

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

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

Melbourne—Wednesday, 14 April 2021

MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

WITNESSES

Mr Rocky Bruzzano, Chief Financial Officer, ExpoNet (*via videoconference*); and

Mr Lawrie Videky, Owner, and

Mr Peter Marko, Head, Electronic Repair Technician, Phaseshift Productions.

The CHAIR: The Economy and Infrastructure Committee public hearing for the Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors continues. Please ensure that mobile phones have been switched to silent and that background noise is minimised. I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders past, present and emerging. I welcome any members of the public that are watching via our live broadcast. I would like to introduce my fellow committee members that are present here today: Mr Tarlamis, Mr Davis, Ms Lovell, Mrs McArthur and Mr Tim Quilty, who is on Zoom.

Dear witnesses: all evidence taken at this hearing is protected by parliamentary privilege, as provided by the *Constitution Act 1975*, and subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law; however, any comment repeated outside the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearings. Transcripts will ultimately be made public and posted on the committee's website.

We welcome your opening comments and ask that they be kept to a maximum of 5 to 10 minutes. Could you please give your names for the benefit of our Hansard team and then begin your presentation. Who would like to go first?

Mr MARKO: My name is Peter Marko from Phaseshift Productions, Cheltenham. I have worked with Phaseshift for 17 years and before that in the live music industry for 38 years, primarily in lighting as a lighting director and now as a repair technician.

Firstly, I would like to thank the committee for taking the time to listen and understand the dire economic situation that the live music and event production companies and their employees and touring crew find themselves in due to the total ceasing of international music concerts through the closure of international borders since the COVID-19 pandemic began in March 2020. I sincerely hope you can instigate a fast recovery program to help save the live music industry in Victoria and the billions of dollars it generates for the Victorian economy.

Victoria, Australia, is renowned as one of the finest hubs in the world for arts and in particular for live music, such as music concerts. They generated over \$10 billion a year for Victoria's economy under pre-COVID conditions, so it is an important industry. Companies which supply the equipment for live music concerts in Victoria—these are the companies that you see pushing all the black boxes onto stages at festivals, arenas, sporting events and corporate events—as well as transport, specialised crew and highly professional staff have all generated very little or no income since March 2020—mainly none. These businesses and their workers are the backbone of the industry that gives Victoria its competitive advantage when it comes to our reputation for staging major events and presenting live music better than anyone else in Australia—amongst the best in the world.

There are highly specialised crew and staff who make up this industry that supplies production equipment—this includes lighting, audio, staging and all the things that go together to make concerts possible. There are production managers—they are the people who put together the jobs, get the quotes, draw up and plot out floor layouts using computer programs and software and oversee the set-up of the concerts and the crew on site and beforehand. They are busy for weeks, sometimes months, before an event takes place or a live concert takes place.

Then there are the audio and lighting operators and directors who are involved. They program the shows, they operate the lighting and they control the sound desks and the lighting. They tune the audio systems, they mix on

stage and front of house to make the sound sound wonderful. They are the same sort of people who have tuned your mics so you can hear us today—you know, the industry is vast.

Then there are the repair technicians, who look after millions of dollars worth of state-of-the-art, very specialised equipment that cannot be used in really any other industry. They look after the equipment and make sure it is working and safe and that events take place.

There are mechanical engineers who are involved in our business as well. They build specific infrastructure needed for specific events, which you cannot go out and buy off the street. They build the road cases that all our equipment gets carried in and goes to and from the different venues in.

There are riggers, who hang all the equipment from the roof and make sure it is all safe. They hang all the trussing, the lighting and the PAs. There are stage riggers, who put the stages together that the artists perform on. It is a huge industry and they are all very specialised, professional people.

There are loaders, who unload the trucks and load the trucks and help put the gear on the stage. There are truck drivers—it goes on and on. And then there are all the infrastructure suppliers as well, who supply the seating, the marquees, the decor et cetera, who are a larger part of the whole thing that is happening. It is a massive industry. All of these specialised professional staff are trained in occupational health and safety. They ensure that all production equipment is installed in a manner which keeps artists, staff and the general public safe at all times.

Support from the federal government through JobKeeper payments helped to keep many of the equipment supply companies afloat and to keep some of their professional specialised permanent staff on a part-time basis, and help from the state government through tax breaks helped with company overheads. It has all been a help what has happened so far. But schemes such as the Sounds Better Together shows and things like that boost the morale of the staff and the people who have been sitting at home for months doing nothing. They were able to go out and actually work in their fields for the first time in months, which really helped. Those things are great.

