we saw some of that inadequacy. And so I said, ‘How do we do this? How do we make this industry bigger, better, stronger and a driver for jobs?’. That Victorian visitor review will go a long way in making sure that obviously going forward this industry will go a long way in contributing towards making our economy stronger.

The government recognised the importance of the tourism industry, and it is worth about \$10.9 billion for our regional centres and regional areas. When you think about the regional economy, it is about 107 700 jobs — that is in 2012–13 — both direct and indirect.

We are committed to growing regional tourism; there is no question about that. As a part of the Regional Economic Development and Services Review, the structural arrangements in place that drive tourism in regional Victoria are being reviewed to identify the best way to deliver regional growth and job creation in the sector.

In 2015 Tourism Victoria will launch a new major campaign promoting regional Victoria to Melburnians.

Mr D. O’BRIEN — On a point of order, Chair. This is all interesting information, Minister, and I am not dismissing it for a moment, but I did ask a specific question about those projects: when will they commence and how much will they each receive over the four years? I appreciate that is a detailed question. If you are able to provide it on notice, that is fine; if you are able to give it to us now, that would be great.

Mr EREN — I will take that on notice, and obviously it is a very important sector. We are really looking forward to this review, once it is concluded, and the recommendations that come through it. That will have a major impact going forward on how we spend and expend our moneys in relation to growing this sector.

Mr D. O’BRIEN — Further to the question, Minister, can you confirm that all of these projects will be completed within the current forward estimates period?

Mr EREN — Sure. Again, can I just say that in relation to all of those — —

Mr D. O’BRIEN — Is that sure, yes, they will be completed?

Ms SHING — Sorry — —

Mr D. O’BRIEN — It is a genuine request for clarification, Ms Shing.

The CHAIR — Order!

Ms WARD — Yes, but we continually have this issue with interruptions when people cannot get their answers out.

The CHAIR — Order, Ms Ward! Mr O’Brien, I think the minister was attempting to answer your question. He does not need to be verbally by you or any other member of the committee.

Mr D. O’BRIEN — I was genuinely asking whether ‘sure’ was the answer.

The CHAIR — No! The minister to continue.

Mr EREN — I would like to take you to budget paper 3, page 19, if you could just have a look. If you go to ‘Major events’ and if you look across ‘Major events’, you will see \$20 million over the next four years every year, which is \$80 million collectively.

Mr D. O’BRIEN — That is actually a separate line item, though, Minister.

Mr EREN — In relation to being serious about tourism and major events, major events play a big role in getting great outcomes for tourism and the visitor economy. There is no question of that. We have the Asian Cup, for example. We had the opening ceremony at AAMI Park, and some 850 million people across the globe actually witnessed that. When you look at the ICC Cricket World Cup, over 1 billion people actually viewed Melbourne and the MCG, that wonderful iconic ground we have.

So major events play a huge role going forward in relation to our tourism sector, because what we want out of that is not only the benefits that come from major events in terms of the event happening, but they are beamed right throughout the world, and somewhere in Canada or America somebody may say, ‘That looks great. I want to go there as a tourism destination’. That is what this investment is all about, and that is why I have asked — we truly believe that \$80 million in addition to the current scheme that we have will go a long way. That is the goodwill we have, just to outline it to the industry. There is the investment in the expansion of the Melbourne Exhibition Centre — —

Mr D. O’BRIEN — With respect, Minister, that is not the question I was asking.

Mr EREN — I am getting to it.

Mr D. O’BRIEN — Okay.

Mr EREN — These are all indications that we are serious about this sector. I do not want to pre-empt anything in relation to the review that is being undertaken at the moment. I will be getting all of the recommendations, and let me tell you, stakeholders who have been engaged with the sector for a long time, really smart thinkers, as a reference group, are obviously contributing towards a determination to make our industry stronger.

So we have the department, we have KPMG and we have the reference group that is working on recommendations to strengthen our tourism sector. Sometimes projects are not completed on time, and of course milestone extensions are sought from applicants. So what I want to do is get this right. I want to make sure that we get this sector that is so important for our future, and that is why I do not want to pre-empt anything in relation to some of the recommendations that will come our way, which would include — —

Mr D. O’BRIEN — I am not asking you to, Minister. I am asking about the Regional Jobs and Infrastructure — —

Ms SHING — You did not like the answer you have been given.

