

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the Victorian Government's Response to the COVID-19 Pandemic**

Melbourne—Thursday, 3 December 2020

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallenge



## **WITNESSES**

Mr Martin Pakula, MP, Minister for the Coordination of Jobs, Precincts and Regions: COVID-19,

Mr Simon Phemister, Secretary,

Ms Penelope McKay, Associate Secretary,

Ms Lill Healy, Deputy Secretary, Industry Coordination and Recovery, and

Mr David Latina, Deputy Secretary, Jobs, Innovation and Business Engagement.

**The CHAIR:** Welcome to the third series of public hearings for the Public Accounts and Estimates Committee's Inquiry into the Victorian Government's Response to the COVID-19 Pandemic. The committee is reviewing and reporting to the Parliament on the responses taken by the Victorian government, including as part of the national cabinet, to manage the COVID-19 pandemic.

Please note that witnesses and members may remove their masks when speaking to the committee but must replace them afterwards.

All mobile telephones should be turned to silent.

Evidence taken by this committee is protected by parliamentary privilege. Comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

As this is a different inquiry to the one that we were dealing with earlier, I should also acknowledge at the opening of these proceedings the traditional Aboriginal owners of the lands on which we are meeting. We pay our respects to them, their culture, their elders past, present and future and elders from other communities who may be here today.

Minister, we invite you to make a presentation of no more than 8 minutes, and this will be followed by questions from committee members.

**Mr PAKULA:** Thanks, Chair. I will do my best to get through it.

### **Visual presentation.**

**Mr PAKULA:** The macro-economic impacts that have been provided by DTF I think are just worth going to at the outset. In terms of the pandemic, which has been the biggest economic shock the world and Victoria have experienced since the Depression, due to lower business and consumer confidence and the necessary health restrictions put in place to keep the state safe our GSP is forecast to contract by 4 per cent in 2020–21, following a small decline in 2019–20. Employment fell by 180 000 between the March and September quarters and is expected to fall by 3.25 per cent in 2020–21. The unemployment rate is forecast to peak at 8.25 per cent in the December quarter and average 7.75 per cent in 2020–21. Without record levels of support from government those impacts would be far worse. The numbers demonstrate the significant investment and effort that will be required to drive our recovery. We are already seeing signs of that recovery, with employment numbers rising by 2.5 per cent over the September–October period and workforce participation rising by 2 percentage points over the same period. Taxation revenue is predicted to be lower, in part due to the tax waivers that have been offered to businesses.

In terms of trade and international education, exports are forecast to be impacted by COVID for at least the next two years as trading partners recover at different rates and trajectories. New modelling by the Group of Eight forecasts 6700 research-related jobs will be cut across its member universities because of lost revenue from international students.

In terms of aviation, for the month of June international passengers decreased by 98.3 per cent compared to the same time last year due to worldwide restrictions on air travel, and domestic passengers were down by 93.7 per

cent compared to the same time last year. Both of our international airports have experienced a significant decline in passenger and aircraft movements. Qantas has stood down the majority of its 30 000 employees; Virgin has stood down 8000 of its 10 000 employees. Passenger flights between New Zealand and Melbourne resumed on 16 November, with arrivals not required to quarantine on arrival, and with the opening of the New South Wales and Victoria border, Qantas, Jetstar and Virgin are increasing services between the two states. It is anticipated that by the end of December Melbourne Airport will return to about 40 per cent of its pre-COVID capacity on domestic services.

I have already taken the committee through the severe impact on the tourism sector, the creative industries and the racing industry—I will not go back to that.

In terms of supporting business, we moved quickly to adopt a coordinated approach across government to source and facilitate local production of PPE and medical equipment. We supported Health Purchasing Victoria to meet its sourcing and purchasing needs for medical equipment and PPE, including masks, gloves, gowns, face shields and ventilators. We have also focused on supporting PPE requirements for the whole of government, industry and the community more generally, and we have established an emergency stockpile of single-use masks for industry and government departments and agencies. We have also ordered 4.15 million reusable cloth masks—3.35 million locally manufactured masks from 11 Victorian manufacturers, and 800 000 imported.

I think I have already talked in some detail about the Business Support Fund and expansion, so I will not go back to that now. In terms of other support for business, some of these fall within the portfolio responsibilities of other ministers, but there has been the business wellbeing and mental health support and business recovery and resilience mentoring programs, worth a combined \$36 million, and the commercial tenancy relief scheme, which has implemented commercial leasing principles announced by the national cabinet on 29 March to give relief to commercial tenants affected by COVID-19 through legislation and making regulations. Under that scheme, the Small Business Commission provides free mediation services where landlords and tenants are having difficulties reaching agreement, and there are some other elements to that which I am sure the Minister for Small Business will go to.

The Agriculture Workforce Plan—it is a \$50 million plan—has funded more than \$37 million of business COVID-safe adaptations, worker training and relocation to particularly support the agriculture sector. Key achievements include 206 agriculture businesses supported to date, plus nine job-creation projects approved, supporting 140 full-time equivalent jobs. And, again, there are other announcements that I am sure the agriculture minister will or has taken the committee through.

The Working for Victoria Fund—again, I have spoken about that previously and, again, I am sure the Minister for Employment will go to that in more detail, so I will just mention that as a response to support workers, as well as the test isolation payments and the COVID workers support payments, which have been crucial in trying to ensure that workers who should be isolating following testing absolutely do so.

In terms of the other support for our hardest-hit industries, we have announced an outdoor eating and entertainment package, with \$58 million for business grants and \$29.5 million for LGA grants to a total of \$87.5 million. The outdoor eating and entertaining package grants help businesses adapt their operations to outdoor dining, and grants are available to a range of different types of hospitality businesses. Eligible businesses can apply for a grant of \$5000 to pay for practical things like umbrellas, outdoor furniture, screens and other equipment. Recipients can also use grants for training, marketing and other costs of adapting new, expanded or enhanced outdoor dining. And the Hospitality Business Grants Program, which has been for larger businesses with a payroll of \$3 million to \$10 million who had previously been ineligible for support, gave one-off \$25 000 grants to pay for business costs to support the continued operation of the business, and an additional \$5000 was available for each additional premises located within metropolitan Melbourne or Mitchell shire, capped at a total of \$20 000. Eligible businesses with premises in the CBD were also eligible for an additional \$20 000 grant to help them through the large and sustained shock to their trading environment.

We also announced a Melbourne City Recovery Fund, which again I have gone to in some detail, but it was a reflection of the fact that the Melbourne CBD was differently affected by some of the restrictions that applied, and that has been very welcomed by both the City of Melbourne and businesses. And the Licensed Hospitality Venue Fund—\$251 million, which again I have gone to in some detail in previous evidence before this

committee. Experience economy sustainability—again, which I have gone to in some detail previously, but that has been about supporting major sporting, tourism and creative venues which were all closed and had events which were cancelled, and restrictions on international and domestic travel have also had a widespread impact across the state.

We have ensured financial support has been provided in a timely fashion in regard to institutional and major business sustainability. So far we have supported a range of businesses impacted, including alpine resorts, with a total of \$10.3 million—the Melbourne Convention and Exhibition Centre Trust, Sovereign Hill, the royal ag society and the RSPCA. And then, of course, in the budget we announced the tourism recovery package—\$619 million for employment services, \$135 million to drive economic stimulus and recovery and boost jobs, and \$15.7 million for the export recovery package. I think I have done that with 1 second or 10 seconds to go, so I will stop there.

**The CHAIR:** Eight seconds to go, but you have done well. I will give the first call to the Deputy Chair, Mr Richard Riordan, MP.

**Mr RIORDAN:** Thank you, Chair. Welcome back, Minister and department. I guess it is fair to say a lot has transpired since we last met on Zoom about this particular issue. We are all a little bit disappointed that the inquiry report is not handed down, because we certainly had intentions when these dates were selected that we would in fact have a bit more information before this inquiry—which is not your fault; I accept that. However, because of all the extra information that is now in the public domain and much of it has come as recently as only the last week or so, I pose those questions that were not addressed during the testimony and hearings and our contention that the issues that have not been canvassed previously may not in fact be subject to the final report that is going to come down just before Christmas.

I have got a question firstly to Secretary Phemister, if I may. It has now been revealed that Deputy Secretary Kamenev—if I have pronounced that correctly—on 27 March at 12.17 pm wrote to colleagues about the potential requirements for cleaning and security in hotel quarantine. Secretary, have you ascertained how your Deputy Secretary was made aware that hotel quarantine in Victoria was to be established?

**Mr PHEMISTER:** Thank you, Mr Riordan. I can answer that question for you. What transpired over the course of the day—and this was unknown-to-me evidence but it did not change the nature or the facts of my evidence—was that an email requesting information about a potential for quarantine had been sent out to our department earlier in the day. It was speculative, it did not contain any details and it was requesting input to our central agency with regard to the availability of hotel stock and associated services. That email went to one of our directors in our tourism branch. She then sent it on to a range of colleagues—because nobody had contemplated quarantine at that time—not fully understanding why the information request was being made. Mr Kamenev’s email at 12.17, as you point out, was further trying to come back to the central agency with their data request, which was primarily around hotel stock. The data request was, ‘How much hotel stock is at hand in Victoria and what associated services would be required to service that hotel stock?’. Mr Kamenev sent an email to colleagues, as you rightly say, at 12.17. That email that Mr Kamenev sent out was then responded to by Ms Febey to our central agency at around 2.45 that afternoon—so after we actually all became aware that hotel quarantine was actually going to take place. So that chain of emails earlier in the day, Mr Riordan, there were three of my staff privy to them. I was not at the time. Having spoken to all of the staff, none of them actually knew at that point quarantine was going to happen. They were all a little bit confused as to what the email was requesting. Mr Kamenev’s email, I think when you read the full email, really paints that picture.

**Mr RIORDAN:** Yes. So the email that has gone out at 12.17 you have just said happened because Mr Kamenev had received an email prior to that. Where did that email come from?

**Mr PHEMISTER:** The original data request came from the Department of Premier and Cabinet. It certainly did not speculate or—how can I put it?—certainly did not elaborate on hotel quarantine. The hotel quarantine decision had not yet been taken when that email had come out from national cabinet. The email was speculating about if something like this was to take place—there was a whole other range of contingencies in the email—would Victoria have at hand a hotel stock capable of executing this policy. That, as I said, went to a director in the tourism branch in my department, who forwarded it on to Mr Menon, who also appears at evidence. Mr Menon was at the time procuring hotels for what became known as Hotels for Heroes, so he was the expert in our department in terms of available hotel stock. He in turn sent it on to Mr Kamenev to see whether

Mr Kamenev had a view. And like I said, our department did not actually form a position to get back to the original data request until 2.45 that afternoon.