But with the ending of JobKeeper, the live music and entertainment equipment supply companies desperately need support—urgent support—to help keep their large overheads balanced while international borders are closed and work is minimal. There is just no work coming in. We need support to pay permanent and casual crew and employees money to keep our factories and businesses viable by allowing them to work enough each week to maintain the millions of dollars worth of specialised equipment that we have and to actively seek out and obtain any new work that might become available while the pandemic is still on. If we cannot afford to employ them to work, we cannot look for the work. This will allow our live music supply companies and their very specialised employees to be primed and ready when international borders open permanently and after worldwide vaccination for the pandemic takes effect and everything comes back to normal.

In many ways our problem is your problem. While it may be easy enough to open the door of a venue, unless Victoria retains the staff, the businesses and the equipment that these venues use to make safe and specialised events take place, the risk of Victoria losing its hard-won reputation for being national and international leaders in the way major events are delivered is a real risk. We could actually lose this status that we have, and we do not want to do that. The specialised people, who are dedicated staff, who are passionate about what they do, do not want that to happen either. The money returning to the Victorian economy from our industry over future years will vastly exceed the amount of the cost to support our industry now, and Victoria will hold onto its iconic and economic status as a world leader in live music and the arts. This is part of Victoria's culture and, vitally, economy which we cannot afford to lose. Everyone needs to go out and enjoy the release of seeing live music. It is something that we all have enjoyed for many years since the Sunbury pop festivals. They have been going for a long, long time in Victoria.

If there is no support for us and live music event supply companies close down, the vast and critical knowledge from our specialist professional staff will leave the industry and they will find employment elsewhere, or they will leave the state of Victoria to continue their careers and opportunities where it is more viable, like overseas or interstate. In fact I know some people who have already gone interstate to work because there is no work available here. Whether they will come back or not we do not know, and they are very important people in the industry.

Critical assets and specialised equipment, which companies like us have, which are necessary for concerts and other events to occur in the state, will be sold off to reduce debt. But it will not help because they will be sold at

minimal prices, so the companies will still incur debts for decades to come. There is a lot of equipment that is very specialised, and if it is sold off because a company is going under, it is not going to make the sort of money that it is worth and people are going to be picking it up at rock-bottom prices. This is an important thing. If companies fold now, they are not just folding, they are going under with huge amounts of debt. The critical assets will be sold off, leaving massive shortcomings in Victoria's live music and arts events sectors. It will take years, if not decades, to rectify. This will certainly lose Victoria its cultural reputation in live music, arts and events as a hub of excellence, nationally and internationally, as well as being economically disastrous for all of us in Victoria and the state.

While there have been programs at the state and federal levels to help the industry broadly, there remains a critical misunderstanding of exactly who we are in the industry and what support is required to keep this vital component of the industry afloat. Live music and event equipment supply companies are the foundation—or the structure, if you like—of all music events, concerts, theatre, comedy, entertainment, festivals, corporate events, sporting events, private events and some film and television events. They are all built on it. To put it simply, without the equipment that we supply and the dedicated and professional staff that make it work, the events will not take place anymore. They will not have the equipment to hire to use. So basically it is great supplying event companies and people like that with some form of support, but if we are not supported as well they have got nothing to hire to put their events on.

I would like to introduce Lawrie. He is the Director of Phaseshift, and he will provide you with some more detailed information about the challenge of keeping us going through the pandemic, what business owners and other workforces have had to do to survive the pandemic so far and how we are managing to only just stay afloat. So I will put that to Lawrie.

The CHAIR: I really appreciate your quite comprehensive overview of the industry and how your business is being affected, Mr Marko. And obviously you are a technician, so you have got experience in the actual field of carrying out the work. Lawrie, do you have anything further to add? If not, I might give Rocky an opportunity as well to say a few words from ExpoNet.

Mr VIDEKY: I have a little bit of stuff I would like to say, if that is okay?

The CHAIR: Yes.

Mr VIDEKY: My name is Lawrie Videky. I am actually the Director of Phaseshift Productions and the founder of Phaseshift Productions. Just as a brief overview, Phaseshift started as a hobby in the garage. Like many businesses, originally I was doing mobile discos for friends' 18ths and 21sts, local footy clubs, school socials—lots of functions. I started working in the pub band scene in Melbourne doing lights for bands, working regularly around town, gradually buying my own lights and then hiring them back to the bands that I worked with. This grew into a full-time career and soon expanded into the business that we have today with full-time staff and numerous casuals and contractors on our books. The company has become a major supplier of lighting equipment and crew for touring concerts, festivals, corporate events, theatres, school productions, outdoor lighting and anything where lighting may be required.

On the weekend of 13 March 2020, like many other companies, we saw all of our work start to get cancelled when it came to a standstill. Many clients thought that their jobs would still go ahead, but the dominoes all started to fall very quickly. I even had one client send me a text late on the Sunday night still hanging on as they were hopeful that their job would go ahead, but it did not happen. Gradually the job board with all the confirmed jobs got erased until there was nothing. We even had a tour on the road running at the same time that had already performed several shows, and they cancelled mid tour and the artist then got on a plane and flew home.