Ms WARD — I did not realise we were having a chat.

The CHAIR — Order!

Mr D. O’BRIEN — I am getting an answer on a totally different topic.

The CHAIR — Order! The minister is providing some background and context.

Mr EREN — I am trying to answer it, but this question really relates to the Minister for Regional Development. I am actually trying to answer it in the best way that I can within the purview of my portfolio. You should have asked this question of Ms Pulford.

Mr D. O’BRIEN — Actually, we did.

Mr EREN — Anyway, I am just trying to point out that I am trying to answer this in the best way I can because it is outside of my portfolio.

Mr D. O’BRIEN — Thank you.

Mr EREN — Thank you.

Ms PENNICUIK — Good afternoon, Minister, and some of the departmental representatives we have seen before. Probably predictably I want to go to the issue of major events, and, Minister, could I preface that by saying I am a great supporter of most of Melbourne's major events but not a great supporter of one of them.

Mr EREN — I think I know where you are leading!

Ms PENNICUIK — You directed us to page 19, where we see the \$20 million over four years — \$80 million — and that is also mentioned on page 12 of your presentation and also in the budget information paper *Getting on With It*, on page 15, which says:

The budget invests an additional \$80 million to sponsor major events across Victoria, attracting more visitors and growing our tourism industry.

On your slide it specifically says 'to ... stage new drawcard events', and above that it talks about the benefits of major events. The major events are the well-known ones, as I understand it: the Australian Open, White Night, Melbourne Food and Wine Festival, the Australian Formula One Grand Prix, the AFL, the Melbourne Cup, Melbourne Winter Masterpieces and the Australian Motorcycle Grand Prix. My question really is: what is the breakdown of the funding of that \$80 million? Does that include the current major events? Is it all new events, and if they are new events, will they undergo a rigorous cost-benefit analysis to attract funding?

Mr EREN — Thank you very much for your question.

Ms SHING — That is a lot of questions in there.

Ms PENNICUIK — Not really.

Mr EREN — That is okay. It is a very important matter, so I am happy to take it on board. It may be a long answer, though. Major events play a significant role in growing our economy, and I think when you look at the events that we have already had and some of the economic data that is coming out of it, it is all related to making sure that we invest the money wisely. So the \$20 million every year, \$80 million over four, is in addition to the \$42 million that exists already. So we will have \$62 million per annum going forward for the next four years to make sure that we hold off some of the competition.

It is very aggressive competition, and can I just say of the start of the year that it has been such a packed year in relation to major events and sporting events. We have had our cultural events, we have had some really good theatre shows, we have had White Night and we have had a number of different events that brought hundreds of thousands of people into the city. We showed the whole world yet again how we can cope with the stresses of getting large sections of the population coming into our CBD, because previous governments have made determinations and investments into the infrastructure to accommodate large amounts of people coming into the CBD. I was pretty proud of the fact that our government handled this so well in relation to the public transport pressures that come to bear. At one point we had the Asian Cup going at AAMI Park, and then we had the Australian Open tennis going at the same time. We had a blockbuster event at the MCG. We had theatre shows going on. Fed Square is always packed. We had so many events in the one day that there were literally thousands of people there, and all of that represents a growth in our economy and growth in terms of jobs.

We know the ratio of benefit and cost far outweighs the cost in relation to the economic benefits, and I would like to just talk about an example. We can say that major events contribute some \$1.8 billion. That is by independent cost analysis that has been done about this; we are not pulling these things out of the air. This is done with stringent testing controls and with credible and reputable organisations that are coming up with the benefits. We can categorically say major events generate economic benefits of around \$1.8 billion to Victoria's economy, up from \$1.4 billion in 2010; so that is 1.8 billion of which 1.5 billion is attributable to the Victorian government's major event strategy. That is why we believe it is so important.

If you recall, Sue, just leading up to the New South Wales elections a few weeks ago the Premier in that state — and maybe you would have liked this — was actually bidding for the grand prix. The grand prix obviously is one of the events we have on our calendar that makes our calendar the best in the world and the best in the country; that is for sure. It is not just Sydney. It is not just South Australia. It is not just Queensland. It is not WA. It is right throughout the world. We are the envy as being the major events capital of the world.