**Mr RIORDAN:** Okay. So the email that has gone out at 12.17 specifically was asking what the requirements were for cleaning and security, is that right?

**Mr PHEMISTER:** I will have to provide a bit of context, Mr Riordan. That email from Alex Kamenev at 12.17 conflates Hotels for Heroes and the data request. So at that point in time he did not know that mandatory quarantine was going to be in place. We did not have a legal power as a state to enforce it, so he conflates in that email security and cleaning requirements for the hotel stock for what became known as Hotels for Heroes—it had not been branded that at that date—and then a separate part of his email relates to availability of hotel stock as per the data request from the central agency. As per my evidence to the inquiry, the hotel security for Hotels for Heroes was all about protecting vulnerable Victorians who may have found themselves volunteering to participate in the Hotels for Heroes program, so it was an entirely different type of security than the one that was contemplated after my phone call with Secretary Eccles post national cabinet.

**Mr RIORDAN:** So on that phone call—we will get to that one with Secretary Eccles—following the email at 12.17 to your officials, then we have the 4.30 meeting that afternoon at the State Control Centre, which in earlier evidence you said was where the decision was made.

**Mr PHEMISTER:** I said that was where I became aware of the decision.

**Mr RIORDAN:** Right, so did you provide that meeting with some of the information that Mr Kamenev's email had gleaned from around the traps?

**Mr PHEMISTER:** No, that email chain that you are referring to from Mr Kamenev from earlier in the day ceased to be relevant after we discovered that hotel quarantine was going to take effect in Victoria. As per the chronology provided to the inquiry, I convened a meeting of my most senior people, including Mr Kamenev, to describe the task at hand. He ceased being involved in the other email chain from earlier in the day because obviously we had at that point gone from servicing the central agency with a data request, as they were apparently planning for a contingency, through to implementing, or participating in implementation of, a national cabinet decision.

**Mr RIORDAN:** Okay. Secretary, it has been reported that at 12.20 pm on 27 March Secretary Eccles called you. You referred to that just before. Do you remember that call?

**Mr PHEMISTER:** I do.

**Mr RIORDAN:** So was private security or a non-police security workforce for hotel quarantine discussed, and were any directives given to you by Mr Eccles?

**Mr PHEMISTER:** I had received one directive in that phone call. In answer to your first question; was private security or non-police security discussed? Categorically no.

**Mr RIORDAN:** So just to put that in context: earlier when the email went out that Mr Kamenev had, that talked about security, but then when you had the later phone call there was no mention of security.

**Mr PHEMISTER:** Just to be clear: Mr Kamenev's email referred to security for what became known as Hotels for Heroes. It is important to note, as per other messages of mine during that day, Hotels for Heroes—or what it was known as at that point in time—was due to be announced that day. So we were actively involved in considering what human services would need as a supply-side agency with responsibility for Hotels for Heroes, and security and cleaning were a fundamental component of the Hotels for Heroes program. Separate to that, post my phone call from Secretary Eccles, we started planning for mandatory quarantine. Mr Kamenev's email does not refer to any conditions for mandatory quarantine and it certainly did not play a role in any of our contingency planning ahead of my call with Secretary Eccles. I think the weight of evidence and documents we provided to the inquiry demonstrate that quite clearly.

**Mr RIORDAN:** So the conversation with Eccles that you had did involve discussion of security?

**Mr PHEMISTER:** No, it did not. I have said categorically it did not. I can answer the second part of your question, however, Mr Riordan, while I am at it. I did receive one directive, and that was to call the Department of Transport to initiate a conversation about transport from the airport. So just for completeness, in answer to your question: security was not discussed. Non-police security was not discussed. I did not receive a single direction other than that I was to call Secretary Younis to discuss transportation. That is the greatest amount of detail that was conveyed to me during that conversation.

**Mr RIORDAN:** Okay, so just to sort of picture what was happening: so it is all happening very quickly—that is a given—and you have got a situation where Eccles is presumably discussing the grand plan with you about, ‘We’re moving to hotel quarantine, Secretary Phemister, we need you to organise the transport’.

**Mr PHEMISTER:** No. Do you want me to—

**Mr RIORDAN:** Yes, I am just trying to piece it together.

**Mr PHEMISTER:** I can elaborate, Mr Riordan, by all means. It is a really important phone call, obviously. I remember it quite vividly—where I was sitting, what I was doing at the time.

**Mr RIORDAN:** I am pleased to hear that, Secretary Phemister, because no-one else seems to remember much of what they were doing, but that is good that you remembered where you were sitting.

**Mr PHEMISTER:** I think I have been very frank with this committee and the inquiry, as was Mr Eccles with his recollection, which accords perfectly with mine through independent testimony. I received a phone call and we discussed a range of things. That was the day, Mr Riordan, when we were putting in place industry restrictions for the first time in living memory. We had a very brief conversation about ventilator shortages. We were tracking down ventilators in the state at the time. I was also implementing, that day, from a few days earlier, the \$1 billion Business Support Fund and the Working for Victoria Fund. They were pretty profound times.

**Mr RIORDAN:** But we know how important this particular issue was because it brought our state to its knees, essentially.

**Mr PHEMISTER:** I just want to paint a picture of everything that was going on. Everybody’s lives were complicated at that time, not just mine. I am not special, and I am not claiming to be. There was a lot going on, so there was a lot to discuss in that meeting. On that phone call as well I received a debrief on our approach. If you remember, the federal government was running a permitted list of industries and we were running a non-permitted list of industries. That features further in my testimony, during the day, as I called different commonwealth officials. These issues were running concurrently. When it came to hotel quarantine, I received a strict debrief from the national cabinet, which was that at 11.59 pm the next night we were to take our first arrivals for mandatory quarantine. At that point in time the state did not have a legal framework to work within. All we knew at the time was we would be transporting people from the airport to a hotel for a mandatory quarantine period, so Mr Riordan, when you said I received a direction to organise transport, I received a direction to call Secretary Younis and to engage Jeroen Weimar on organising transport.

**Mr RIORDAN:** But what I am finding a bit hard to comprehend is that we have got the most senior bureaucrats in the state organising something—and granted it was under all sorts of pressure, I accept that—but you are telling us and wanting us to accept that at no point anyone is discussing how you keep security. I am no medical expert, but I would automatically assume quarantine involves keeping people put in one spot, and you are telling me everyone is thinking about everything else—cleaning, organising hotels and everything else—and no-one is asking how we keep people in the one spot.

**Mr PHEMISTER:** No. That is not true. I can keep going with my answer, which is to say that Secretary Eccles gave me a problem. I think these are his words—he gave me a problem. I was to go off and think about all parts and contingencies, and I, as per my testimony, then took it upon myself to develop an end-to-end process. That end-to-end process that came out in the notes from my debrief with my senior staff included everything from information to passengers when they were on flights arriving, through to transport, through to entry into hotels, through to security arrangements in hotels. We at that point in time started planning for all contingencies, acknowledging that we did not have a legal framework at that time. At that point in time we did not know who would be given legal powers. One of our contingencies was that border force would be the

security force. That is the amount of detail I had, because we did not have a legal framework to work within. At my immediate debrief from Secretary Eccles, he said to me: ‘Go forth and plan all phases of the operation, Simon’, without any detail other than, ‘You will want to speak to Secretary Younis on transport’. He commissioned me to then go away and think about end to end—not to run the program but to think about end to end so that we could have a running start.

**The CHAIR:** Thank you, Secretary. The member’s time has expired. I will pass the call to Mr Gary Maas, MP.

**Mr MAAS:** Thank you, Chair. Thank you, Minister and the department, for appearing three times now before this inquiry. It is greatly appreciated. If I could take you, Minister, to the topic of support for business, which you covered in your presentation, I would really just like to dig a bit deeper into that. Of course industry has borne the brunt of restrictions to slow the spread of coronavirus, with many industries either closing or operating under heavy restrictions for a large part of 2020. What has DJPR done to ease the plight of businesses during this time, especially those who have been closed or had significantly reduced operations since stage 4 restrictions in August?

**Mr PAKULA:** Thanks, Mr Maas, for the question. I will focus predominantly on some of the more recent support packages because on 12 September the Premier, the Treasurer and I announced a multibillion-dollar package to help businesses survive the continued restrictions that were necessary. It is very pleasing that many of those restrictions have now been either lifted in part or in full, but as part of that package more than \$1 billion was made available in grants to small businesses and sole traders in the third round of business support. Under that third round businesses who were directly impacted by the ongoing restrictions with annual payrolls of up to \$10 million were eligible to receive grants of \$10 000, \$15 000 or \$20 000 depending on their size. That included businesses in hospitality and retail; accommodation and tourism; hair and beauty; repairs, maintenance and domestic cleaning; outdoor entertainment; commercial passenger vehicles; and adult education. And we moved swiftly on those supports. The fund was open within five business days of its launch, and the first payments were made six days later. So we made a priority of getting money to those businesses quickly. In total over 129 000 businesses have received direct cash flow support from all three rounds of the BSF, with funds of in excess of \$2.6 billion. We have supported 22 000 businesses in regional Victoria.

I am not sure whether I should be offended by the fact that the opposition do not appear to be listening to me.

We have supported over 22 000 businesses in regional Victoria and more than 106 000 in metropolitan Melbourne through three rounds of the BSF.

We have also provided support for the hospitality industry. They are amongst the bedrock of the economy. Many are going through very tough times. I have now spoken a couple of times about the dedicated licensed venue fund, which had grants between \$10 000 and \$30 000 for licensed venues across the state. Eligible regional venues could receive between \$10 000 and \$25 000. Eligible metro venues could receive between \$15 000 and \$30 000. That higher amount was a reflection of the fact that the restrictions lasted longer in metropolitan Melbourne. There was also a package including \$58 million in grants to help hospitality businesses in outdoor dining regards. Even as we ease restrictions further and more businesses open, many will be required to change the way that they do things, so it is why we have invested \$44 million to equip businesses with the support they need to thrive and to be COVID safe.

We have provided \$20 million for small business to access off-the-shelf digital programs like Shopify or Square Online and training and workshops designed to help businesses adapt to online operations. That program is currently open, and I am sure both I and the small business minister would encourage all small businesses—and I would encourage members of Parliament to encourage small businesses in their electorates—to get onto the Business Victoria website and apply. I think the other one worth mentioning is Click for Vic, because we are home to some of the best food and wine and homewares and galleries in the country. Click for Vic has been an incredible opportunity for many of those to continue to trade during restrictions, and it has been absolutely taken up with relish by many, many Victorians. The funding we have provided has meant more marketing and advertising for the website and expanding its digital platform so we can sell Victoria’s strengths far and wide. I know many, many individuals who have had produce delivered to their homes probably for the first time as a result of Click for Vic and wonderful stories from operators about the way that it has helped their business navigate through this crisis.

