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THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON FRIDAY, 24 SEPTEMBER 2021.

REVIEW OF AUDITOR-GENERAL'S REPORT NO.4 OF 2016-17: EVENT FUNDING

Ms JACQUI ALLEN, DEPUTY SECRETARY, CULTURAL AND TOURISM DEVELOPMENT, DEPARTMENT OF STATE GROWTH, AND **Mr ADAM SPROULE**, DIRECTOR, EVENTS TASMANIA, WERE CALLED, MADE THE STATUTORY DECLARATION, AND WERE EXAMINED.

CHAIR - For the benefit of the new staff at the table, this hearing is recorded; it is a public hearing. Evidence taken is covered by parliamentary privilege while you are in front of the committee. It will form part of our report.

Minister, we hope to work through the recommendations one at a time. You have provided an update to us in writing, but it would be good if you could expand on each of the recommendations. I invite you to make any overarching comments before we start.

Ms COURTNEY - Given the time, I will be very brief, and then ask Ms Allen to run through the details.

This is an older audit than we talked about earlier, so there have been substantial changes. I am also conscience that the time this audit was done and the period it was looking at was at a time when there were changes in the structure of the department. Substantial structural changes were occurring. I am very confident in how they have been implemented and the recommendations and the way we embed those in decision-making, particularly the recording of decision-making. I am more than happy to go through each recommendation. Perhaps I will ask Ms Allen to lead with further information and perhaps Mr Sproule can talk to that as well.

CHAIR - If you start with the first recommendation, which was all documentation related to event funding decisions to be retained. It seemed that the Auditor-General couldn't find some of it.

Ms ALLEN - Correct.

CHAIR - Perhaps you could explain what has occurred since then.

Ms ALLEN - The context to that, as the minister said, was the formation of the Department of State Growth and bringing together two separate records management systems. We were challenged in tracking down some of the supporting documentation. A number of things have happened, subsequent to that audit recommendation.

The first is that the Department of State Growth has instituted a common records management system, Content Manager, and we have also implemented a grants management system. Amongst other things, the purpose of the grants management system is to ensure that as we step through all the processes of receiving, considering, approving, awarding a funding agreement, that we are attaching the appropriate documentation at each of those stages.

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Subsequent to implementing the whole-of-agency grants management system we have also adopted a whole-of-agency grants management framework to ensure that across all the different business units in State Growth we are adopting a similar approach in how we manage our grants and to ensure that we are dotting all the i's and crossing all the t's in relation to Treasury instructions and record keeping.

CHAIR - In chapter 2 of the report the Auditor-General went through a process by which you could draw up a possible framework to consider the net benefit. Has a framework or an approach been adopted in the department to look at net benefit? It is interesting to read the work he has done at some of the events, including some I was involved with, which showed great benefit.

Ms ALLEN - It was an interesting process to go through. It was interesting inasmuch as the Audit Office did develop their own return-on-investment calculations and apply those against the decisions that had been made.

Some of the things we formalised in this process is considering the applications that come before us. Where we have ongoing arrangements with organisations, we have formalised that documentation about previous performance to allow us to use that to validate the prediction about previous performance and we also quite explicitly consider a return on investment. We are challenged in fully capturing that return on investment, as the Audit Office outlined in their calculations but, nonetheless, we do apply a formula against projected numbers of people attending events - the average length of stay and average expenditure which allows us to run that kind of base quantitative return on investment calculation.

CHAIR - The Auditor-General did go some way to try to describe ways of not only capturing the economic benefit but the social benefit and other community benefit as well. Are you undertaking work along that line?

Ms ALLEN - One of the other things that is important to note is that one of the findings of the audit was they wanted to see a clearer correlation between government policy in relation to funding events and those funding decisions.

At the time of the decisions about the events that were under audit, the Government didn't have a clearly articulated policy around events. Now we do. We have a range of simply explained criteria, which is an events ability to get people to travel to Tasmania, to get people travelling around Tasmania, and to get people talking about Tasmania. Their assessment of that has both quantitative and qualitative aspects and those discussions are taken into account in the preparation of recommendations for the Major Events Group to consider event applications.

CHAIR - I take it No. 1 is completed?

Ms ALLEN - Yes.

CHAIR - Recommendation 2: Qualitative criteria, including at least alignment with government policy - which we have just talked about - and effective management of the event being performed prior to agreeing to fund events. You have provided quite a bit of information there. There has been a lot of change. Could you expand on qualitative criteria that is assessed and how you measure outcomes?

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Ms ALLEN - I will talk to the assessment process and then I will invite Adam to add any more comments, particularly around the exit reporting and the acquittal stage of the project.

We take into account the funding history and the performance history of the event. We make assessments about the capacity of the event organisers to deliver the event as they have articulated it. Because the policy is primarily premised as a visitation attraction policy we do preference those visitation criteria. Nonetheless, we recognise that there is a range of other outcomes for the event and that is generally documented in the recommendation to the Major Events Group and it is part of that discussion.