We have had to face many challenges due to the effects of the pandemic. Basically this includes all of our income falling to zero, the survival of the company, how we are able to support our staff, like Peter, and our families, and meeting all of our current financial commitments. Early on we realised the situation was getting worse. We had a meeting and we decided to reduce the hours of our full-time staff so we could plan for the oncoming months, which were unknown, based on reduced expenditure, outgoings and what we had left in the kitty. Our staff needed to get clarity for their own future and the effect it had on their own lives and wellbeing and how they were going to be able to support their partners, their families and their reduced wages moving forward.

Another issue was explaining to the banks and the finance companies about our leases—that we had no work, no income, and so making repayments might be an issue down the track. Many of them were understanding to a point and were able to give us the six months payment pause, but now they are all starting to knock again at the door. The hibernation period is nearly finished and they want their payments again. This is a very big challenge without work.

I think the lack of recognition from the government at both a state and federal level of the importance of the entertainment industry and the role it plays in the economy has been majorly overlooked. Now more than ever, under the current restrictions, there is a huge need for people to have music and arts in their lives, as Peter said, and to have an outlet even for a few hours just to get out of the COVID norm that was their restrictions.

We have had a bit of support from the federal government with the tax breaks, and the injection of subsidies from the state government, which we are very grateful for, but our industry especially needs all the financial assistance it can get and we will be the last ones back to full capacity. We were able to get JobKeeper for our full-time staff, which eased the weekly stress of finding money to pay for them. I think most of our casuals, in contrast, that we had on the books were able to get JobKeeper through their own channels. But that was also a concern of mine for their own welfare, because they were reliant on us as a supplier of their income. Today we actually received our final JobKeeper payment, so the onus for keeping my staff is totally on my head, especially when I have had staff like Peter for over 17 years and my general manager, who has been with me for 22 years. But as time goes on with no JobKeeper or financial assistance, this is going to make things a lot tougher for the business to survive.

There are a lot of prospective quotes for the second half of 2021, but unfortunately until the easing of the state and international borders—especially the international borders—there is not a lot of solid commitments for events or bookings. So diversification—I had to look outside the box to what we could do to generate some of our income. We have a few trucks in our fleet, and we were able to get logistics work subcontracting to a couple of transport companies around Melbourne. JobKeeper has paid for our staff to help drive the trucks, and the income from the logistics company has helped cover our overheads. However, again, without JobKeeper this will no longer be a viable option. At present I personally am driving our prime mover three days a week to supplement our overheads as well and to keep the business afloat. This has now become a great help, as we still have expenses that need to get paid every month, like rent, vehicle registration, insurance, utilities et cetera.

Also, working for someone else outside our industry, I have gained a realisation of how special and niche our industry actually is. I think we are very privileged to be in an industry where people are passionate about their job, love the environment and have a common goal about making the show happen. I actually miss the buzz of the factory, the people in it, the music they play at times and the life they bring to our factory and to the business. I feel very honoured to have the support of my staff for the welfare of the company and its continued existence after this setback. I also want to thank my industry peers and friends who have been calling on me to check and make sure I am doing okay, because it is very easy to get overlooked.

Just a couple of final points I have got. I have actually brought some supportive documents today to show how the COVID pandemic has impacted our business, which basically shows we are at least 90 per cent down on our turnover. So if you guys would like to see them—

The CHAIR: No, I would love to. Feel free to circulate them. Yes, please.

Mr VIDEKY: I am happy to hand them out. Obviously I would like them not to be in the public domain, that is the only thing.

The CHAIR: Yes. Could we maybe just pass it to the secretariat, then? Everyone, please hand these back to the secretariat after the committee meeting. We will look at it here and we will hand it back to the secretariat. If it is private business, I understand. It is confidential.

Mr VIDEKY: If anyone is interested, I can email.

Mr DAVIS: If the secretariat needs more, they will come to you.

The CHAIR: Yes. We will contact you if we need further information. But thank you for that, Lawrie. It is a very touching and personal effect it has had on you but also your staff as well. Do you have a just a couple

more points? And I might give a Rocky a brief opportunity as well. Sorry, Rocky. You have been patiently waiting.

Mr VIDEKY: So obviously, as we have tried to highlight, the reduction of our major core of work is basically because of the closures of international borders. That has caused the major impact of income being highly reduced. It is an acknowledgement that our production company, and other companies like ours, is a critical part of the supply chain for the entertainment industry. So without us, it would be like having no Linfox in the transport industry. So basically an example of this is like with Rod Laver or the Palais Theatre. Does Jimmy Barnes set up his own speakers and his own light show? As Peter said, it takes a lot of people—

Mr MARKO: A lot of people, as you have heard already today, I think.