I should just make the final point that the package has been designed in really close consultation with industry, including with the AIA and VCCI, and those organisations in particular I am very grateful to for the support they provided in the design of those programs.

**Mr MAAS:** Thanks, Minister. You did mention the Business Support Fund and the different funding rounds that were within that. Would you be able to give an update to the committee on that fund?

**Mr PAKULA:** Yes, I can. Look, just to quickly go over some of the elements of it: round 1, which provided \$10 000 one-off grants as part of the \$1.7 billion economic survival package; the expansion program, which was another \$980 million, providing \$5000 and \$10 000 one-off grants to businesses in regional and metro Melbourne plus Mitchell shire; and round 3, which provided \$822 million of one-off grants to businesses in sectors impacted by ongoing restrictions. As I say, 129 000 businesses have shared in that funding. Just to put that in some local context for members here, \$8.4 million in BSF grants have been paid to small businesses in Colac Otway shire and Corangamite shire—I am sure Mr Riordan would like that number to be higher. In the Yarra Ranges shire over \$64 million worth of BSF grants have been paid to small businesses, and in South Gippsland and Wellington shires almost \$14 million has been paid to businesses through the BSF. For Mr Maas and Ms Richards, it might interest you to know that over \$57 million of grants have been paid to businesses in the City of Casey. So this is something that has assisted businesses right around Victoria.

I am sure that in Kingston, Mr Richardson, there are many payments as well, but I do not have that number at my fingertips. And of course Ms Taylor's electorate is very, very large, so I am sure there have been lots of payments there.

So BSF 3 really was very much focused on those businesses that remained on the road map as heavily restricted or closed. The grants have done a number of things, I think. They have allowed businesses to meet business costs: utilities, salaries, rent. Some of them have used the grant to seek financial, legal and other advice to support business continuity planning. I think some businesses used the funds to develop business marketing and communications activities. Importantly I think, though, it gave a lifeline to business in a general sense to make it through a very tough period. Cash flow of course is paramount to keeping the lights on. It also helps keep people employed. The payments have never been designed and they have never been claimed to be about meeting all of the costs that a business faces, but it will help those who have been unable to trade through the lockdown period. There is a range—

I am just wondering how much time I have left on this section.

**The CHAIR:** Sorry, Minister: 4 minutes.

**Mr PAKULA:** Right. There really have been some great stories in regard to that fund. Red Duck, which is a microbrewery in Ballarat, have benefited from the Business Support Fund. When the pandemic hit they had to close their cellar door. Their customers were not able to support them either. Business dropped by between 60 and 80 per cent. Grants totalling \$15 000 from the first two rounds of the BSF have helped them to carry out brewery upgrades and employ a social media specialist to optimise their e-commerce. Their online sales went up by 300 per cent compared to the last half of 2019. So that is one example.

Another recipient was a bookshop in Collingwood called Uro Publications. They first opened in June and had to close after four weeks when restrictions came into place. They received a \$10 000 grant from the second round of the BSF. It helped the business redevelop its web presence to provide a dedicated site for an online retail bookshop to help expand their clientele to Europe, the UK and North America. Again, overall that grant has helped the business build a bigger digital audience for their products and services—an audience that would have otherwise been very, very difficult for them to engage with.

**Mr MAAS:** Thank you, Minister. If I could take you to support for hospitality, especially the outdoor eating and entertainment package and the Licensed Hospitality Venue Fund, could you just inform the committee a bit more about that.

**Mr PAKULA:** Well, the hospitality sector has been amongst the heaviest hit by this pandemic—we know that. They are not just the lifeblood of the economy in many respects; they are the lifeblood of our social interactions and the way our community and our streetscape feel. I think one of the reasons we have seen such an uptick in sentiment in recent times is that people have been able once again to meet with loved ones and

friends and acquaintances at restaurants and cafes and pubs, so it has been really important to keep those venues alive. The \$251 million for the Licensed Hospitality Venue Fund really played a major role, I think, in that. Many of those large hospo businesses missed out on the BSF grants because they were not eligible for JobKeeper, so we had to consider that very carefully in the design. We did that in consultation with the AHA and the chamber, and we recognised that those businesses faced unique challenges, expensive rents, perishable goods and the fact that they have not been able to return to pre-COVID operations just yet.

The support for those venues was based on patron capacities: for venues with one to 20 patrons, \$15 000 in metro Melbourne and \$10 000 in regional Victoria; for venues with 21 to 100 patrons, \$20 000 in metro Melbourne and \$15 000 in regional Victoria; and for venues with 101 or more patrons, \$30 000 in metro Melbourne and \$25 000 in regional Victoria. Since the fund opened in mid-October more than 6000 hospitality businesses have been supported, with over \$122 million of support paid so far. Now, whilst that fund and the Business Support Fund have kept hospitality businesses afloat during lockdown, it was also vital that those businesses got the support they needed to reopen, particularly under the new conditions and with the focus on outdoor dining. So that is why the outdoor hospitality support package has been provided. It is why those grants are available to not just licensed premises but unlicensed cafes, restaurants, takeaway businesses, pubs, taverns, bars, clubs with a payroll of less than \$3 million. There have been over 5500 businesses that have received support through grants through that outdoor entertainment and eating package. That is 3700 in regional Victoria and a similar amount in metropolitan Melbourne. I will not start going through an example of that at the moment, Chair, because I think the time is about to end.

**The CHAIR:** It is; thank you. I will pass the call to Mr Sam Hibbins, MP.

**Mr HIBBINS:** Thanks, Chair. Thank you, Minister, and your team for appearing this afternoon. I would like to ask about international students and the International Student Emergency Relief Fund. I understand there were 40 000 one-off payments available; have all those been acquitted?

**Mr PAKULA:** Let me try and get you the detail on that. I have got quite a few folders here, Mr Hibbins. We have so far supported, as of 24 November, 33 097 students with payments of almost \$34 million.

**Mr HIBBINS:** So there are still payments available?

**Mr PAKULA:** I think in regard to the balance of the fund we have been supporting food relief for international students and we are considering whether the balance of the fund might be best acquitted in terms of supporting some of those other programs, including those run by the City of Melbourne, by Foodbank, by SecondBite and others, but that money has been used and will be used for the support of international students.

**Mr HIBBINS:** Thank you. Based on the last figures that were provided my understanding is about 8900 payments went through university institutions while 21 600 went through private institutions who applied through Study Melbourne. What is the reason for the discrepancy between the two or the difference between the two figures?

**Mr PAKULA:** I think there was a combination of reasons. Partly it was because some of the public universities had significant welfare programs of their own that they were providing, but it was also about where the preponderance of students were. But we can get you a more detailed breakdown if you would like.

**Mr HIBBINS:** Thank you. Then looking towards the future for international students, my understanding is that there was a strategy for boosting international students and that expired in June 2020. Is that correct?

**Mr PAKULA:** Well, there remains a strong desire of the government to support and bring back international students. We had something like 250 000 international students here before COVID. It has been an incredibly important part of the way that our universities have operated, and they have been an important part of our cultural life. I have got an advisory council, which we are in the process of renewing, which relates to the question of how we make the most of international education, where our efforts should be focused and how we encourage students back. We are also working closely with the commonwealth through Minister Tehan about some of the strategies that are needed to bring international students back to Australia. That is an ongoing conversation; it is not without its complexities. But some of the work that we have done to make sure that we look after international students in a way that I think other jurisdictions have not has been about ensuring that the stories that go back and the experience that people have are positive ones. That is why Study Melbourne,

the hubs that we have established and the new Study Melbourne hubs that we are going to develop in strategic locations are so important, and the role of our international offices is very important in that regard as well.

**Mr HIBBINS:** Does that still cover international students in secondary schools?

**Mr PAKULA:** Well, international students in secondary schools are a matter for the Minister for Education.

**Mr HIBBINS:** Okay; sure. In terms of Working for Victoria, I believe you have given some figures for the total number of jobs created through Working for Victoria, but are you able to provide the committee—you can take this on notice—more of a breakdown in terms of the length of those actual positions, how long they lasted and how many hours were they for, for example, so the committee would actually have a bit more detail?

**Mr PAKULA:** I can get you the details on notice if you like. The other thing I would mention to you is the employment minister is appearing before the committee straight after me. She is now the relevant minister for Working for Victoria, and I am sure she would have all of those details about numbers and average duration.

**Mr HIBBINS:** Well, I asked because it is the COVID hearing.

**Mr PAKULA:** No, I understand that. So I am happy to take it on notice, but I am just indicating to you that you might also be able to ask questions of the Minister for Employment.

**Mr HIBBINS:** Okay; terrific. Thanks. That is all from me. Thanks, Chair.

**The CHAIR:** Thank you, Mr Hibbins. I will pass to Mr Danny O'Brien.

**Mr D O'BRIEN:** Thank you, Chair. Mr Phemister, I would just like to follow on with some of the questions we were asking a moment ago. The phone records presented to the hotel quarantine inquiry indicate that you had a conversation at 1.08 between you, Tim Ada from DPC and someone from the Premier's private office. Who was that from the PPO?

**Mr PHEMISTER:** Thank you, Mr O'Brien. I will have to consult. I am sorry—genuinely. I took over 100 phone calls that day. I will have to consult. At 1.08, did you say? I will have to consult and come back to you.

**Mr D O'BRIEN:** Okay. It was the subject of some discussion at the hotel quarantine inquiry. It did not jog your memory?

**Mr PHEMISTER:** I cannot guarantee you about my phone calls at 1.08, I am sorry, as I said here.

**Mr D O'BRIEN:** Would it usually be your Premier's chief of staff for a high-level discussion like that?

**Mr PHEMISTER:** No.

**Mr D O'BRIEN:** Not necessarily. Okay.

**Mr PHEMISTER:** No, Mr O'Brien. I can clarify that for you. No.

**Mr D O'BRIEN:** You can clarify; okay. If you can provide any further information on notice, we would be happy for you to do so. And in that conversation, do you recall, were you given any directives with respect to security—or the hotel quarantine inquiry full stop?

**Mr PHEMISTER:** I can clarify a few things for you. I missed phone calls and I made phone calls that were not picked up during the day to members of the PPO, primarily around the Business Support Fund. I can talk about the Mr Ada call if you would like as well.

**Mr D O'BRIEN:** Yes.

**Mr PHEMISTER:** I will start with the answer to your last question, though. Categorically, no. I had zero conversations about security with either a member of DPC or a member of the PPO that day.

**Mr D O'BRIEN:** Was that conversation, though, about hotel quarantine?

**Mr PHEMISTER:** The Mr Ada conversation was, and as per I believe it was my affidavit to the inquiry, we had a conversation and a follow-up text exchange with regard to when we could start hotel quarantine. So the question that was put to me—and I believe Mr Ada also put in a statement to this effect, and I also have emails straight after the phone call asking my staff about this matter, so I feel pretty solid—was about: could we start on a voluntary basis before 11.59 if there was a flight that came in an hour beforehand and people felt unsafe about coming into the community? Was there an opportunity to do that? And we felt there was more risk in that than upside, and it was through that exchange of phone calls that my department offered the advice that, no, it was best to start at 11.59 pm.