One thing we do try to achieve across the Events portfolio is a broad distribution of events. We are also trying to manage the seasonality of events; obviously, events are very important in low and shoulder seasons in encouraging people to visit Tasmania. We also look at the make-up of the portfolio of events - the kinds of activities and the kinds of people that they are appealing to. Do we have a special calculation that can measure that? No, we do not, but they are very much a part of that discussion and that consideration by the Major Events Group.

Adam, is there anything else you would like to add?

Mr SPROULE - No.

CHAIR - Are you able now to create a clear connection with government policy that was not possible previously?

Ms ALLEN - Yes, we are.

Mr SPROULE - At the commencement of every contract, we make every event do what is called an 'establishment report', which links the outcomes that they have committed to through the application process, and outline to us how that would extend over the course of the contract, whether it is one year, two, three, five. That is directly linked back to, from our perspective, whether it is the T21 framework - which is the visitation policy - or our own events strategy. So, there is a clear line of sight between the contract and government policy.

CHAIR - How do you assess that line, then? Is that completed?

Ms ALLEN - We would say yes.

Ms COURTNEY - Complete and ongoing. I guess with all of them it is around embedding a process.

CHAIR - Okay. Number 3, Quantitative assessment, preferable cost benefits analysis - which I referred to earlier; chapter 2 of the Auditor-General's report - be performed wherever reasonably possible prior to agreeing to fund events. You have made some comment on that. Ms Allen, do you want to add any more to that?

Ms ALLEN - I am not sure what more I can add. As I said, we are far more explicit in our calculations and our noting of the proposed financial return on investment. We do include, I guess, more qualitative criteria on some of the other impacts, but we are principally focused around the policy objectives, as we have articulated in our events strategy.

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CHAIR - I declare an interest in The Unconformity festival here. Our festival is in two weeks. COVID-19 is a real thing, and the compliance required at a tier-three event - or whatever - means the chances of running to budget are quite low. I am sure other events that are happening during this period would be the same. What sort of mechanism are you using now to deal with that?

Ms COURTNEY - I will have the department talk in more detail about the strategy that was used, but more broadly, over the past 18 months I have worked really closely with the events that were either hit right at the beginning, or were occurring that year. We had a lot of contracted events, and for many of them a lot of expenditure had already happened and they had to cancel at quite late notice.

We worked proactively with them, but we also had a clear strategy for that. It was not an ad hoc approach, because we wanted these events to have longevity. We also understand that for events to happen successfully and into the future, they need to maintain the capacity that they have in their people. I will get Ms Allen to talk a bit further about the strategy that was used.

Ms ALLEN - Sure. We had an agreed approach for working with our events. As the minister said, it was primarily premised on recognising the uncertainty of the environment they were working in, and wanting to maintain those ongoing relationships. Certainly, going through the last 12-month period, we would still prepare our return-on-investment thinking, but I think it is accepted that a number of factors outside the control of the event would impact on their attendance and their return.

CHAIR - I am talking about the cost, as well as their attendance. The compliance costs are quite significant.

Ms ALLEN - Absolutely, so we work with each of our events on a case-by-case basis. There is obviously some guidance through the Government's events framework around the different tiers of events. I think we would recognise that given the restrictions and uncertainty about what the situation is going to look like, it is important for the events to make that decision about the level of financial of risk they're prepared to take. That happens in conversation with us.

We have regular contact with all our ongoing events clients, and we work closely with them to try to understand the different impacts of the COVID-19 arrangements that we have put in place.

CHAIR - We will go to Recommendation 4, Exit reports for funded events to be routinely compared with the information used to make funding decisions. In the Auditor-General's report on page 26, one of his conclusions stated: 'Despite an exit report being required and obtained, no evidence was provided that 13 of the 19 post-event evaluations had been performed.' Can you update us on what the process is now, in addition to what you have already provided here?

Mr WILLIE - Or why the 13 weren't provided. Did they not exist?

Ms ALLEN - It speaks to the record-keeping challenge I mentioned at the beginning of the hearing. We were unable to provide those reports in the form the Audit Office required.

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Those processes are carried out, but we were not able to produce the documentation, which is why the finding has been written in that way.

All our events are required to provide us with annual reports. If there is a three-year event contract, part of the process - as the Audit Office noted about our risk management - is that there are milestone payments that are delivered during the contract. The trigger for those milestone payments is an annual performance report from those events. At the end of the three-year contract, there is an analysis of the whole contract.

We undertake external validations of some of that data for a selection of our events, and we have an ongoing contract with a market research firm that helps us do that. We have also formalised our process, in that a key part of the documentation, and the Major Events Group considering whether to support an event, is that reporting on their performance over the previous contract.

When we are talking of new events, that is a bit more challenging. Where they are events that have been delivered in other places, we are able to make reasonably good assumptions, but we then move to develop that body of information about the event, and work with those organisers over the long term.

