

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2020-21 (Pearson)

Melbourne—Tuesday, 1 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 Vallence

WITNESSES

Mr Danny Pearson, MP, Minister for Creative Industries,

Mr Simon Phemister, Secretary,

Mr Andrew Abbott, Chief Executive Officer, Creative Victoria,

Ms Jane Crawley, Executive Director, Creative Victoria, and

Mr Max Coffman, Executive Director, Creative Victoria, Department of Jobs, Precincts and Regions; and

Ms Caroline Pitcher, Chief Executive Officer, Film Victoria.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2020–21 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

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

We ask that telephones be turned to silent.

All 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. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

Minister Pearson, we welcome you again, this time for consideration of the creative industries portfolio. We ask that you state your name and department for the record, and we welcome your officers as well. We ask you to make a 5-minute opening statement, and this will be followed by questions from the committee. Thank you.

Mr PEARSON: Thank you, Chair. It is a delight to be here on a Tuesday night.

Visual presentation.

Mr PEARSON: Our creative and cultural experiences are an important part of our way of life in Victoria and our economy. Like many industry sectors, 2019–20 is a tale of two very different creative sectors. Pre-pandemic it was a story of growth and development, much of which ground to a halt when closures, cancellations and shutdowns came into effect in March.

This year got off to a strong start. The economic impact of the creative sector reached \$33.9 billion, up 29 per cent over five years. The creative industries represented almost 8 per cent of our total economy, putting it alongside construction at \$34.8 billion and manufacturing at \$30.6 billion. Jobs growths were also significant. The creative sector employed 292 000 Victorians, 8.6 per cent of total employment. This figure has increased by close to 50 000 jobs since 2014–15.

Creative and cultural activity continued to engage with Victorians of all ages and of all backgrounds in all parts of the state. We celebrated the completion of the State Library of Victoria's transformative Vision 2020 project and the Geelong Arts Centre's Ryrie Street redevelopment—setting the scene and providing \$120 million in funding for the next stage—and continued work on ACMI's \$40 million renewal.

Off the back of this strong result, we were working to develop a new statewide strategy that would build on the growth and success and take the sector to a new level. Once the pandemic was declared, the necessary public health measures and restrictions had an immediate impact, and our creative sector was one of the first and hardest hit parts of our economy and our community. Venues across the state closed. Festivals, gigs, productions and events were cancelled, and the revenue streams dried up overnight. This had a deep impact on creative organisations and venues and on creative practitioners and trades who operate freelance and rely on

performances and events for their livelihood. The ABS reports that since March one in four workers employed in the arts and recreation sector has lost their job. Thousands more lost work, exhibitions and performance opportunities. There is no part of the creative industries that has not been affected, from live performance to film, fashion and architecture. In the screen sector alone it is estimated that the industry took a \$2 billion hit, affecting 20 000 workers.

Throughout 2020 we have been working closely with the sector to identify areas of need and key support mechanisms. In April the first sector support package was announced, which included the establishment of a specialised funding program for independent creative workers and microbusinesses to work, adapt and develop their skills. This \$4.7 million program provided 771 grants. We also provided grants through refocused existing programs, and commissioned creatives to keep working through the Rising festival and Victoria Together online platforms.

The 2020–21 Victorian budget builds on the work undertaken earlier this year by providing record investment in the creative industries, including investment in infrastructure, in creative organisations and businesses, and in creative workers. The budget reflects work to support sector survival, adaptation and reopening, and a significant package focused firmly on the future. The budget includes \$94.5 million in initiatives outlined under the experience economy survival package. This is funding that has been provided since July to support solvency at state-owned creative agencies and key independent arts organisations. This has meant that these organisations have been able to protect their staff and keep working and employing creatives behind the scenes. This package also includes our groundbreaking \$15 million Victorian live music venues program and support for music industry businesses and projects to protect and restart our \$1.7 billion live music economy, and support for the restart of our screen industry, ensuring that Victoria can return to work quickly and stronger and so Victoria can capitalise on the global boom in demand for screen content.

Next slide. Looking ahead, the budget also includes \$34.7 million for regional creative infrastructure projects, backing regional galleries, boosting regional economies and providing more creative experiences for Victorians where they live. This funding will create a new exhibition space at Kyneton at the old primary school, upgrades to Benalla Art Gallery and further investment in the Castlemaine Goods Shed, Shepparton Art Museum, Latrobe creative precinct and more. A new program will also support suburban and regional galleries and museums to undertake improvements that will enable them to attract and host high-quality touring exhibitions, which will help to bring art to every corner of our state.