Mr DIMOPOULOS — Not just Victoria.

Mr EREN — Not just of Victoria. We want to maintain that title. We want to ensure that we strengthen that title, and I have stressed this before. In 2012 we lost the title under a previous government as being the sporting capital of the world, and I want to get that back. I want to win that back. This investment will go a long way into making sure that we grow our jobs and grow the economy. Also it is a matter of making Melbourne the most livable city in the world. This contributes tremendously towards that.

It is a satisfaction that local voters get by going to all of these events that happen right in their backyard. People travel not only from interstate but internationally to come to watch these events here in Melbourne. That is where the voter satisfaction comes into it; it is a quality of life. We all love our sport. Whether it is sport, culture, arts, theatre, or any of those other things, we do generally enjoy them. It is a double-pronged attack. It is good for the economy. It is good for the psychology of Victorians, and it is good for our mental health as well on some occasions, depending on which team you barrack for.

Ms SHING — Unless you have to stay up all night become some sort of moon child to get any events that occur when everyone else around the world is sleeping.

Ms PENNICUIK — That was a very wideranging answer, Minister, but it perhaps did not go to the points I was trying to get you to focus on. I agree that we enjoy our major events, but of course they need to be worthwhile in terms of the amount of money spent on them for the benefit to the community. You mentioned that you know the benefits outweigh the costs, that stringent work has been done and you have not just made it up. We know, for example, if we are going to talk about the grand prix — we probably need to go there, and I certainly would like to go to that one — there has been no cost-benefit analysis ever undertaken on the grand prix. The Auditor-General pointed that out in 2007, and since then there has only been economic analysis done, which is not the same as a cost-benefit analysis.

Minister, you also mentioned \$62 million per year into the major events budget. The grand prix has lost \$50 million per year over the last five years. It is also the only one of the major sporting events that is not required to make an accurate count of its attendees; it just makes them up every year. It estimates them. My question is: are you going to apply some rigour to the grand prix, now that it has another five years, in terms of a cost-benefit analysis being conducted on it and requiring the Australian Grand Prix Corporation to go out and buy some run-of-the-mill equipment to provide an accurate accounting of the number of attendees every year?

Mr EREN — Thank you for your supplementary question. Just to get back to the analysis that is done, Ernst and Young do the cost-benefit analysis and have done that to year-end January 2014. They are actually saying that the benefits are \$1.8 billion in terms of major events. If we want to get back to — —

Ms PENNICUIK — All major events, not the grand prix.

Mr EREN — No, but you have got to look at it in the jigsaw puzzle that it is. We have had the grand prix now for 20 years, and when you think about — —

Ms PENNICUIK — And it has cost nearly \$800 million.

The CHAIR — Order!

Mr EREN — In terms of the calendar of events, we have recently added to our calendar and are looking at more of these events. Soccer is big — for example, in July we are going to have the International Champions Cup.

Ms PENNICUIK — Thanks, Minister; I did not ask about soccer. Can we talk about the grand prix?

Mr EREN — I know exactly the question that you are asking, Sue, and I am trying to answer it, because it is all linked. Whether we like it or not, it is all linked in the sense that we have a normal calendar of events that happens every year. We are fortunate enough to have the Spring Racing Carnival every year — —

Ms PENNICUIK — And we know exactly how many people attend it.

The CHAIR — Order!

Mr EREN — The Australian Football League Grand Final is every year. We have got the Australian tennis open every year. We have got the Australian — —

Ms PENNICUIK — Again, we know how many people attend it.

The CHAIR — Order, Ms Pennicuik! I will ask the minister to conclude his answer. You have been on this question now for 10 minutes.

Mr EREN — Sure. Finally, in 2011 an independent study on the economic impact of the 2011 formula one grand prix found gross state product increased by between \$32 million and \$40 million —

Ms PENNICUIK — It is not a cost-benefit analysis.

The CHAIR — Order!

Mr EREN — and created an additional 400 jobs. This is just one event.

Ms PENNICUIK — That is a no, then.