The CHAIR: Yes, we did.

Mr VIDEKY: to bring people in, and it takes a lot of people in the background as well.

Mr MARKO: Yes. It is also the infrastructure behind it, the people that it employs. You know, it is a huge industry.

Mr VIDEKY: So the principle focus for us is to continue our business and to retain our staff, including the full-timers, the part-timers and the subcontractors, and, as Peter has also said, the retention of highly skilled workers that are very specialised in the field, with many having to find work outside our industry just to survive. Just as an example, I had my hire manager who was with me for 19 years. Basically the whole COVID situation came in and he had to reassess his life and take a job as a mature-age electrician apprentice, which was a real blow after that sort of time. And I could not say to him, 'Please stay', because I did not have any work to offer him, which was very disheartening. It is a very big challenge. So basically the critical thing for the Victorian government, I find, is to save face as the entertainment capital of Australia, not only from the economic point of view but for our own reputation. Again, I thank you for letting us speak today.

The CHAIR: Thank you, Lawrie, for all that—the human impact as well. Rocky from ExpoNet, would you like to add a few comments on the effect it has had on your sector? Obviously probably a lot of stuff overlaps between the businesses, I am guessing, the impacts.

Mr BRUZZANO: Our businesses are very different, as I will explain, but to introduce myself, my name is Rocky Bruzzano. I am the CFO of ExpoNet, and I have been working for the company for over 25 years. ExpoNet has been supplying products and services to the exhibition and conference industry for the past 35 years. We have branches in Victoria, New South Wales and Queensland. Prior to COVID-19 our Victorian branch in our peak periods employed 65 permanent and 40 casual staff, supported by over 150 contractors. Nationally we employ 180 permanent staff and 120 casuals, plus lots of contractors, as we have been discussing. Our core business is building the exhibitions, events, trade shows and conferences in all of the venues around Australia, including Victorian venues. We supply the products to build the entire show. For example, we take an empty hall at the Melbourne Convention and Exhibition Centre and build the complete exhibition, trade show or conference with our products—from the carpet on the floor to the booths, custom stands, lighting, signage, audiovisual and special features. ExpoNet is solely reliant on the exhibition industry. We build some of the biggest exhibitions and conferences throughout Australia, and during the busy times we can build up to 30 exhibitions and conferences in a month just in the state of Victoria.

The exhibition and conference industry is a multifaceted entity. It involves many forms of events—from trade shows, exhibitions and conferences like the home show, the National 4x4 Outdoors Show, Reed Gift Fairs, PAX Australia and many, many more. The exhibition industry is a very important and significant contributor to the state of Victoria, and Victoria has invested significantly in providing some of the best infrastructure in Australia to hold exhibitions, which is the MCEC—the Melbourne Convention and Exhibition Centre—a world-leading venue when you consider that all exhibitions and conventions require a venue to host them, labour to build them, exhibitors to attend them and, lastly, attendees or delegates to visit them. All of these participants travel from not just Victoria but from overseas and interstate, so you can see how the local economy will benefit from all the auxiliary services associated—travel, service, transport, airlines, accommodation, restaurants and cafes. And most likely attendees will stay on an extra amount of time to visit some of the local attractions in the area, which has a significant impact on the tourism industry.

With the arrival of the COVID pandemic, we were one of the first industries to be closed. We had to stand down all staff on 18 March 2020. As I previously mentioned, our business was delivering an average of 30 exhibitions a month in Victoria; then in March 2020 it went down to zero shows a month. As a result of COVID, for the past 13 months we have only built three exhibitions in Victoria, which represents 4 per cent of our pre-COVID annual sales, and next financial year we are currently forecasting—or we are hoping—that Victorian sales will be 40 per cent of our pre-COVID annual sales. In Victoria alone we have stood down 61 permanent staff. We have a core team of six people currently working and planning for the return of exhibitions. This is happening in New South Wales and Queensland, and we are seeing more work in those states, but unfortunately Victoria has been the hardest hit of all our branches.

The industry is very slowly returning; however, there is a significant lack of confidence from organisers and exhibitors and visitors. International exhibition and conferences will be non-existent to—at least in my opinion—2023 due to obvious reasons. With the instability of state borders and the risk of being trapped interstate, many participants are hesitant to commit to interstate exhibitions. Many exhibitions and conferences involve participants from all states, which is why it is vital our state borders remain open to industry. An example of this is April this year, just this month. We were building a national conference in Brisbane, which was due to open on 12 April. An outbreak of COVID resulted in a three-day lockdown in Brisbane. Interstate exhibitors began cancelling due to the uncertainty, which ultimately resulted in the cancellation of the live conference. As a result of the cancellation, ExpoNet lost \$50 000 in preshow planning expenses. Organisers and exhibitors also incurred expenses that are not refundable. With this in mind it is easy to see why the industry is nervous to commit to large or smaller events in the current unstable environment.