The budget provides \$24 million to support the cultural facilities maintenance fund, which supports the safety and accessibility of Victoria's state-owned cultural venues. This was a lapsing program with huge demand, and this investment does not just renew it, it boosts it by \$1 million per year. The budget also provides \$19.8 million in capital and operational funding to help state-owned cultural institutions and venues recover, adapt and meet the challenges ahead. This includes projects to make venues COVID-safe and enable them to present outdoor events and performances.

I will again miss out on that last slide, Chair, but I am happy to take questions.

The CHAIR: Thank you, Minister, and I will pass to Ms Nina Taylor, MLC, for the first questions.

Ms TAYLOR: Assistant Treasurer, I refer you to budget paper 3, table 1.16, page 102. I know it goes without saying that the arts community have been eagerly awaiting news on the government's plans for the Melbourne arts precinct—I am excited—transformation project. What can you tell us about what this transformation will involve?

Mr PEARSON: Well, thanks, Ms Taylor—and again, if I was super excited about regulatory reform, I just cannot begin to tell you how excited I am by this fantastic project. Look, Melbourne is the nation's cultural capital, and this project will have a huge investment. I mean, this precinct has one of the highest concentrations of arts, cultural and creative organisations anywhere in the world. Now, cultural tourism provides about \$2.5 billion a year to our economy, and in a typical year this precinct hosts around 3000 performances and exhibitions and attracts around 6 million visitors. So as we emerge from the pandemic there is a fantastic opportunity to look at trying to revitalise this critically important cultural institution—and this is a once-in-a-generation opportunity.

What this investment will do will completely transform this precinct. You will have 18 000 square metres of immersive public gardens, including space for outdoor art and performance. You will have NGVC—NGV Contemporary—which will be a gallery dedicated to contemporary art and design. We will provide urgent upgrades to the Arts Centre—Melbourne’s theatre buildings—and underground shared services, which will ensure the seamless and sustainable operations of the precinct, and its venues will also be invested in. And there will be further planning and development for the second phase of the transformation project.

We want to get the very best that the world has to offer. When we were down for the announcement I was talking with Janet Whiting, who is the chair of the Council of Trustees of the NGV, and she said when this project is done Melbourne will be the only place in the world where you can come in from Tullamarine, stay in a hotel in Melbourne, walk down to the arts precinct and see world-class art of a global standard and you can then walk across to the MCG or Melbourne Park and see world-class sporting events. This investment brings together our great strengths and builds on them in the same way that if you look at what the NGV did in terms of putting Melbourne on the stage to get in art of a really high standard, this will do that. I mean, we have got an opportunity to really bring forward some of the best and amazing exhibitions. I think with NGVC too, because of its size and its scale, it will have the ability to have really heavy installations, which at the moment you just cannot put in the current National Gallery of Victoria building.

So it is going to transform our city. It is going to transform our state. The National Gallery of Victoria will deliver 30 000 square metres of new exhibition and education space, and as I indicated, there is 18 000 square metres of the public realm. This is our cultural capital of Melbourne—and I think it is the cultural capital of Australia—and an investment like this will continue to attract and drive more tourists. It will drive fantastic exhibitions that put Melbourne on the global stage where it rightly belongs. So it is going to be transformative and it is going to change the way in which our citizens engage with creative industries. It will have such a profound impact upon our city and state going forward. It is just going to be extraordinary.

Ms TAYLOR: Great. Can you tell us more about the public gardens? Where will these be located?

Mr PEARSON: Yes. In terms of the gardens, as I indicated, there are about 18 000 square metres of public gardens. To put that in context, that is about as big an area as the MCG, so you are going to have these exquisite gardens, these public gardens, open to the public, the size of the MCG, literally a short walk from Flinders Street station or the new Metro Tunnel. The gardens are going to provide an array of spaces for outdoor performance, gathering, installations, pop-up events and festivals as well as providing an incredible new green lung for Southbank. So the gardens will be vibrant, immersive and ever-changing not only with the seasons but week by week as new plants bloom and cycle. Melbourne architects Hassell and New York practice SO-IL won the tender to do this work and to do the final design for the new space, and I am looking forward to sharing what they have got in mind with the public in due course.