Ms WARD — Thank you, Minister. If it was a Friday afternoon, this would be a particularly pertinent question. It is to do with something that is close to my heart, and that is the wine industry. I think we can all be in broad agreement. I suspect we could have a lot of arguments in this room regarding where the best wine region is in Victoria; however, I think the Yarra Valley has a lot to offer, and I consider that my nicer seat of Eltham, which has a number of wine growers living in the seat, is the gateway to the beautiful Yarra Valley. Minister, can I refer you to budget paper 3, page 27. You have covered a little bit on the Wine Victoria strategy. Can you please elaborate on that and let us know what the plan is to develop regional tourism around that strategy?

Mr EREN — Thank you for your question; it is a very important one. The Victorian wine industry is extremely important to the economy, and as I indicated earlier it is important to the state. It contributes over \$1.04 billion per annum in economic value and directly employs some 12 000 people in regional Victoria. Regional wineries attract about 1.5 million visits per year, which makes them a major tourism attraction in Victoria.

Obviously areas such as the Yarra Valley, the Mornington Peninsula, Geelong, Macedon Ranges and the Grampians attract thousands of people each year due to the strength of local wineries. Tourism visits generate a large number of cellar door sales at wineries across the state. Cellar door sales generate approximately 40 per cent of annual wine sales in Victoria.

As part of this government's commitment to the wine industry in Victoria, we announced \$1 million in funding from the \$500 million Regional Jobs and Infrastructure Fund. Part of this funding will be allocated to develop a wine tourism strategy, which aims to establish a blueprint for the future growth of the wine tourism industry. The majority of this funding will be used to support initiatives that promote wine tourism, cellar door visitations, regional exports and regional wine marketing projects. It is so important to make sure that we get this right because it is such an important part of our economy. When you look at other states and how they conduct their wine industries — at some point we were falling behind. I recently launched the Grampians Grape Escape with Matt Preston — I do not want to throw names around. That event is growing from year to year, and it showcases some of the best wineries that we have around the regions. We had record numbers of people going to that very important festival. Next year is the 25th anniversary, and I encourage everybody to attend. As the industry grows we need to be accommodating. Governments need to listen to the industry, and that is exactly what we have done.

When you think about it, the majority of this funding will be used to support initiatives that promote wine tourism, cellar door visitations, regional exports and regional wine marketing projects. We are world renowned now for our wines and the offerings that we have. Our food and wine combined is a great attraction, not only for Melbourne but also the regions and surrounds. This is a very exciting time.

All of those stakeholders made partial announcements in relation to this. The minister, Jaala Pulford, announced it just before I did, but I reinforced the importance of that investment. They were very appreciative. They said that it was about time governments actually listened to the industry and that they desperately needed this money

to advance and enhance their industry. This funding will also include the establishment of a wine industry ministerial advisory committee, which will draw on the knowledge of industry to advise on research and development and pest and disease control.

In addition to the \$1 million this government is providing funding for an inbound trade mission called Meet the Winemaker at the end of this month. This inbound mission will showcase the best of Victoria's wineries for journalists, investors, buyers and influential wine industry figures from key export markets. Victorian wine exports are worth \$197 million per annum, with 60 per cent of the 23 million cases of wine produced for export to 80 different countries. We are really out there; we are showcasing ourselves as future growth in terms of our offerings of really good quality wines. That is why it is so important that we are investing in it.

Initiatives such as the inbound trade mission will help to grow the increase, the amount of wine and the number of countries exported to each year. We made these commitments and presented this plan to the Victorian industry prior to the election, and we are sticking to it. It is a commitment that we made. We are really proud of listening to and engaging with the stakeholders in relation to this. They are really happy going forward. We can only hope that that industry grows so that it can provide the jobs that are vitally needed not only in Melbourne but also in regional and rural Victoria.

Mr T. SMITH — Minister, with reference to budget paper 3, table 1.7, on page 36, referring to funding for the Melbourne exhibition centre, stage 2 development, why is there no allocated funding across the whole of the forward estimates period?

Mr EREN — Thank you for your question. As I have explained before, the importance of the Melbourne exhibition centre is enormous in relation to some of the pressures that come to bear. If you do not keep up with development or the second stage of development, what will happen is that we will be outbid by Sydney. They are far advanced in their progress of their development for their exhibition and conference centre.

As I have said before, South Australia has done the same; they have actually invested a fair bit of money into their conference centres because they understand, in terms of yield, that the tourism yield on business conferences far outweighs other tourism investments that people make in this state.