**Mr D O'BRIEN:** So it was no more detailed than that?

**Mr PHEMISTER:** That was exclusively the conversation.

**Mr D O'BRIEN:** Okay. Just back to your earlier answer: you said re the call from Secretary Eccles, the only directive out of that was for you to contact transport and talk about transport—so Secretary Younis. Did you also say, sorry, that Secretary Eccles asked you to start considering how the end-to-end hotel quarantine program would look? Is that what you said?

**Mr PHEMISTER:** Mr Eccles gives evidence on this as to why—to the quarantine. Between the two of us it is very clear that I take from the conversation that I should start planning end to end. It was not that I was in charge of hotel quarantine; it was that I should start planning end to end and start to kind of branch out information through my colleagues—first and foremost, transport.

**Mr D O'BRIEN:** And we have heard other evidence about DJPR initially thinking it was going to be running it and then that changing. You mentioned earlier though that as part of that thinking and planning that you started doing border force, for example, was one of the contingencies as a security option. Was ADF also a contingency?

**Mr PHEMISTER:** I can go by notes, Mr O'Brien, and I should start by saying that every email that I refer to, including the emails that Mr Riordan referred to earlier, has been provided to the inquiry. So all of this sits on documents discovered through my department and provided to the inquiry. Some of those were then tendered into evidence, some were not. But all of these were provided to the inquiry. With regard to our notes, there were two sets of notes that came out from our first meeting with regard to security, and none of those notes refer to the ADF.

**Mr D O'BRIEN:** Did they refer to border force?

**Mr PHEMISTER:** They refer to border force with regard to the legal provision, because there were two things running in our head: what legal instrument would be used, because we did not have one—and it turned out to be through the Chief Health Officer—

**Mr D O'BRIEN:** The *Public Health and Wellbeing Act*. Yes.

**Mr PHEMISTER:** Indeed, thank you. The other was we thought it might actually just be subject to some sort of national quarantine arrangement—so it is pretty unremarkable—which would normally fall under the responsibilities of the federal government.

**Mr D O'BRIEN:** Yes, okay. At the 4.30 meeting on the 27th—you gave evidence to us in August that that was when the decision was made to use private security. Your evidence says:

So the decision to use private security came from the 4.30 meeting on the 27th.

You said that you initially thought about border force and also that private security was already being considered for what became Hotels for Heroes. Who then at the 4.30 meeting said, 'No, we are not using border force; it will be private security'?

**Mr PHEMISTER:** Sorry. Just back to the earlier point about Hotel for Heroes, Mr O'Brien, and I know you understand this, that security contemplated was a completely different type of force.

**Mr D O'BRIEN:** I will get to that. I understand that.

**Mr PHEMISTER:** Okay.

**Mr D O'BRIEN:** I am wanting to know—

**Mr PHEMISTER:** It is just I do not want on the record that we were planning for security and then just pivoted that planning into hotel quarantine, because that is not the case. On the 4.30 meeting—

**Mr D O'BRIEN:** Okay, go on.

**Mr PHEMISTER:** I am happy to answer a follow-up question to that effect. On the 4.30 meeting, I wasn't in the meeting. The meetings are recorded and are now subject to public record, and I believe the transcript from the recording was handed in to the inquiry, so these transcripts are on the record for the inquiry. My interface with that meeting came through the debrief I received from two of my most senior and trusted staff, who came out and said, 'We have been asked to go and commission private security'.

**Mr D O'BRIEN:** Yes. Just to clarify or perhaps ask for a comment: when you say it was not just a straight pivot from Hotels for Heroes to hotel quarantine, that is what exactly what the Premier has said it was.

**Mr PHEMISTER:** No—

**Mr D O'BRIEN:** The Premier said it was an evolution. He said this in August, and he repeated it again to us last week, that we were already running a quarantine program in hotels but for vulnerable people—nurses and people who did not want to get it—and it just evolved from that. Are you saying that is not how it worked?

**Mr PHEMISTER:** No, Mr O'Brien. I apologise if you have misunderstood. I was referring to the security that supported the accommodation. My hotel accommodation team had been procuring hotel stock. That absolutely pivoted from providing stock for Hotels for Heroes to providing stock that went to—and that was a very complex operation, because we were taking over entire hotels, thinking about cleaning and meal provision. So that did absolutely pivot. They were different types of stock, so in Hotels for Heroes it was geographically distributed whereas with regard to quarantine it was geographically concentrated. But Mr Menon, who ran that program for Hotels for Heroes, immediately took that work and put it into—so yes indeed the accommodation side of this was an evolution from Hotels for Heroes. The security concerns are entirely different matters.

**Mr D O'BRIEN:** You made a very good point before that the Hotels for Heroes type program was about protecting vulnerable people who might need to be in hotel quarantine whereas the incoming overseas passengers was about stopping them spreading infection. At the 4.30 meeting or at any time in the subsequent days did you or your department say to anyone in a position of authority, 'Hey, look, private security were not designed for this and they are not the right group for this'?

**Mr PHEMISTER:** Mr O'Brien, the use of private security has been pretty consistent around Australia, so you could ask that same question of New South Wales or South Australia. The recent case in South Australia involved private security—

**Mr D O'BRIEN:** I am asking about Victoria because this is a Victorian inquiry.

**Mr PHEMISTER:** Indeed, and this is important context for the question. How private security was utilised became the key issue. The fact that private security was on stream was moot to me from the 4.30 meeting, because I was asked to commission it and at that point in time I commissioned it. That was the first time that we engaged any security firm across any of these programs—that night—which is pretty evident throughout the evidence. When it comes to the type of security that is interfaced with Victoria Police, equally on the record are a range of emails from my department—again unremarkable because it is on the public record—requesting 24-hour police presence. So not so much did I contest—

**Mr D O'BRIEN:** You guys thought there was an issue, and we subsequently heard that Professor Sutton raised concerns with the federal government that private security were not the right people to be doing this. It is just that it did not get listened to.

**Mr PHEMISTER:** To clarify my own views, Mr O'Brien, as I said to this committee last time, we had an expert assigned as the deputy state controller. We conveyed our concerns to the experts. We are not experts in security. Experts from security assessed our concerns, and we received a response.

**Mr D O'BRIEN:** Yep. Can I ask further in terms of procurement: the hotel quarantine inquiry heard that the department basically checked with Victorian Trades Hall about companies that it was contracting; why did it do that?

**Mr PHEMISTER:** That is not true, Mr O'Brien.

**Mr D O'BRIEN:** Well, there was evidence tendered that we had to check with Trades Hall on these particular contracts.

**Mr PHEMISTER:** I know the email you are referring to, so there is one single email that refers to checking with Trades Hall. That was a poorly crafted email and it made no difference to our planning over the course of the day. Decision rights did not sit with Trades Hall. Trades Hall—

**Mr D O'BRIEN:** I am not suggesting decision rights did.

**Mr PHEMISTER:** Mr O'Brien, Trades Hall did not ever express an opinion and we never sought an opinion. That was an email at a point in time from a member of my team that I did not support at the time, that he has since retracted and that made no difference to our operations over the course of the day.

**Mr D O'BRIEN:** Did DJPR either on the 27th or prior to it engage with Trades Hall on any of the contracts it was proposing, whether for Hotels for Heroes or the later quarantine program?

**Mr PHEMISTER:** Sorry, Mr O'Brien, with regards to those two specific programs? I will have to take that on notice. We were at that point in time sourcing advice from all industry stakeholders across the board. I know we did not for hotel quarantine. I will have to take on notice whether Trades Hall were part of our industry stakeholder groups. But they were advisory groups. We were contacting every peak you could imagine to discuss with them the impacts of Hotels for Heroes on accommodation stock, on catering et cetera, et cetera.

**Mr D O'BRIEN:** Okay. Quickly, Minister, is it a directive of yours to your department that contracts like this of any description need to be run by the trade union movement?

**Mr PAKULA:** No, it is not. I would have liked my voice not to crack at the moment—no, it is not.

**Mr D O'BRIEN:** Secretary, can I just ask why the department, though, did engage providers who were not on the preferred suppliers list?

**Mr PHEMISTER:** The procurement of private security that afternoon, Mr O'Brien, was governed by DJPR procurement policy. There is a particular procurement policy that is endorsed by the VGPB, the Victorian Government Purchasing Board, that all departments use in times of emergency. So we invoked that emergency procurement model, which we had to given the time frames. There was no time to run a full tender over a six-week period, obviously. We followed that procurement policy to the letter, and it is that procurement policy that led us to the three firms that we ended up engaging.

**Mr D O'BRIEN:** Why would you go for one that was not on the list, though, if you had two who presumably would be able to stand up a program?

**The CHAIR:** Apologies, but the member's time has expired. I will pass the call to Ms Pauline Richards, MP.

**Ms RICHARDS:** Thank you, Minister and officials. I am going to move to something that was enthusiastically adopted in my own household, and that is the very successful Click for Vic initiative. I am interested in understanding it, and perhaps if you could provide some information about the Click for Vic initiative as evidence to the committee.

**Mr PAKULA:** I can, and I can also tell you, Ms Richards, that it has equally been enthusiastically adopted in my household. I think we have got a bag of pink muesli waiting to be eaten, and we have had cheese and we have had wine. It has been quite something. It was launched by the Premier back in August. We are, as I said I think earlier, home to some of the best fresh food, wine, galleries and homewares in the world, but the pandemic did hit small producers very hard. The website has been backed by a major advertising campaign. It is still running now. I see it on the TV quite a bit and in print but also on radio and digital and social media. It

has encouraged Victorians to support those hardworking local businesses. They are vital to many, many communities.

The Click for Vic webpage has showcased a great selection of products and experiences that we can buy online and enjoy in our own home. We have provided eight and a half million dollars of funding for Click for Vic. As of 14 November 1235 businesses have participated in the campaign on visitvictoria.com and conversion partner sites, and there have been over half a million visits to the campaign websites and 635 000 leads to industry websites from Visit Vic's website and social channels. By utilising Click for Vic, Victorians are connected—if you go on the website, you see they connect off, they link—to a number of other online offerings: Victorian Country Market, Providoor, Co-Lab Pantry, quite a number of others. Victorian Country Market is a digital version of a country market. It is home to something like 250 stalls. They include fresh produce, drinks, arts, crafts, homewares from across regional Victoria.