We are also going to be as part of this looking at decking over Sturt Street between City Road and Southbank Boulevard, and again this will provide that reclamation and the recreation of more public open space in this environment. The gardens will have as minimal an environmental impact as possible, and a design goal of net zero impact will ensure that the gardens contribute to the overall sustainability of the precinct. Under the deck that holds the gardens there is going to be a complex network of water, heating, cooling, waste and power systems. So again, looking at putting that critical infrastructure beneath it I think will play a really important role in supporting the broader precinct, and the replacement of the existing precinct plant will allow the upgrade of 20-plus-year-old systems with new sustainable equipment as well.

As part of this we will look at capturing and re-using 95 per cent of the rainwater that falls on the precinct as well. We were down there for the announcement last week, and it is just a beautiful space already. When you start to think about what this is going to look like with this level of investment, with the greenery and the beauty, it is just going to be a place where people are going to be able to meet and congregate. People will be able to have a fantastic experience there before they go and see fantastic contemporary art through the NGVC, go and see the winter masterpieces at the national gallery or go and see some great performing arts at Arts Centre Melbourne.

This is the cultural heart of our great city, of our state, and this investment will ensure that we can continue to attract fantastic installations that might normally be, say, in New York or St Petersburg or London or Paris. We will be able to attract them here, and it creates just such a wonderful experience for citizens—to be able to have

that level of fantastic art, to be able to experience that and enjoy that. It is going to be amazing. As part of this I walked through the national gallery and I saw some of the works for the triennial, which will launch in a couple of weeks time, and it is breathtaking. I do want to say there was a fantastic photographic display of African-Australians. Tony Ellwood, who is the curator at the gallery, said it was really important that people can see images of themselves in an institution like this, and I think that is really important—to try and provide and make sure that culturally and linguistically diverse Victorians can look at a place like this and feel like they have got a seat at the table, that they are included, that they are not excluded, that they are part of this.

And I think that when you look at the vision of Tony Ellwood and when you look at what this project will do, you look at where he wants to take the gallery and you look at these investments with NGVC in the public realm, it is going to be an investment that will pay dividends for generations of Victorians. It is just going to be transformative, and it is going to put us on the global stage. We are going to be able to attract installations and exhibitions that people have never seen before—never seen. If anyone else in Australia wants to see it—they are not going to be able to see it at Sydney, they are not going to be able to go down to Hobart—they are going to have to come here. So from that visitor economy perspective it pays dividends. It absolutely makes intuitive sense. So it is going to be fantastic.

Ms TAYLOR: Fantastic. What are the benefits of doing this transformation in stages?

Mr PEARSON: Look, this is a really complicated project. I would describe it as a brownfield development rather than a greenfield development. It is not like you are going out into wide open space where there is no existing infrastructure and you are building something afresh. This is something that is new on something that is old, and with that there will be some challenges. The example I like to use is Melbourne Park. Melbourne Park was a case where governments made a series of investments over a longer period of time to transform and build up that precinct. Now, it is fair to say that Kooyong played a really important role in the history of our city and our state, but we would not have the Australian Open if we did not have Melbourne Park. I mean, the Australian Open would have been long gone if we were proposing that we would still play it at Kooyong. These sorts of investments ensure that we are able to build on it, do it gradually, so there are some great benefits in doing it that way.

The CHAIR: Thank you, Minister, and I will pass to Ms Bridget Vallence, MP.

Ms VALLENCE: Thank you, Chair, and thank you, Minister. Minister, just in reference to your presentation, slide 1, around the jobs in the creative industries, what are your most recent estimates for employment in the creative industries in Victoria?

Mr PEARSON: In terms of numbers as of, say, 1 December 2020 people who are currently employed, or are you saying 1 July or are you saying at the start of the year?

Ms VALLENCE: I understand that in this presentation 292 000 workers—that was at 30 June 2019. Is that correct?

Mr ABBOTT: I do not have the exact date, Ms Vallence. It was about 12 months ago, the 292 000, and we have not done a reconciliation as of today.

Ms VALLENCE: Okay. So you do not know the current employment in creative industries as of today?

Mr ABBOTT: No, we have not done an update of that as yet.

Ms VALLENCE: Do you have any understanding or plans for that to recover by, say, June 2021 to similar levels?