What we are seeing is that if we do not react to some of those pressures that come to bear by making sure that we keep up to date with development to attract further events like the diabetes conference, the AIDS conference and a number of other conferences, where thousands — 12 000 people attended that. The economic benefits are fantastic, and it is great. What we wanted to do is make sure that we keep up to date. The government has made provision in the 2015–16 state budget to build an expansion of the Melbourne exhibition centre, as the second stage of the construction of the Melbourne Convention and Exhibition Centre. The scope of that project will be around 9000 square metres of exhibition space, about 1500 square metres of a flexible multipurpose space and seating for 1000 people. As you have seen from the illustration before, it looks really good. The \$190 million to \$210 million that we announced is critical to getting it off the ground in terms of the next stage of development.

To that end, in terms of the publication of the funding in the forward estimates, it is consistent with new practice for all capital projects. Funding for the project has not been published in the forward estimates while a proposal is being sought from the private sector. As you can appreciate, there is a lot of discussion that needs to be had, but in terms of the goodwill, funds have been set aside in central contingency. The media release for the project did indicate a cost range of \$190–210 million. Contingency is the only place that you could actually sit that money in, because there are a lot of discussions to be had.

We want to add value to this investment that we are proposing, so until we actually lock in the private sector, the plenary and the trust, there are lots of discussions going on. We want to add value to our investment, and hopefully that will happen over the course of the next few months. That is why we have allocated the money in goodwill. We have said 190 to 210, and we are now waiting for the private sector and the plenary to do their job, to do their work and to negotiate to see what comes up in terms of that investment from the private sector.

Mr T. SMITH — Minister, can you give an indication about when this tendering process, or whatever you want to call it, will cease, and can you give an indication about when that level of funding will be officially announced?

Mr EREN — I can assure you, Mr Smith, that this is a very important project, and we have been in dialogue and discussion for a while now. We want to make sure that we move this as quickly as we can. Time is against us; I cannot stress that enough. That is why we had to have a contingency fund so that we could show that we are genuine about this investment. That is exactly what we have done. We are trying to get the private sector to say: ‘This government is actually serious about this investment. They have allocated 192 to 210 million for this project’. Discussions are happening.

As the minister, I really want to see this progress as quickly as we can. But as with many projects of the size and scale of this project, you cannot rush into these things. There is a lot of discussions to be had. There is a lot of dialogue that needs to be had, and my department and obviously the government are working very closely with the private sector and all stakeholders in relation to this investment. We understand how important it is. I would have preferred this to happen yesterday, but it did not happen under your government.

Ms SHING — Just as a point of order, Chair, can I ask that any contributions, whether they are made by the minister or anyone else around this table, not prejudice any commercial negotiations that may currently be on foot or about to be concluded?

Mr MORRIS — We are asking for a date, not a price.

The CHAIR — Through the Chair, Mr Morris.

Ms SHING — That may include time frames though, and I am making this comment, absolutely, on the understanding that everyone participates in making sure that we are all on the same page in terms of achieving this outcome.

Mr T. SMITH — I was just seeking a date, Chair, and what the previous government did or did not do was of no consequence to my question.

The CHAIR — My understanding of what the minister was attempting to say was that work is underway. Work is continuing on this, and I do not think the minister is in a position at this stage to be precise or definitive.

Mr EREN — Through you, Chair, it would be totally inappropriate. It would actually advantage one side over this if we put a time line on it. You are actually jeopardising the project if you put a time line on it. There are discussions that are happening. We hope that they are fruitful discussions, and we hope that that happens quickly. That is why we have allocated this money in contingency. I am sure the opposition does not want to do the wrong thing in relation to this project. I am sure it is inadvertent that they have asked us questions, but they do not know the ramifications — —

Mr MORRIS — I asked you about the time line, not the money.

Mr EREN — But I can just say, as the minister, I am really keen on getting this project up and running as soon as we can.

The CHAIR — Thank you, Minister. I would like to thank Mr Bolt, Ms Eddy, Mr Hanney and Mr Harry for their attendance today. I think there was one question on notice that was raised by Mr O’Brien in relation to tourism assets to be funded out of the Regional Jobs and Infrastructure Fund. If the minister could provide a response to the committee within 21 working days of that request, that would be appreciated.

We will now move straight onto Veterans.

Witnesses withdrew.