And not only did that help producers survive the economic impacts of the pandemic but it supported the music industry because it allowed out-of-work music staff to deliver product into homes as well. Providoor has been founded by Shane Delia, one of our great restaurateurs. He joined with some of the best restaurants in the city to offer a chef-prepared, finish-at-home delivery service—you basically just have to cook the meal, but all the ingredients are provided—and that has been doing a roaring trade. Co-Lab Pantry is an online retail hub which offers pantry staples, meals, drinks and experiences from restaurants, bars, cafes, brands and producers. So I think the overall response to Click for Vic from consumers and industry has been overwhelmingly positive. I think it is one of those things that is going to survive the pandemic and be a new way of doing things. We have seen great support shown by Victorians to their fellow Victorians, and I think that has been one of the most gratifying parts of it. People have really gone out of their way, in many cases to probably spend more money than they would if they just went to Coles, to buy their coffee beans or their cheeses from producers on Click for Vic because they really want to help out businesses in our regional communities.

**Ms RICHARDS:** It has been really terrific. Thank you. So again, just unpacking that a little bit more, can you tell us a bit more about how Click for Vic has helped Victorian businesses weather the impact of the pandemic?

**Mr PAKULA:** Look, I think that is best done by just giving you some examples of some of the businesses that have been supported through Click for Vic. Lee Docherty from Gather and Harvest wrote that the response had been so positive that they would have to employ some casual staff to get the orders out. So that is a business that actually put more people on just to send out the orders. Platypi Chocolate is another business that was supported. Mandy Bishop, who runs that, wrote to us and said:

Thank you so much for including us in your amazing campaigns. We ended up calling 5 staff in over the weekend after the 3AW and Click for Vic campaigns to keep up with orders.

So that was a nice little testimony. Uniquely Bendigo—we got a message from Gemma, who runs that, to say:

[QUOTE AWAITING VERIFICATION]

The Click for Vic campaign has allowed Uniquely Bendigo to connect with Victorians in ways we would have never been able to on our own in these unprecedented times. We've seen an increase in online sales, with many products that are mostly sold in our face-to-face retail space now more popular through the web store. It's wonderful to be able to support the Greater Bendigo region's makers and creators through such a great collaborative initiative.

Nathan Cowan from Billson's Brewery said that:

[QUOTE AWAITING VERIFICATION]

The incredible response we have received as a result of Click for Vic campaign has blown us away. We have seen a huge increase in our online sales and countless messages of support. Our web sales have increased by 400 per cent since the launch of the campaign. This has not only meant keeping the entire team busy, we have been able to employ additional locals.

So as I said at the outset, it was a campaign that was originally planned to finish in October, but it has been extended to run through until the end of January due to the strong economic impact it has had on local businesses. I think it will have lasting benefits for the tourism sector too, because it has maintained a connection across the state and people have been purchasing products from places that they will now want to go and visit. I found that myself when I was in Beechworth recently, having bought some products from there. More than 70 per cent of the people surveyed by Visit Vic said Click for Vic made them look forward to visiting regional

Victoria and Melbourne again once it was safe to do so. So all in all, it is just one of those ideas whose time had come. It has not been the same as having your streets filled with tourists, but it has been a very important element of getting a lot of businesses through.

**Ms RICHARDS:** And I can confirm that we visited a brewery that we had only experienced through Click for Vic last weekend, actually. I am interested in having some more information about how Victorians have been made aware of Click for Vic in order to encourage them to support Victorian businesses.

**Mr PAKULA:** Click for Vic—there was a fair bit of word of mouth, but the paid advertising has been a really important part of it. So from 20 October to 14 November, there have been 326 Click for Vic ads run on television, 761 ads on radio, 39 ads in newspapers and over 3.4 million digital ad impressions through online channels. The campaign tracking results have been very strong. The performances across the board have been solid. The campaign recognition is really high and the likability and conversion numbers are also really high. So one in two Victorians that were surveyed recalled having seen the campaign. That is a very big number—one in every two saying that they recall it. About 26 per cent claim to have made a purchase as a result of seeing the campaign, and those who recognised the campaign said that they were significantly more likely to travel intrastate in the next 12 months—89 per cent, compared to 78 per cent who had not used the campaign. It has had lots of really strong metrics.

Some of the key activities across the campaign have included, on Channel 7, live broadcast integration on grand final day with crosses to Geelong, Bendigo and Prahran Market. Channel 10 broadcast premium placements and integration across Victoria during the spring carnival on the four days of the Flemington carnival. And Thank You Day—the artist previously known as Grand Final Friday—featured Click for Vic businesses thanking Victorians for their support, and that included TVC placement during the grand final, print across the *Herald Sun* and the *Age* and a 3AW radio competition with vouchers from Visit Vic's partners as prizes, being the Vic Country Market, Providoor and Co-Lab Pantry. Two Click for Vic Newscorp magazines totalling 930 000 copies featured across the Saturday *Herald Sun*, *Weekend Australian*, *Weekly Times*, *Geelong Advertiser* and direct mail, and there have been weekly radio segments on 3AW *Afternoons* which profile different makers and creators. And then there has been content partnership activity with *Broadsheet*, with *Time Out*, with *Good Food*, with the *Urban List* and the *Herald Sun*. So I think the focus going forward will be encouraging Victorians to use the platform for their Christmas shopping as they head into the holidays and then, as I said, hoping we would convert that to many, many Victorians wanting to travel to the regions.

**Ms RICHARDS:** That is great—terrific to have those insights. Minister, in the time I have got left I would like to take you to something I know you are very passionate about, and that is: at previous hearings you have outlined a number of ways that the Victorian government is supporting the professional sports sector through the COVID-19 pandemic, and I would be grateful for an update on the impact of the support that the government has provided.

**Mr PAKULA:** Well, yes. I am not the only one in this room, but I do love the sports sector—and COVID-19 restrictions did result in the closure of sporting venues and cancellation of activities and events. Those closures really affected the financial positions and the operational positions of many of those professional sporting organisations through the loss of ticketing and other commercial revenue. And I think I speak for everyone when I say that nobody wants to see the temporary effects of the pandemic become permanent. No-one wants to see their footy club fold or their soccer club fold as a result of the pandemic. So we did have to implement a range of initiatives to lessen the impact and to ensure the survival of those organisations and ensure that they are well positioned to recover from the pandemic.

I should say as an aside that in terms of the success of Victorian teams in national competitions—the Vixens winning the Super Netball grand final, Cameron Smith and Craig Bellamy leading the Storm to another NRL premiership—our colleagues from across the border look like they have had to suck on a lemon at the moment. And of course Richmond footy club winning the AFL—but we do not talk about that quite so much. But both the Vixens and the Storm did receive support through the experience economy survival package. I am not going to draw a direct link between that support and the fact that they won the premierships, but I think it is notable that organisations that won premierships required our support nevertheless. We got a note from Dave Donaghy, the outgoing CEO of the Storm, in September, which said:

[QUOTE AWAITING VERIFICATION]

Like many in the community, Storm has been severely impacted by the COVID-19 pandemic. We are extremely grateful for the support that the Victorian government is providing us through this difficult period, which will not only help us to continue giving all Victorians an NRL team to support through the remainder of the season but also provide us with certainty for the future.

We have also had a number of representations—from Rosie King, the CEO of Netball Victoria, for the support provided for netball clubs; from Tony Hallam, the chair of the WNBL's Melbourne Boomers—all of whom were extremely thankful for the support that teams and their competition have received.

We have supported 10 professional sporting clubs through the national sport organisations and professional clubs coronavirus short-term survival program. We supported a further 20 peak bodies and other organisations including Snow Australia, Motorsport Australia, Gymnastics Australia and Cycling Australia. Rent relief has been provided to 59 sporting and related organisations—and that is it; time is up.

**Ms RICHARDS:** Thank you.

**The CHAIR:** Thank you, Minister. My masks are through Click for Vic—there we go. Mr David Limbrick, MLC.

**Mr LIMBRICK:** Thank you, Chair, and thank you, Minister, and team again for appearing. I wanted to start asking about something that has been concerning me regarding both state and federal government programs masking some of the underlying economic issues. We have seen federal government programs like JobKeeper and changes to insolvency laws, but one of the ones that you mentioned in your program was the Commercial Tenancy Relief Scheme with the moratorium on evictions. That runs out at the end of the month, doesn't it? Is that right? When does that actually end?

**Mr PAKULA:** I think it has been extended to the end of December at this stage, but it is capable of extension.

**Mr LIMBRICK:** Right. Okay. So if it continues as it is planned now, what does the government actually think will happen at the start of January? Is there a large number of people that have not been paying their rent and they are all going to get evicted simultaneously? What does the government think is going to happen?

**Mr PAKULA:** Well, first of all, let us just go back to first principles. The scheme that has been devised was consistent with a decision of national cabinet, so there were national principles about commercial tenancy relief. I will come and answer your question directly, but I would ask: what would have happened already had the scheme not been in place? There would have been wholesale evictions and a much, much larger number of business failures, because businesses who were unable to trade were simply not in a position to pay their rent in many, many circumstances. The thinking behind the scheme is for businesses to obtain relief up to the point where they are able to return to something that more approximates normal trading conditions. That is largely the case now, although there are still obviously density requirements and caps on hospitality and things of that nature. And as the note that has just been passed to me says, it covers businesses eligible for JobKeeper. So by and large we are talking about businesses which have already been able to demonstrate to the commonwealth that there has been a substantial reduction in their turnover.

I do not doubt that at the end of any program of support, whether it is the Commercial Tenancy Relief Scheme, JobKeeper, increased JobSeeker or other supports, the end of any of those programs will then see an exacerbation of issues for those businesses which have not been able to bring their trading position back to something that more approximates normality. I cannot say with any certainty, Mr Limbrick, that when some of those supports are removed some of those businesses might not then fail. Indeed you made the point about insolvency relief. There may well be businesses who without that would have been insolvent and would have been trading while insolvent during the recent period. What I would say in response though is that those schemes are designed to give all of those businesses the best chance of getting to a point that, at the point where those supports are either removed or reduced, they are in a position to survive. Now, will they all? No, I do not think they all will. But a lot more will than would have if the supports had not been in place.

**Mr LIMBRICK:** Does your department track how many businesses have actually taken advantage of that moratorium? How many landlords have not been receiving rent from tenants—do you know those figures? Do you know how many might be able to be evicted without this moratorium?

**Mr PAKULA:** As I understand it—and I would just make the point that the Minister for Small Business is the responsible minister, but I have got COVID-19 responsibilities that I am finalising the acquittal of in this hearing—all of those businesses that have been able to do deals with their landlords without any contention, I do not think we get informed about all of them. The ones that come across our department's desk are the ones that go through the small business commissioner where there is some kind of dispute.

**Mr LIMBRICK:** Through mediation?

**Mr PAKULA:** Yes, but there would be tenfold of that where there has been an arrangement made amicably about which there has been no need for them to inform the department.