One of the unfortunate consequences ExpoNet is facing is that we will be inheriting a COVID-19 debt. The challenge we have is we need to keep this COVID-19 debt as low as possible, because each month whilst our sales are non-existent the debt accumulates, and if it becomes too high, it will become unserviceable. Over the last 14 months we have worked very hard to remain open. We have utilised all our cash reserves. We have negotiated rent relief from our landlords, negotiated settlements with our suppliers. All staff are currently working on heavily reduced pay.

Due to pre-COVID financial results, we have received very little support from governments, including the Victorian, New South Wales and Queensland governments. We did receive assistance with JobKeeper, but other than being able to stay in contact with staff it did not contribute anything to the business as we had no way of generating income from it. Employers with an annual Victorian taxable wage of up to \$3 million are eligible to have their payroll tax for the 2019–20 financial year waived. This is a great initiative, but because our Victorian taxable wages were greater than \$3 million, we were not eligible for this program, even though we have lost 100 per cent of our revenue.

Our industry needs targeted and temporary support. Without financial relief ExpoNet and the chain of suppliers will find it extremely difficult, if not impossible, to survive the next six months, especially in Victoria. Temporary and targeted support is required for our industry, and we recommend the following actions to be considered: for businesses who have continued to experience a loss of more than 50 per cent of pre-COVID revenue, to provide a wage subsidy for full-time employees; rental assistance, because we need to keep our warehouses open; perhaps some form of financial grants to assist our cash flow; review the payroll tax wage scheme—it would be nice if we were included in that; and for the Victorian government or the federal government to underwrite insurance in the occurrence of a cancellation of an event due to COVID-related risk.

In conclusion, I would like to thank you for taking the time to listen to the current plight we find ourselves in in the exhibition, event and conference industry. I am sure that if we all work together there will be a solution that not only will benefit our industry but especially will benefit the people of Victoria and the rest of Australia. Our staff, appliance suppliers and landlords have made their contribution. We now ask that the Victorian government do the same to complete the circle of support. This will help this 35-year-old business survive, and once again we will be able to contribute to the Victorian economy and actively employ many hardworking Australians.

The CHAIR: Thank you, Mr Bruzzano. That was very informative, and I realise the size of the business—employing 180 people permanently before the pandemic. It is an amazing business, and obviously it has been one of the most greatly affected. I might start off by handing over to Mrs Bev McArthur on our committee to ask the first question. Please go ahead, Mrs McArthur.

Mrs McARTHUR: Thank you, Chair. And thank you, gentlemen, for your very heartfelt and honest submission on the state your industry is in. It is an appalling situation brought about by government decisions, actually. And who knows? This government have decided that they need emergency powers through to December, so at any stage they could still lock us down. We have not had a case for 45 days, but how long are we going to be in this situation of uncertainty when we need to get Victoria back up and running?

There has been a far different approach in New South Wales, we have noticed, to how business and industry can keep going. So really, sure, you might need some immediate targeted financial assistance, but don't you really need state premiers to be able to say, 'Well, we're going to have to manage this pandemic without these constant lockdowns and changes of rules and regulations and requirements'? Because you cannot have a situation where you need to go interstate for work or your workers need to travel interstate for an event and then get locked down in two weeks of quarantine. We surely have to end this scenario so that everybody's business can get up and running and operate, obviously in a safe manner, but without these instantaneous lockdowns with very little notice that affect your industry so severely.

Mr BRUZZANO: I totally agree with that. We definitely need all the state premiers to have a common ground of keeping the industry or the borders open, because the minute the borders do close—the lack of confidence in our industry is paramount. The exhibitors just will not attend, and organisers are scared to even hold an event as it takes many, many months, if not years, to hold a show. So once the state governments have their act together, it is not that we just automatically turn on a switch and the next day we will have a show or an exhibition at the Melbourne convention centre. It does not happen. It takes time, and that confidence needs to be there. So obviously that is vital, but companies like us—we just cannot wait around forever for that to occur. We have already been waiting for the last 13 months. We have used all our cash, and decisions need to be made: what do we do with our business moving forward? We know the work is going to be there in the future, and we would like to be there in the future, and one way to do that is unfortunately—I know governments do not like it—we need some support financially. I am the CFO. I am the bean counter. I know where the money is going, and there is no money coming in. All the money is going out, and it has been going out for the last 14 months. We need something to steady the ship, as it were.

The CHAIR: Thank you.

Mr VIDEKY: I think we have the same sentiment as Rocky. Basically we need an injection now; we cannot sit around waiting.

Mr MARKO: There are companies like us closing as we speak.