Mr PEARSON: So in terms of the numbers? I will probably supplement Mr Abbott's answer. I suppose one of the things we have learned through this crisis is that there are many people in Victoria who live here who have very little to do with the government, and I say that from the point of view that if you think about from the commonwealth's perspective, because they collect income tax receipts and because you have businesses registered for the GST they have got greater line of sight in terms of the nature of the workforce, and we just do not have that. We are, as the presentation demonstrates, relying upon, for example, ABS documentation to give

a bit of an estimate. I think what we have tried to do to date is that we have provided \$220 million in support for the sector to try and get the sector through what has been an incredibly challenging time. With the—

Ms VALLENCE: I guess the question is not so much about the money. I feel like with creative industries—I feel like I am in the spotlight here with the sun streaming through the window—it is not so much in terms of the packages you have provided but the number of those employed. Now, of those 292 000 that were employed in creative industries, from the ABS data, how many of those were sole traders?

Mr PEARSON: Well, again, Ms Vallence, I cannot provide you with that detail, and I do not believe that as a government we would have that level of detail. If you are asking me the question: are there people who work in creative industries who are sole traders, the evidence I would provide the committee would be yes. But in terms of the actual numbers, we just do not have the dialogue, we just do not have the engagement to have that comprehensive picture.

Ms VALLENCE: Perhaps, Secretary, because, you know, if you know the ones that do have a taxpaying relationship and therefore those that do not out of that number, do you know how many were sole traders?

Mr PEARSON: Sorry. I am happy for the Secretary to answer the question, Ms Vallence, but again the taxation relationship that many of these institutions have would not be with us but with the commonwealth. So we do not have a taxation relationship. If you think about it, let us say the Secretary and I go out and open up a gallery together and we display Australian contemporary art. We might pay a WorkCover payment—we might—but would we necessarily have a lot of information, would WorkSafe have that information about us? Maybe not. We probably would not pay payroll tax.

Ms VALLENCE: So we know from the hearings—from the COVID hearings in fact—that with creative industries this committee has already heard that around 80 per cent of this industry is sole traders, and we know, or certainly I am hearing through my office, that many do not feel that they have received any support, and a lot of the funding programs have gone to sort of an organisation but it is not trickling down through. So for Creative Victoria grants, I guess from a sole trader's perspective, what have you done for those in creative industries?

Mr PEARSON: Yes. Well, what I would say, Ms Vallence, is that what we have done to date is for sole traders there was the \$100 million fund for sole traders which was established, which I think the Minister for Small Business can talk to when she is before you. We have, as I indicated, provided \$220 million to the sector in support for funding, and that money has been paid progressively throughout the course of this year. So I think it is important to note that the sector is an ecology, that broader network of various creative industries, and so by investing the \$220 million, which we have done to date specifically for creative industries, it has enabled some of those broader benefits to be realised across the sector.

Ms VALLENCE: So as part of that investment then, at budget paper 3, page 88, can the committee be provided with a line-by-line breakdown of artists and organisations who have received funding under the Strategic Investment Fund and the sustaining creative workers fund, including the exact values received?

Mr PEARSON: I am sorry. Budget paper 3, page 88, so 'Business support'?

Ms VALLENCE: Yes, Strategic Investment Fund.

Mr PEARSON: I think what I would want to do—I do not want to make promises to the committee now on these questions when I might not be fully apprised with all the information—

Ms VALLENCE: With that, and the sustaining creative workers, is it possible perhaps to take it on notice?

Mr PEARSON: Again, Ms Vallence, I am happy to try and see what additional information I can provide you on that, but I do not want to mislead the committee in the evidence that I am giving you, in the sense that I am happy to see if I can provide some additional information to you, but I do not want to give you undertakings that that information will be forthcoming if in the event, for grounds of privacy or other reasons, I am unable to provide it. So I am happy to try and see if I can provide you with additional information that you are seeking in relation to the way in which those funds operated and provided funding, but—

Ms VALLENCE: So for budget paper 3, page 271, perhaps, for Creative Victoria grants recipients with projects impacted by COVID and impacted by their ability to meet outcomes, did any projects have—

The CHAIR: Sorry to interrupt you, Ms Vallence, but your time for questions has expired.

Mr PEARSON: With the Chair's indulgence, I can provide one answer to Ms Vallence: 771 sole practitioners and microbusinesses have been provided with funding to date.