**Mr LIMBRICK:** Okay, thank you. On another issue, one of the things that I discussed with the Premier last week was around the communication between the health department, the CHO and other areas. I was wondering if you could provide some insight. One thing that you managed to do with racing was keep it going throughout the pandemic, and I am sort of wondering how. It is not an essential industry—

**Mr PAKULA:** It is for the 33 000 people who work in it.

**Mr LIMBRICK:** People will have differing opinions on whether it is essential or not, but it kept running throughout the pandemic. I was wondering: how did that actually happen? You must have advocated very strongly for that, I imagine, but was there sort of some risk assessment from the CHO or how does this happen so that they can say, 'Yes, it's safe. We'll keep it running'?

**Mr PAKULA:** Look, I cannot speak to the CHO's thinking. I think if I was to dispute that I am an advocate for the racing industry nobody would believe me anyway, so there is no point in me suggesting that I am not. But I was satisfied, and I would imagine so was the CHO ultimately—or public health—that racing was one of those industries that could continue safely. I think people underestimate how large an employer it is as a sector and how widespread its employment reach is into regional Victoria. The fact that it is an industry which is fundamentally outdoors so does not present the same risks as an abattoir or a distribution centre, where there are already biosecurity protocols that are well understood, where it is easy to socially distance and where you do not need to have crowds. I imagine that all of those factors played a role in an assessment that it was safe to continue.

**Mr LIMBRICK:** Yes, I agree with all that, and please do not take this the wrong way—

**Mr PAKULA:** No, I am not.

**Mr LIMBRICK:** because I am actually quite impressed that racing kept going, but there were many other industries that made similar claims about being able to keep their industries open—outdoor landscape gardeners, and I could reel off a hundred different types of businesses. This has been a question that lots of people have been asking in the business community—'Why was this one shut down and this one wasn't? We think that they have the same sort of risk profile'—and we do not really have a lot of insight into what is the risk analysis. Do you just get told by the CHO, 'Okay, this industry's okay', or do you request some sort of assessment of an industry? How does that actually work?

**Mr PAKULA:** Look, ultimately decisions are a consequence of lots and lots of different representations, cross-departmental conversations, advocacy and the like, and ultimately the public health team makes assessments. Sometimes those representations come directly from industries. I think the other point—and I know it has been discussed before and it has probably not been well understood—is that, particularly when we were in the strictest period of the lockdown, the stage 4 lockdown, it was not just about whether there was a high transmission risk in one industry versus another, but there was also the overlay of total movement and total number of people in the workforce. There was a desire to ensure that overall movement and overall numbers of people going to work was minimised in order to bring those numbers down from 725 to zero. And there were lots of different views about that. Ultimately, as the industry support and recovery minister and one who I think you would understand is probably more in the argument where, 'Let's let the economy operate as much as

possible in the circumstances', I have to say the proof of the pudding is in the eating. The fact is we have had 34 days of zero now. I suspect if many of the representations from industry had been accepted by the CHO we may well not be in that position.

**Mr LIMBRICK:** Thank you, Minister. One thing that we witnessed was a brief period where we opened up, I think it was June—

**Mr PAKULA:** About three weeks.

**Mr LIMBRICK:** and people went travelling to regional areas and stuff. There was a sort of unsettling phenomenon that we saw at that time when people started travelling to some regional areas. Some towns put up signs, you know, 'Stay out of town'. There was division in the towns. The businesses and the pubs wanted people to come into the town, but some of the locals did not. How do you think we will manage and avoid this sort of conflict and division in the future? Obviously one way is to just not have the disease exist—

**Mr PAKULA:** That would help.

**Mr LIMBRICK:** but there are likely to be outbreaks of course and then people's fear will rise. How are we going to manage that if it happens again?

**Mr PAKULA:** Look, I think through good communication and confidence in contact tracing and management. I think what we saw from the communities of Benalla, Kilmore, Shepparton and Colac when they did have outbreaks was just an exceptional response by those communities. They were amazing. They did the right thing. Some of those businesses shut down without having to be asked to. Certainly I know that was the case in Kilmore. Everyone went home, everyone did the right thing and they put a ring around the virus and dealt with it very quickly.

To your more general point about how do you—look, there is always, I find, a difficult balance in regional communities between the desires of business and the desires of residents. It is not just in relation to COVID. We find it in relation to things like tourism infrastructure. I have said to the tourism industry, 'You should never assume that in regional communities tourism infrastructure is viewed as an unambiguous good', because business is often very supportive but a lot of regional communities like the peace and quiet and would be quite happy for tourists to stay away. That is not the view of all, obviously, but there is always going to be a tension between those who want visitation from metropolitan Melbourne and from other regional communities because of the economic impact of that and the provision of jobs, and those in regional communities who are very wedded to the fact that there is a degree of serenity that we do not enjoy in the city. I am sure that our regional MPs could speak to that very well.

There is always going to be that tension in regional communities, whether it is about COVID and those who put up the signs saying 'Melbourne, please stay away' and those who would like to see visitation return at the earliest possible opportunity. I think that is about messaging, it is about communication and it is about community confidence in whether or not we have got our processes and systems in place that will keep it under control.

**Mr LIMBRICK:** Thank you, Minister. I think I am out of time.

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

**Mr RICHARDSON:** Thank you, Chair. Thank you, Minister and department officials, for your time today in this marathon hearing. Minister, I will take you back to government support for professional sport. In May the Victorian government announced a \$2.7 billion building works package to create jobs and to provide that stimulus and support during the economic recovery from COVID-19. Can you provide an update on how this package has supported professional sport over the course of these last few months?

**Mr PAKULA:** Yes. Thanks, Mr Richardson. Look, that package was really targeted at shovel-ready infrastructure. The \$2.7 billion includes upgrades to improve operations and visitor experiences at state sporting facilities. At Kardinia Park the package provided \$10.5 million to allow upgrade works to get underway almost immediately, boosting jobs around Geelong and Barwon south-west. Those works include improvements for patron safety and accessibility, spectator wayfinding and upgrades to lighting, lifts and maintenance facilities. It

is not just about the Cats. Kardinia Park hosts a large array of sporting, entertainment and community events that provide a major contribution to the livability and the economy of Geelong and that Barwon south-west region more generally. Those improvements, in addition to the \$142 million stage 5 works that we announced as part of the budget, I think will do even more to boost Kardinia Park's reputation as the best regional stadium in Australia. I know there are some others in other parts of the country that would like to claim that mantle, but Kardinia Park is pretty swish, and it is going to be even better as a result of this.

There is also, in the package, \$25 million worth of improvements at State Sport Centres Trust facilities. That State Sport Centres Trust is the statutory body which is responsible for managing the Melbourne Sports and Aquatic Centre, Lakeside Stadium, Sports House and the State Netball Hockey Centre in Parkville. It has got its own board which operates under a charter. It has recently got a new chair and some new board members. But those facilities attracted more than 2.5 million visitors per year before the COVID-19 pandemic, and the \$25 million of works will include upgrades to the outdoor pool, to the change rooms and to the IT systems at MSAC. MSAC is an amazing facility for those that know it and use it. It is a great and essential component of our aquatic fitness, recreation, sport and wellness sectors. I think those improvements will not go to waste.

There have also been enhancements to the retractable seating in the State Netball Hockey Centre grandstand. That is another great facility that has been significantly enhanced in the last couple of years. And improvements to the pitch at Lakeside Stadium, and those upgrades are both in regard to the community programs and high-performance programs.

**Mr RICHARDSON:** Obviously there is huge optimism in the community now with 34 straight days of zero new cases, and that brings an optimism for a return to competition as well. Can you provide the committee with an update on the support that has been provided to professional sports organisations on the return of competitions and events in Victoria?

**Mr PAKULA:** There was some commentary about the grand final moving interstate. I can say categorically that whilst it gave me a lot of pleasure to see the competition go ahead and a grand final be delivered, it gave me no pleasure to see it happening in Brisbane—but it was an extraordinary job by the AFL to get that season away. But we have been consulting widely with the sector to help inform the relaxation of restrictions. We have been consulting with our key sports stakeholders—our large professional teams, our national sporting organisations. We have had a lot of round tables, which included discussions on matters that affect the industry, including the return of indoor sport and rec, public events. We are now in a recovery phase from the pandemic, so we want to be able to enjoy the things that make this city and this state what they have been, even if we enjoy those things in a different way to the way that we would in a non-COVID environment. So we have been working closely with our major sporting codes, with our stadia operators and with the event operators to try and develop bespoke arrangements and procedures so that we can safely host crowds at our major upcoming sporting events. There has been a public events framework that has been developed to deal with the issues, and those issues are really complex. I mean, it is not just about who is sitting in what seat; it is about crowd management, entry and egress from stadia, even getting to and from grounds and the COVID-19 transmission risks. It is about things like which food and beverage outlets are open, on what basis can people use public facilities and the like.

We have indicated that we would be supportive of 25 000 spectators for the Boxing Day test at the MCG. We will be confirming those crowd numbers closer to the match. I know that there are probably people who would say, 'Well, why can't it be bigger?', and I think it is appropriate to say that a safe, stepped approach is appropriate and important. I think if it was two months ago there would have been, probably, a widely held view that we were unlikely to have a cricket match at the MCG on Boxing Day, let alone with crowds, so the progress has been substantial. Cricket Australia has also announced that it will hold 11 Big Bash League matches in Melbourne in January—five of those matches at Marvel, six at the MCG. We have been working to lock those sporting events in and attract more events to Victoria.

We have extended the grand final at the MCG by a year as part of the allowance of the AFL to move the 2020 grand final to Brisbane, but the AFL has also guaranteed as part of that agreement an extra two games at the MCG in each of 2022 and 2023, taking the minimum number of AFL games at the ground in those two years to 45. As an aside, we will also host the AFL draft in 2021 and 2022, and the government will determine the venue in one of those two years.

There has also been of course a lot of conversation about other events in recent days, including the AO, and I would hope to have something more to say about that in the not-too-distant future.

**Mr RICHARDSON:** Thank you, Minister. Turning now to business support and particularly in a digital frame, could you please explain how the small business digital adaptation program will assist Victorian businesses to recover from the coronavirus pandemic?

**Mr PAKULA:** Yes. Well, that program is really about helping Victorian small businesses to adapt to a digital operating environment. It is about providing them with free access to a selection of digital tools, further supported by workshops in regard to digital adaptation. I think there is a shortfall in a lot of Victorian businesses in terms of digital literacy and resources. If you travel to some other parts of the world, I think that shortfall does not exist. I mean, there has been huge digitisation in some economies that we are probably still a bit behind on. That digital literacy in terms of an online trading environment is going to be absolutely non-negotiable, if it is not already. Businesses who need to invest in transforming their operations to recover from the shock of COVID-19 and who need to account for the changing behaviour of their customers and the changing behaviour of their suppliers really need some help. Those businesses that cannot do that—I think their ability to recover from the pandemic will be quite badly hampered. I mean, we are seeing changes in behaviour that have come as a consequence of this that probably will be enduring features of the way that people shop, as one example.