Mr VIDEKY: The other side of the coin is that our business is very seasonal too, and our peak period is basically September through to March. When the pandemic hit, as I said before, everything was like D-day. Everything shut down. It was not just our company, it was global—over the whole world. So I think the injection of some sort of funds is definitely vital to keep us afloat. From our point of view, for the touring bands with international borders and touring bands even locally, the promoters need some sort of certainty now to book the acts, because they cannot book. Previously, as you heard, Bluesfest was cancelled on the day prior to the doors opening. They had already set up all the equipment. The stages were ready. The lighting guys had been in there the night before programming all the lights. Catering was in. All the food vendors had bought thousands and thousands of dollars of food. What is going to happen to that? That is probably just going to get tipped into the bin. Have they got insurance for that and all that sort of stuff? Is the promoter getting backing to get refunded or get support to help all the contractors, or are they just going to go, 'Sorry, so sad'. This is the second time this has happened to Bluesfest. How much money does he have in the kitty that he can sustain that? Or he just says to the production suppliers and everybody, 'Sorry, I've got no money left. You can sue me if you like'. There is no confidence.

Mrs McARTHUR: Perhaps it is the state government that needs suing.

Mr VIDEKY: Look, as Rocky said, this is across the board. It is an Australian thing. It is not just Victoria; every state needs the certainty for the bands and the acts and expos. They all need to be able to travel interstate without having any lockdown at one time.

Mr MARKO: And I think what you say about the borders is for sure, if they can be open. I think the key to what you are saying is if they can be open safely. I mean, if they are not open safely and we are thrown back into lockdown again, then the whole process starts all over again. So we have got to manage it in a way that is

going to allow what can happen to happen without destroying the industry entirely again, and the only way to do that is with immediate support for the companies that are suffering.

Mrs McARTHUR: The virus pandemic could go on for years.

Mr BRUZZANO: And that is why, with the virus pandemic, we have to live with it. It is not going to go away anytime soon. The vaccine is going to take as long as it needs to take. So if there is, as we have said, as I mentioned before, an insurance policy or something that people can go to—we will do our best; we will organise our events and everyone gets involved, but if disaster strikes and there is a health issue that the government has to act on, then so be it, it acts. But then companies like us and exhibitors and organisers, who have just spent so much money to hold the event that is cancelled, can get paid. At least then: ‘Okay, that didn’t happen; let’s move on’ and we are still alive. So if you had some type of an insurance scheme involved, plus the borders remaining open, that will be a massive help to the industry—to all industries, I believe. But some cash injection would be also nice.

The CHAIR: Thank you for that, Mrs McArthur. I might hand over to Ms Lovell.

Ms LOVELL: Thank you. I would just like to explore what we have just been talking about a little bit more. First of all I would like to ask you what your confidence level is at the moment. In planning for events et cetera, what is the confidence level of the industry?

Mr VIDEKY: I do not think there is a huge confidence, to be honest. We are sort of more down the food chain as a supplier in the supply chain, but for the promoters trying to book the acts and book the bands—from hotels through to catering to security to the venues—I do not think it is 100 per cent. There is not a lot of confidence just yet.

Ms LOVELL: So would it be 30 per cent? Would it be 40 per cent?

Mr MARKO: It is hard to put a percentage on it.

Mr VIDEKY: It is hard to put a percentage on it. But I think also for a lot of the venues and some of the people I have talked to who have venues there is a very big segregation, because some of the venues are classed as seated venues, and some of the venues are classed as standing room only. When you go to the standing room only, it changes the whole per-square-metre ratio, and the seated venues can put more in. We have very close ties with the Palais Theatre. We are the preferred supplier, not to say exclusive.

Mr DAVIS: They have a capacity of 2800.

Mr VIDEKY: As a full capacity, and they got reduced down to well under 1000. They have been working to get those numbers back up. But again the certainty for the promoters coming into the venue, there is no instilled confidence. We have actually worked with the Palais Theatre—myself and the sound company—to structure a way where it is basically bums on seats per dollar. So instead of saying to the promoters, ‘It will cost you \$10 000 for lighting and sound’, if you get 1500 people come in through the door, then you pay X amount of dollars for that. And I think that is what we have tried to work with, because they want to get people back into the venue as well; they are very keen. They have got their lease that they have to pay as well and all the running costs of the venue. They have got their own staff, so they have got to try and promote the venue the best way they can to the promoters to instil confidence and say, ‘Come back to our venue. We want you to work. We want to get the gigs happening again’.

Ms LOVELL: Also Mr Bruzzano seems very keen on an insurance-type scheme, but you mentioned some sort of injection of funds. What do you think that injection of funds looks like? Is that a grant from the government, and if so, how much? Is it an interest-free loan, or is it the underwriting of your costs if an event is cancelled by the government?

Mr VIDEKY: Well, I think to go into another loan, from a business owner’s point of view, it creates another load of stress, and that loan might go out to 10 years or something like that, and you are thinking, ‘I’ve got to keep working to pay off this loan’.