Mr STREET - The report read more as though the events had happened, the funding had been paid, and the organisers had cut and run without doing the exit report.

Ms ALLEN - Yes.

Mr STREET - Is that the case?

Ms ALLEN - No.

CHAIR - In broad terms, the Auditor-General's report, didn't make a recommendation regarding this, but with regard to risk management, you made some comments, minister, about the organisations putting on the events having their own risk management. We wouldn't be funding something that didn't have that, obviously. That was accepted and included as part of the process.

The way I read it, the Auditor-General was suggesting that the department hadn't undertaken a risk assessment of the risks of funding that project - not so much the risks that the festival or event or performance posed. Maybe it was more about the reputational risk. For instance, funding for Dark Mofo, if they had a very controversial event, that may have created a reputational risk back to the Government - those sorts of things.

Is there any work done by the department about risks to the department or the Government in decision-making about funding for events?

Ms COURTNEY - I might talk broadly, from a policy perspective, and perhaps Ms Allen and Mr Sproule can then talk to it. When we're looking to fund events, the advice that comes to me and to the Major Events Group won't go to the specific content of an event and what each artist is going to do, but it does speak to the type of event it will be. Whether the content is going to be desirable for people to look at drives a lot of the interstate and intrastate visitation.

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As well as being there at the beginning as a funder, Adam and his team work very closely all the way through with event organisers, and that is one of things Events Tasmania does very well. That is always the feedback I get from organisers. I had very positive feedback recently about Adam and his team is the fact that Events does not write a cheque and say, 'Here you go and let us have a report at the end'. We partner with organisations all the way through because of their differing capacities. We can work with them. With the expertise that we have with Adam and his team, they play a strong role in being able to help and advise.

You flagged controversial content flagged. As a government we do not want to be censoring artists. We've seen a range of art that has generated a lot of interest, and I don't think that is necessarily a bad thing at times. Also, we work very closely with organisations because we want them to be sustainable. We don't want them to have a misstep as what they do has ramifications for the reputation of that event in the future. We really back these events. I guess that what you are talking about in terms of content, but that broader relationship happens throughout all parts of the events. Because of the types of events that Events Tasmania supports and works with, from small community events to very large ones, the insight that they have into where the risks are within a festival are very high. So, they are very good at being able to work with Events and in being able to assist them.

One of the events rounds that we have had recently for smaller, more community events, has been funding around how we build capacity within events as well. We know that for a lot of the small community events around Tasmania, a lot of people are volunteers. So, that multi-year funding partnership that we have out at the moment is very much around building a capacity for an organisation so that it can make good decisions, whether it is marketing, or auditing, or HR, or crowd management. We want to build capacity across the events sector. I am not sure whether Jacqui has any further comments.

Ms ALLEN - To respond to that particular audit finding. It is a similar issue to the one we discussed earlier.

My recollection of the audit report is that it noted that there was an assessment of risks and in the many ways those risks were managed to the contract documentation. I guess what we did not have was all of that pooled together in one place, attached to the piece of paper that the Audit Office was looking for. So, again, as part of our process we formalised a way to bring all of that thinking together. Our risk management, as the minister said, is carried out informally through the very close relationships that we have with events. We encourage them to talk to us about problems, before they become bigger problems. Also, they are formally managed through the contract documentation that we prepare, but again, formalising that documentation around the risk plan is now embedded into our process.

CHAIR - Some of the smaller committee-based volunteer organisations often struggle with public liability risks. Is that part of the risk assessment process and looking at mitigating risk when someone falls off something and injures themselves, or whatever?

Ms ALLEN - There is a requirement for the events. Do you want to speak to that, Adam, around the insurances?

Mr SPROULE - We require all events that we contract to have public liability to a threshold level, which requires the event themselves to undertake a risk-assessment process of their event. Depending on the nature of the event we may request greater controls, for instance,

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car racing, those sorts of things. Where we deem them to be of a higher-risk threshold we will go further on that.

Sometimes we will assist smaller events through that process because we understand if you haven't done it before. It is a specific skill set and it is an important one that Events consider.

In terms of our own internal risk assessment, we have quite a structured risk framework that looks at both operational and strategic risk across our programs. That is where we look at all the programs and that is where we cover things with strategic risk for instance, like you mentioned before about reputational risk and those sorts of things.

On an individual basis every application that we see and send to the Major Events Group has an individual risk assessment done. That's where we might highlight things like this event by nature of being a public event in an unregulated area might require further controls and we recommend that this level of public liability insurance be obtained because we know that level of public liability insurance requires a high threshold of compliance.

I like this area -

CHAIR - It takes all sorts, doesn't it?

Mr SPROULE - I genuinely believe in it. I know the event you have worked on. It is a major consideration to that event.

CHAIR - Certainly some of the events that are offered. Great fun though.

Mr SPROULE - Yes.

CHAIR - Thank you, minister.

THE WITNESSES WITHDREW.