So the program will assist up to 12 500 businesses across all industry sectors to build their digital capability and their resilience through the better use of digital tools program that was launched on 15 November. It received more than 2000 registrations in the first week. I think that gives you a sense of the appetite for this kind of support. Businesses are going to be able to trial selected digital products from suppliers who have partnered with the government and then choose one of those products to use free for a year. The software applications are offered by Mr Yum, Square, Shopify, Squarespace, MYOB and Xero. They are all part of the program, and those software providers will give businesses access to product-specific support and training during that trial period and once the product is purchased under the rebate program. That will be augmented by free workshops to enhance digital literacy to build the confidence of those small businesses to use the products and in e-commerce activities more generally.

It will help businesses I think to understand the benefits to their business. Sometimes one of the reasons they do not have this digitisation is they are not yet really clear on why it is going to help them, and so it is easier to keep doing things the way that they do. Once businesses have purchased a product they will be able to apply for the rebate to access the product for 12 months. It is not the biggest program the government has got to support business, but I think it is a really important one for an important niche in the market and for businesses that can really use that help.

**Mr RICHARDSON:** As we turn our minds to recovery and making the most of these opportunities to reform and build back better, programs like this are really important. Are you able to, for the committee's benefit, detail the key elements of the program and how these will combine to help more Victorian businesses improve their digital capability?

**Mr PAKULA:** To go through it in a bit more detail, it is a program that really will, as I said, enable businesses to access a range of off-the-shelf products—the free training, the trials of two-to-four weeks duration, the participating businesses being able to then purchase one of those products and receive the rebate, and the workshops that I have already described. To talk about some of those products themselves in more detail, Mr Yum, as an example, uses QR codes and digital menus to improve the food and beverage customer experience. Anyone who has been to a restaurant in recent times—I would be surprised if you have not seen one of those systems where not only do you use your QR code to scan in but the menu is then available on your phone as well and you are able to order your meals and your drinks digitally and then they get brought to your table. So it is really reducing the interaction between the customer and the wait staff in a very COVID-safe way, but in a longer term sense the efficiency dividend for business I think will be substantial.

I think a lot of people who have dealt with small business know what Mind Your Own Business does. It is that accounting, payroll, retail, point of sale, professional tax solution product that is available. Shopify is an e-commerce website that makes it easier to sell online, to market a business, to manage day-to-day business imperatives. Square is payment software and hardware products. So there are lots and lots of products available

and businesses are able to choose one of them, and I think it will help many of them do what they do much better.

**The CHAIR:** Thanks, Minister. Ms Bridget Vallence.

**Ms VALLENCE:** Thank you, Chair. Thank you, Minister. First up, Secretary, what is the total legal costs paid for DJPR for legal representation during the Coate inquiry?

**Mr PHEMISTER:** Thanks, Ms Vallence. I do not have the total. The inquiry is still running. I can take it on notice for you.

**Ms VALLENCE:** Thank you—take it on notice. And, Secretary, perhaps add to that the total legal cost paid for Minister Pakula and his legal representation during the Coate inquiry.

**Mr PHEMISTER:** Ms Vallence, again, I can take that on notice to see if the department can deliver those to the committee.

**Ms VALLENCE:** Secretary, the 2019–20 DTF financial report details that from the Treasurer’s advance—\$418,000 from the Treasurer’s advance for legal costs associated with litigation for DJPR. Was this all attributable to the legal representation for the hotel quarantine inquiry?

**Mr PHEMISTER:** I will have to again, Ms Vallence, come back with a breakdown. I can say categorically no, because I am aware of other litigation expenses within the department. I will have to take that on notice.

**Ms VALLENCE:** Could you provide to the committee, then, the breakdown of that \$418,000 from the Treasurer’s advance for legal litigation for DJPR?

**Mr PHEMISTER:** We publish all of our legal and litigation expenses, so I would be more than happy to do that.

**Ms VALLENCE:** Yes; thank you. And you provided information to the quarantine inquiry that the hotel quarantine program cost taxpayers \$194 million. Is that the final amount, or are there still payments expected to be made to add to that, incremental to that?

**Mr PHEMISTER:** So DJPR submitted financial data to the inquiry as at 17 June 2020. We handed over the last of our remaining contracts to the Department of Health and Human Services at 30 June that year, so the data that is on the website for the inquiry is our 17 June data projected to 30 June 2020.

**Ms VALLENCE:** Okay. That is the projected amount. So do you have an approximation or an estimation of how much more it will cost?

**Mr PHEMISTER:** I ceased holding any contracts, Ms Vallence, for hotel quarantine at 30 June, so it is a question that you will have to ask the Department of Health and Human Services.

**Ms VALLENCE:** Okay. And for the \$195 million, can you provide to the committee a breakdown, line by line, of that amount?

**Mr PHEMISTER:** I am having trouble finding that particular number.

**Ms VALLENCE:** That is the amount provided to the hotel quarantine inquiry for the cost of the hotel quarantine program.

**Mr PHEMISTER:** I will have to apologise to the committee. I do not have that number before me so I cannot attest to that number. We did, as part of our submission to the inquiry, break that down by accommodation, consultancies, contractors, incidentals, laundry, onward travel, security, cleaning, airport interface incidentals.

**Ms VALLENCE:** Could you submit that to this committee?

**Mr PHEMISTER:** I sure can. It is on the inquiry’s website. I would be more than happy to reproduce and submit.

**Ms VALLENCE:** And there have been many concerning reports, and we discussed this last time, around private security guards who have worked on the hotel quarantine program that were paid as little as \$18 an hour and had their wages deducted, and you said last time you were undertaking a forensic audit of the contracts for these workers and what had been paid to these security guard workers. Has that audit uncovered any underpayments to those workers?

**Mr PHEMISTER:** Ms Vallence, the inquiry is still ongoing. We worked through forensically with the full cooperation of the three security firms. It is almost complete but not complete as—

**Ms VALLENCE:** Why hasn't it been completed yet?

**Mr PHEMISTER:** Because it is a forensic exercise and we agreed to work through the companies on a line-by-line, shift-by-shift analysis. We are also waiting to see the outcomes from the hotel quarantine inquiry, because there were a lot of accusations made during the inquiry about behaviours of security firms and workers. We do not have the information to determine whether or not those accusations are based in fact or indeed are just accusations. That will also inform the completion of the report.

**Ms VALLENCE:** I mean, you know, I am sure that you have done some level of analysis and audit so far. Potentially hundreds of workers have been exploited here. Are you going to be able to provide the findings of that to the committee?

**Mr PHEMISTER:** There are a few different dimensions to that question. The security industry is obviously regulated by Victoria Police. The labour hire commissioner has an interest in the exploitation of workers. And so different agencies are looking into these matters. For us, the accusations made during the inquiry are highly material to the forensic audit. So until the inquiry report is submitted, unfortunately I cannot answer your question.

**Ms VALLENCE:** Will you commit to this committee to provide the full details of that report, of that audit, and any findings?

**Mr PHEMISTER:** Indeed. That audit, Ms Vallence, will inform the final wash-up costs of our security contracts, which will be all published on the Buying for Victoria website. So it will be quite obvious the difference between invoices submitted and invoices paid that will take you to those questions.

**Ms VALLENCE:** And in terms of that, should there be any underpayments, will these matters be referred to the Fair Work ombudsman to investigate?

**Mr PHEMISTER:** Given the range of accusations, there may be multiple enforcement agencies that we refer things to or there may be none, based on the findings of the forensic audit and the inquiry. But, yes, we will be referring all matters that are relevant to the different enforcement agencies, including the Ombudsman.

**Ms VALLENCE:** So is it fair to say that there are likely to be underpayments to workers on these government sites?

**Mr PHEMISTER:** I cannot comment on that, Ms Vallence, until the report is complete.

**Ms VALLENCE:** You cannot? Okay. Well, we look forward to that, because I think it is of great interest and concern, actually, that there are employees on these government sites and it seems to be the case that they may have been underpaid. Secretary, how much was paid to Unified Security for hotel quarantine services?

**Mr PHEMISTER:** Again, we are not making final payments until the forensic audit is complete. We thought that would be the most judicious way forward so that we could make sure that all final invoicing was true and correct. I do not have any accusations in here today; I do not have any evidence as I sit here today to contest invoicing. That will come through the final wrap-up of the report, so as it stands today we have not made final payments to the security firm. So I cannot confirm the final number.

**Ms VALLENCE:** How much have you paid so far?

**Mr PHEMISTER:** If you recall, we handed over all contracts as at 30 June. I made projections as at 17 June and those projections are on the inquiry website, which I will happily reproduce as part of the earlier question.

**Ms VALLENCE:** Secretary, on the Buying for Victoria website, your contract—it is 555592—lists for Unified Security the total value of that contract as one dollar. Why is this the case for public reporting of this contract?

**Mr PHEMISTER:** That is a practice of the Buying for Victoria website. We have not submitted a final value. Buying for Victoria typically publishes contracts above \$10 million, so obviously this is a large-scale contract. We have not submitted a final price to Buying for Victoria for all the reasons I just outlined.

**Ms VALLENCE:** How much is outstanding on that contract, then?

**Mr PHEMISTER:** I do not know. Until I have done the audit and I have that quarantine inquiry report I simply cannot answer that question.

**Ms VALLENCE:** So why are you waiting for the hotel quarantine inquiry report? This is a contract that you signed and it is a contract that you have got carriage of. Surely you would know that.

**Mr PHEMISTER:** No. You yourself have referred to accusations made during the hotel quarantine inquiry where—

**Ms VALLENCE:** And you would have a contingency allowance for that until you have estimated for that contingency?

**Mr PHEMISTER:** A contingency allowance for?

**Ms VALLENCE:** Any underpayments or any other costs associated that you are expecting as a result of what has transpired in your forensic audit so far.

**Mr PHEMISTER:** So the accusations range from ghost shifting—and I should emphasise these are accusations until they are proven; I am not casting any aspersions over the firms or their practices—

**Ms VALLENCE:** You are conducting the audit, aren't you?

**Mr PHEMISTER:** I am conducting the audit, which is being informed by the hotel quarantine inquiry. That was made very explicit. At the time we kicked off the forensic audit we believed the hotel quarantine inquiry would report sometime in November. It is obviously now reporting before 21 December. We have aligned the completion of our forensic audit with the time lines of the inquiry, which are beyond my control.