Mr MARKO: I think we need something similar to the JobKeeper thing that we had where there is—

Ms LOVELL: From the state.

Mr MARKO: some sort of state input that is going to help support the employees and the company through the tougher period, whether it is the next three months or the next six months, until such time as the work is picking up enough for us to support ourselves, which hopefully will be sooner rather than later. There are lots of different ways you could do it. You could have a percentage of the company's overheads as a basis of the figures that you take, and whatever that percentage might be might help support them with their overheads. You could have—

Mr DAVIS: A kind of base overhead cost.

Mr MARKO: Yes, something along those lines. Or perhaps for the employees you could have a percentage of their full-time wages given to them so that they can come in and actually do works that are required to keep the company going, like maintenance. We could get a lot of the part-time staff in if they are given a percentage of their wages. It has to be enough to be able to support the company for three or four days a week so that they can come in and actually do the work that is required, the maintenance to look after the equipment. It has been sitting idle for a year, and this is the sort of gear that needs regular overhauling, maintenance, lubrication. It is all moving parts and sophisticated electronics—all sorts of things. If we can get some of the casual staff, some of the road crew that have been out of work for a year, if we can employ them with help from the government, at least they are working in the industry by working on the equipment they are used to and it is giving them some form of purpose, as well as keeping ourselves employed and keeping the company going so that when things do pick up we have got the ability to go straight back into it and make sure everything is working the way it should. I think some form of help like that would be beneficial not just for us but again for when once things have picked up to make sure that we are that pivotal rock, the musical event place in the country as well as worldwide.

Ms LOVELL: You are the magic men.

Mr MARKO: There are people around the world who look at us as the music capital.

Mr DAVIS: The place to be.

Mr MARKO: The place to be. In fact the music industry pre COVID per year was making more money and putting more money into the economy than all of our sporting together does, and we are known as the sporting capital of the world. So it shows how much is involved in the music industry.

Ms LOVELL: We are also the events capital. You have Pink here, and she plays how many concerts was it in a row? There are always more concerts performed in Melbourne than performed in any other state, because the crowds turn out here. We love it.

Mr MARKO: And the performers know the quality of the production that they are getting in Victoria and that the people behind it have been doing it for a long time and are very good at it and passionate about it. So therefore that helps give Victoria the reputation that we have, and we do not want to lose that, because it has taken years and years and years to build it to what it is now and it is a huge part of our economy.

Ms LOVELL: And building it back is maintaining people like you, because we cannot build it back without that expertise.

Mr MARKO: Yes, and not only for that reason, because people like us are the ones who are training the younger people who are coming into it and wanting to learn and be part of it. So you need the people with the experience who have been there and got the hands-on experience over the years to train the young people to do the job, and without us there, if we all go off and find other jobs because we have got to pay our mortgage or support our family, then there is no-one left to do it.

Mr DAVIS: And it is going to take years.

Mr VIDEKY: Yes, and as the technology gets more and more, a lot of the younger guys coming through, as I was saying to Peter in the car, are not just technicians but they are actually becoming computer people as well, doing IP addressing, networking. A lot of the systems are highly computerised.

Mr MARKO: All very specialised.

Mr VIDEKY: Yes. When you go to the concerts it looks like it is a basic thing, but technically behind some of this stuff there is a lot of stuff going on.

Mr MARKO: You see all those screens putting up all the video footage and all the lights doing what they are doing on top of you. It takes weeks and weeks of preparation and a lot of people sitting down behind computers making it happen.

Mr DAVIS: But just back to an earlier point and the Palais and just with the numbers, they have got a normal cap, as it were, for fire and all those sorts of things. You cannot go over that. But moving away from that, I was down there the other night and along the top deck of the stalls there were four couples, so eight people along that huge sweep.

Mr VIDEKY: Were they in the dress circle?

Mr DAVIS: Yes. It cannot possibly work; the economics just cannot work on those sorts of things. You know, have you seen this around the state with these types of ratios that just make it clearly—

Mr VIDEKY: Well, in—

Mr DAVIS: And we are worse here, aren't we, than the other states? They are much tougher.

Mr VIDEKY: Yes, look, we are. Definitely. There are some other venues I think in Queensland and stuff where the capacities are different. I mean, I have not been out to those venues and stuff like that, so I am only sort of speaking from—

Mr MARKO: It is hard, really, to compare, because until this month there has been basically nothing happening.

Mr DAVIS: Here?

Mr MARKO: There has been no work in Victoria.

Mr DAVIS: There has been stuff happening elsewhere?

Mr VIDEKY: Yes. And they have pretty much had not a free reign, but they have had—

Mr DAVIS: A fair bit of—

Mr VIDEKY: a fair bit of stuff coming through on a regular basis. And I think just trying to get the venues opened up to let the bands come in, the acts come in—

Mr DAVIS: Makes it viable.