The CHAIR: Thank you. The call is with Mr Sam Hibbins, MP.

Mr HIBBINS: Great. Thank you, Chair. Thank you, Minister, and the team appearing this evening. I would first like to ask about the screen industry crisis recovery plan. Now, one of the major issues that obviously affects the screen industry is local content. This is the subject of a federal government review, but as part of this recovery plan is the government advocating as part of that review to have local content as part of subscription and video on demand services—your Netflix, your Stan and what have you?

Mr PEARSON: Mr Hibbins, I am not necessarily sure whether as a state we could make that demand of a player like Netflix or Stan.

Mr HIBBINS: By way of context, there is a current review going on at the federal level, and a number of submissions—in fact the vast majority of submissions—to that review have actually advocated for local content from those services. So is that something that you will be taking up with your federal counterparts?

The CHAIR: Sorry to interrupt, Mr Hibbins. I cannot quite hear you from here, but I also missed your budget reference.

Mr HIBBINS: The budget reference was to 'Protecting Victoria's experience economy'.

Mr PEARSON: Thank you, Mr Hibbins, and thank you for the sincerity of your question. That is something that I am certainly very interested in. I think that screen has got fantastic opportunities, and I am keen to try and see more Australian companies in the sector have an opportunity to work. I might throw to Ms Pitcher from Film Victoria, who has been dealing with this matter, to supplement and augment my answer.

Ms PITCHER: Thank you for your question. Yes, we have made one submission to the original options paper, and last week they announced a review of the streaming services as well through the federal government. We have currently drafted our position on that, and we will be presenting that to the minister this week for submission to the federal government. It will be an exchange of communication directly from our minister to Minister Fletcher.

Mr HIBBINS: Part of the position will be for—

Ms PITCHER: Sorry?

Mr HIBBINS: Is the government's position for local content requirements?

Ms PITCHER: That is correct.

Mr HIBBINS: Yes, okay. Terrific, thank you. Now, just moving on to 'Protecting Victoria's experience economy', a range of arts, sporting and tourism is listed as receiving funding from 'Protecting Victoria's experience economy'. How much is actually going towards the arts out of that budget allocation?

Mr PEARSON: Thank you, Mr Hibbins. The total value of the package is \$143.1 million, but not all funding is for creative industries. We are looking at, I think, in terms of the funding—\$94.5 million has been allocated.

Mr HIBBINS: Okay. All right, terrific. Thank you. I would like to ask now about the funding for live music venues program. There has been one round of allocations. Can the committee get an indication of when the next round of funding is going to be made available, and will that acquit the rest of the program's funding allocation?

Mr PEARSON: I am sorry, I am having trouble hearing you, Mr Hibbins. Are you asking me what is the status of the—

Mr HIBBINS: Yes.

Mr PEARSON: Okay. You would be aware that we have provided that first tranche of funding and that has been extremely well received to date in terms of providing that support to the sector. In relation to any further announcements, I have nothing at this stage to advise the committee on in terms of any possible future announcement.

Mr HIBBINS: Why is it being done in stages?

Mr PEARSON: Well, I think that it was a case of trying to make sure that businesses had the opportunity to apply in an orderly fashion. That would be my sense in terms of the way in which it was structured. I am not sure whether Mr Abbott might be able to supplement my response to that.

The CHAIR: Sorry to interrupt you there, Mr Abbott, but the member's time for questions has expired and time for consideration of this portfolio has also expired.

Mr HIBBINS: Can I grab that on notice, if that is okay?

The CHAIR: The time has expired, Mr Hibbins.

Minister, we thank you very much for appearing before the committee today. The committee will follow up on any questions that were taken on notice in writing, and responses will be required within 10 working days of the committee's request.

Mr HIBBINS: Just on a point of order, Chair, generally the form of the committee is if there is a question about to be answered or unable to be finished, then it is allowed to be taken on notice.

The CHAIR: I think the committee would agree that we have kept tightly to the time throughout these proceedings and other people have been cut off at times as well, so I would suggest that people bear in mind their time allocation when they write their questions and prepare for the hearing.

I thank all ministers and officers who have given evidence to the committee today. I also thank Hansard and the secretariat. The committee will resume consideration of the 2020–21 budget estimates tomorrow.

I declare this hearing adjourned.

Committee adjourned.