**Ms VALLENCE:** I think reports that there was ghosting and underpayments to workers is quite staggering and quite concerning. Is it not something that is a priority for you through your audit and through your analysis and investigation internally to ascertain if these things were at—

Why wait for the hotel quarantine inquiry?

**Mr PHEMISTER:** So I have completed—

**Ms VALLENCE:** If there are vulnerable people who are working, security guards who are working, and there are ghosting accusations, isn't this a priority? Shouldn't this be a priority for this government, or is it just that these vulnerable workers are just collateral damage?

**Mr PHEMISTER:** No. The range of enforcement agencies you referred to earlier have free range over this contract, so everyone from the Ombudsman to IBAC, to Victoria Police as the regulatory agency for the security industry through to us as a contract holder is taking a very keen and detailed interest in this. You may refer your questions to those other bodies. They may have something to tell you that I do not. We undertook to do a forensic audit which we thought was a proper thing to do post such a large-scale procurement. We undertook to undertake a forensic audit as informed by the hotel quarantine inquiry, fully of the view that when we kicked that audit off we would have this completed by now. The hotel quarantine inquiry has been extended

for reasons beyond my control, therefore the exercise around the forensic audit—which we are taking very seriously—has also been pushed out.

**Ms VALLENCE:** Because of course the hotel quarantine inquiry is not investigating underpayments to security guards, so I do not see why it is contingent on that time line.

**Mr PHEMISTER:** Some of the accusations that you mentioned earlier go far beyond. They go into the terms of subcontracting. We are also following the money through to individual payments and ghost shifting. We are also going to whether or not the services were executed within the hotels. All of that detail is before the inquiry.

**Ms VALLENCE:** Something different. Minister, you mentioned that you are working closely with major sporting codes. COVID obviously has impacted major events. Will the Australian Open tennis start on 8 February?

**Mr PAKULA:** I am not in a position to confirm that today, Ms Vallenge. I would like to be, but I think you would appreciate that the degree of complexity and discussions between the government, Tennis Australia, the ATP and the WTA, along with discussions between the newly created quarantine body and public health, are pretty complicated.

**Ms VALLENCE:** How do you plan to be quarantining players coming from overseas?

**Mr PAKULA:** Presuming the tournament goes ahead, the quarantine arrangements will be those which are ultimately approved by the public health team and the Chief Health Officer. All those details will be apparent if and when we get to the point where the tournament is confirmed.

**The CHAIR:** Thank you, Minister. Thank you, Ms Vallenge. I will give the call to Ms Nina Taylor, MLC.

**Ms TAYLOR:** Thank you. I heard the discussion about sport, but I was thinking we could move to community sport. You know how important it is in each of our electorates. How is the government supporting state sporting associations through the coronavirus pandemic?

**Mr PAKULA:** I pay tribute to my colleague Minister Spence for the work that she has done with our state sporting associations. Earlier this year the community sport responsibilities were mine, and for some time now they have been with Minister Spence. She has done a wonderful job in the acquittal of those responsibilities. We understand the difficulties that state sporting associations have been finding themselves in as a consequence of COVID-19. The community sport sector COVID-19 short-term survival package community sport program is one which allows the government to provide nearly \$13 million in support to state sporting associations—\$6.1 million is being provided to large state sporting associations and another \$6.6 million for regional sports assemblies, regional academies of sport and smaller state sporting associations. Sixty-nine associations will be granted funding to ensure their ongoing viability.

In September of this year Minister Spence announced round 2 of the short-term survival package. That gives the opportunity for state sporting associations to reapply for further survival funding to get them through the pandemic. A thorough independent assessment has been conducted by EY to ensure that the support is going to where it is needed most, and that funding really will help keep the doors open for many sporting organisations across Victoria. I believe Minister Spence is appearing before this committee later today, and I think she will speak about some of this in some detail.

**Ms TAYLOR:** Okay. With regard to community sporting leagues and associations and the coronavirus pandemic, do you want to go on with that here, or would you—

**Mr PAKULA:** I would be more than happy to, Ms Taylor. Community sport revenue since the beginning of March this year has dropped by \$246 million, and our estimate is that over a 12-month period community sport revenue will probably fall by something like \$359 million to \$360 million, so substantial reductions. It is why the \$40 million community sport sector COVID-19 short-term survival package included funding for leagues and for associations.

Through round 1 of the package almost \$1.5 million has gone towards 200 leagues and associations across Victoria that have been adversely affected by COVID-19. We saw many leagues across the state have their

seasons abandoned, and if they were not abandoned, they were cut short. Many as a result have lost a huge amount of the revenue that ensures their ongoing operational viability. Some of that revenue is just about the fact that the tuckshop or the bar has been closed, quite apart from the issue of whether subs have been paid, so it has had a really significant impact. The community sport sector COVID-19 short-term survival package will ensure that those 200 community sporting leagues and associations are accessing the funds that they need so that they can come back stronger after the pandemic. As I said, round 2 was announced by the minister in September, \$1000 worth of top-ups have been automatically processed for leagues and associations funded in the first round, and leagues and associations that did not seek funding in the first round could apply for grants of up to \$2000.

**Ms TAYLOR:** Sure. And what about the thousands of local community sporting clubs across the state? How is the government helping them to get through the pandemic?

**Mr PAKULA:** Those community sporting clubs play a massively important role in local communities, and they have been struggling just like many other parts of the community. Through round 1 of the package, all of the community sporting clubs with an ABN were able to access a one-off \$1000 grant, and that investment was more than \$5 million and supported more than 5000 clubs. Through round 2 of the package, clubs that received a \$1000 boost in the first round have received a \$500 top-up. Clubs that did not receive any funding in the first round were able to apply for \$1000 grants. For some clubs, that meant the difference between paying bills and paying rent and not being able to pay bills and rent, and there have been clubs across the state that have been able to access the grant. The take-up rate has demonstrated the clear need and the clear demand for the program. I look at Mr Hibbins when I say that the Hawksburn Tennis Club and the Mercantile Kayak Club are two of the clubs that have received the support of the \$1000 grant with the \$500 top-up. And Ms Vallence has gone, but she would have, I am sure, been very pleased to hear that the Mount Evelyn Tennis Club and the Mount Evelyn Pony Club were also amongst the sporting clubs that have received support as part of that program.

**Mr D O'BRIEN:** What about Gippsland South?

**Mr PAKULA:** If you would like me to take that on notice, Mr O'Brien, and come back to you with the clubs in Gippsland South—

**Mr D O'BRIEN:** Come on, you have surely got something for me.

**Mr RIORDAN:** There is of course the Colac Pony Club.

**Mr PAKULA:** I do not want you two to fight amongst yourselves.

**Ms TAYLOR:** We have got time. Let us move along to the fair payments policy if we can. It would be good to explore how the government has assisted small businesses with their cash flow during and after the COVID pandemic.

**Mr PAKULA:** So 'fair payments policy' is a good way to describe it. We are paying all of our outstanding supplier invoices within 10 business days as part of that business survival package that was announced back in March. In response to the COVID-19 pandemic we committed to paying all of the outstanding supplier invoices instead within five business days, and then after that two-week blitz we committed to paying all of the outstanding invoices within 10 business days. Since the commitment was announced Victorian government departments have paid more than 1.2 million invoices totalling \$25.32 billion—and of those invoices, 82 per cent were paid within 10 business days. As those who have been involved in small business know, cash flow is absolutely crucial. The difference between having your invoice paid within 10 days and 28 days can be the difference between surviving and not surviving. That figure includes incorrectly rendered and disputed invoices, or the compliance rate would have been even higher. So those expedited payments are very important. I think they have been very successful in providing small business with increased cash flow and certainty during the state-of-emergency restrictions. Again, it is not the biggest thing the government has done, but it is a very important element of our support for small business during that period.

**Ms TAYLOR:** Thank you. And why did the government adopt a fair payments policy in 2004? Why is this state taking a lead on payment terms for small business suppliers?

**Mr PAKULA:** Well, I think that really goes to the point I made a moment ago about cash flow. Overdue payments are, somewhat surprisingly I think, the biggest risk to cash flow for small businesses. More than half of all small business owners say that they have been at risk of not meeting payroll obligations in the last 12 months, and not having your invoices paid in a timely way would be a pretty significant additional burden for businesses who are already doing it pretty tough. There was a report recently by the National Australia Bank that found that large companies have been accumulating on average a national total of \$115 billion in late payments to small businesses nationally. The phenomenon of late payments, fundamentally, is large businesses not paying small businesses in a timely enough way, and so for more than 15 years the government has played a role in promoting the prompt payment of invoices to small business suppliers. It has been the case across governments of both persuasions. That was first with the introduction of the fair payments policy in 2004, and more recently we became the first, and I think so far the only, state government that signed up to the Australian supplier payment code. Again, it is a really important part of ensuring that small business can survive this very difficult period of time.

**Ms TAYLOR:** And how is the government going to ensure that the improved payment times are maintained after the pandemic?

**Mr PAKULA:** Well, on 9 November, Ms Taylor, we committed to reforms to the fair payments policy so that beyond COVID-19 that would see payment terms for government contracts that are under \$3 million move from the current 30-day standard to that 10-business-day standard. The new payment terms will apply from 1 January. That is just to ensure that departments and agencies have time to prepare for the changes, which they have got. Those reforms to the fair payments policy, as I have indicated, will improve cash flow certainty for small businesses that supply the Victorian government. But I think there is also a leadership role that government has to take in terms of demonstrating to the private sector what is an appropriate standard in terms of dealing with small business clients. Under the fair payments policy the payment time clock does not begin until a correctly rendered invoice—meaning one that is not under dispute—is received by a department or applicable agency, but once that occurs 10 business days will be the new standard. And I would hope that a large number of larger companies in the private sector that do not already apply that sort of standard at least consider doing so.

**Ms TAYLOR:** No worries. How is the government going to drive the average payment times down even further under the fair payments policy? I am driving you now.

**Mr PAKULA:** Well, I think the success of those 10-business-day terms will rely on effective communication but also culture change strategies across departments and agencies. It has got to be the new way of doing things. That will target all staff dealing with suppliers and invoices in addition to the applicable financial officers within departments and agencies. Small Business Victoria, I am advised, is developing a culture change campaign to be delivered in conjunction with that 1 January starting date. That campaign is all about assisting departments and agencies to communicate that behavioural change to all of the relevant people within their departments and ensuring that the agreed time frames can be complied with. Hopefully once that becomes the new way of doing things you will find that departments and agencies are able to even beat that new 10-business-day standard. It is very important for those that treat with government to be paid promptly, and that is the purpose of these reforms.

**Ms TAYLOR:** Thank you.

**The CHAIR:** Perfect timing. That concludes our time today for consideration of the government's response to COVID within your portfolios, Minister. We thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

We thank you and your officials for all of your time this morning.

We declare this hearing adjourned.

**Committee adjourned.**