Mr VIDEKY: It makes it viable, you know, for smaller pubs and stuff. And I know—when we were watching before—the restrictions that the Victorian government is placing on having festivals and entertainment are very stringent. And also it is fluid too. It does change. I was speaking to a safety officer the other day about COVID safety plans and stuff, but things actually change on the day. How do they manage that? So it has got to be—

Mr DAVIS: They have got to give lead times and explain stuff. Have you had explanations of these things? Have they been provided to you? Have you been able to communicate with the officers in the towers?

Mr VIDEKY: Yes. We have COVID-safe plans and all that sort of stuff that we have had to—

Mr DAVIS: Have you been able to talk to them?

Mr VIDEKY: To the safety officers?

Mr DAVIS: No, the Department of Health.

Mr VIDEKY: Not me directly. Not personally. But we have done through safety officers and stuff that are implementing these COVID safety plans for our entertainment sector. I know it does change very, very rapidly as well. Each day there is some sort of a new—

Mr DAVIS: And the safety officers are with the venue, or—

Mr VIDEKY: Well, they might be an external contractor too. To give you an example, at Rochford, say, we did the Sounds Better—

Mr DAVIS: The winery, yes?

Mr VIDEKY: The winery. We did Sounds Better Together. We did that show. And that was the first show that we have done, the first outdoor festival, I think, for well over a year. The morale that was there and the crew that turned up, everyone—

Mr DAVIS: Very excited, yes.

Mr VIDEKY: Everyone was just very, very pumped. There was no whining and carrying on, complaining ‘I’m too tired’, and everyone was just very excited to actually go and do a gig, because that is what these guys do. We do. But in saying that, they might employ a subcontracted safety officer, a COVID marshal that will come onsite to make sure everyone is compliant to the DHS and everyone is following the rules with numbers, with seating allocations, all that sort of stuff too, yes.

Mr DAVIS: You have not had experience with that engagement between those officers up to the department?

Mr VIDEKY: Not me personally directly, no.

Mr DAVIS: That is all right. I am just trying to understand, yes.

Mr VIDEKY: There is like a third party that basically will oversee it, yes.

The CHAIR: I might just ask a question to Mr Bruzzano actually, because I think you are running a bit of a bigger company, a more nationwide company—although I guess, Phaseshift, you guys are travelling nationally too from time to time. What has been your comparison I guess in terms of exhibitions? Are other state’s exhibitions being held more broadly or is it unique to Victoria? I guess you are probably looking at your market segment internationally. What is happening with ExpoNet internationally as well as nationally? Is the effect you are seeing the same everywhere or are there nuances?

Mr BRUZZANO: Definitely. In New South Wales, for example, we started some work this month, which is really good. We actually built the Royal Easter Show, which was great. And so in New South Wales over the last two months it seems like there has been a bit of a pick-up and a bit of a good push. Same thing with Queensland. Queensland was doing very, very well, but there was a bit of a setback with that three-day lockdown because we have pretty much lost all our April shows, which was very disappointing. But hopefully that was only a little setback and Queensland can bounce back pretty rapidly.

At the moment in Victoria we have not built anything. We hopefully will be building one or two small events at the moment in Victoria. What has happened in Victoria is the multiple lockdowns definitely have had an effect on confidence for organisers to actually organise. At the beginning of the year we did see some shows in Victoria still cancelling and postponing to a later part of the year, so that has occurred. But one encouraging thing is the COVID situation, for example, in New South Wales. We know there is confidence in New South Wales not to shut down the borders very quickly, so we are seeing exhibitors supporting these shows, and we are seeing visitors. I think today or yesterday we opened up the caravan and camping show, and the line to get to that show is out to the street almost. So visitors want to attend these events. Events are alive and well if we are allowed to hold them. The exhibition and conference industry is alive and well, but we just need the opportunity to start building in Victoria. And it will happen; we just need the support from a scheme of some sort, like an insurance scheme, as I actually said, so people will have the confidence to start organising. And also for suppliers like us, where our debt levels are going higher and higher, we just need to stop those debt levels so we can continue on. But overall it is a buoyant industry. We just need to get on with the job.

The CHAIR: Thank you, Mr Bruzzano. Do committee members have one final question? Otherwise we might wrap up for today, because you are our sixth witness. It has been very important. I really appreciate the candour from all witnesses about the impact it has had on your private businesses. I really do appreciate the perspective, because it is a personal perspective. You are private, normally very commercial, enterprises which are quite successful in your fields, and obviously you have been disproportionately affected by the pandemic and the policies regarding that. So I really appreciate your input and your candour.

On that point, I would like to conclude today's hearing. Thank you.

Committee adjourned.