

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget Estimates 2019–20 (Creative Industries)

Melbourne—Thursday, 13 June 2019

Members

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallence

WITNESSES

Mr Martin Foley, Minister for Creative Industries,

Mr Simon Phemister, Secretary,

Mr Andrew Abbott, Deputy Secretary, Creative Victoria, and

Ms Jane Crawley, Executive Director, Creative Victoria, Department of Jobs, Precincts and Regions.

The CHAIR: Good evening, everybody. I declare open this hearing of the Public Accounts and Estimates Committee. Who set this schedule, Deputy Chair? On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20—at least I have got the year right—Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community. This committee will now begin consideration of the portfolio of Creative Industries. We welcome back to the table for the third time this evening the Honourable Martin Foley and officers from the department. I thank you all for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty of spending 24 hours with Frank McGuire. Minister, I invite you to make a brief opening statement or presentation of no more than 5 minutes. This will be followed by questions from the committee. Minister, over to you.

Visual presentation.

Mr FOLEY: Thank you, Chair and committee; I appreciate the opportunity. Moving on, in a very high-level snapshot of what we call Victorian creative industries, which is a wide engagement around a variety of agencies, funding streams, government support and sectors around culture, arts, design, fashion, films, screen, digital, brings into the Victorian economy in our most recent advice from our friends at Boston Consulting Group some \$31 billion annually. That employs over 260 000 Victorians. A key part of that is the cultural tourism contribution from both interstate and international, which brings in some \$2 billion worth of investment into the state, but perhaps most significantly sees some 13.2 million attendances, largely Victorians, overwhelmingly Victorians, to different events, opportunities, festivals and engagements with our creative industries sector. That is a record year, and I am reliably informed more people go than to the AFL in Victoria, not that we are in a competition.

In that regard, creative industries in a serviced-based economy, which looks to building economic opportunities out of social and cultural opportunities, is a booming 21st century opportunity for Victoria. And, in terms of how that is reflected in the portfolio's first four years of operation under the Andrews Government, that has seen asset and output funding, as a combined set of initiatives, now total more than \$800 million as per that figure that you see appearing there. Of course this reflects the wider portfolio status that was hard to consolidate in the pre-2014 period, given that we are not necessarily comparing apples with apples.

Moving on, our creative industries highlights for the current year that we are coming to the conclusion of reflect the most recent set of opportunities that have been built on through the creative industries strategy. I will not list them all there, but a combination of the first pillar of our Creative State strategies around embedding, recognising and facilitating First Peoples' contribution to our creative industries; there are all the big events that go with the state cultural agencies, but equally there are the small, medium, independent set of works that go right across the state and increasingly—it is again one of the pillars of the current strategy—an international aspect of a two-way exchange in both ideas, personnel and business opportunities that flow particularly in areas of design.

Moving on in terms of at least the strategy that is here with us today and the opportunity that is with us today, the current budget that we are moving out of in terms of asset initiatives is delivering in those key state agencies some \$144.5 million worth of investments. But perhaps more directly in terms of the budget output initiatives, in the time that is left to me, in the emerging budget that we are about to see there is largely the delivery of the

state election commitments and some of the more pressing opportunities, particularly given the now underway ACMI investment in its first renewal since its opening almost two decades ago. There is the Creative State funding arrangements that flow from the soon-to-expire, in the next year or so, Creative State policy, which will be replaced and continue to be supported. There are election commitments about an Indian Film Attraction Fund; there is the silo arts and large-scale murals fund. There is supporting the enormously successful NGV exhibition models. And there is the contribution to the election commitment for a live music, both Melbourne and regional, festival, Victoria Live, together with a growth in the Victorian screen industry strategies—all of which is the \$81.03 million output that the budget reflects. I think that must be close to my time, Chair.

The CHAIR: You actually have one more minute.

Mr FOLEY: Oh, one more minute.

The CHAIR: Actually, about 30 seconds. Go for it.

Mr FOLEY: In 30 seconds, the strategy that is Creative State 1, from 16–20, expires at the end of this coming financial year, and we look to be in the position to build on the strengths of the first strategy for a replacement and even more exciting strategy.

The CHAIR: Well, what is exciting, Minister, is that I get to hand over to Mr Maas, who was not here for the first strategy. So he no doubt is thoroughly interested in the second strategy.

Mr FOLEY: I am sure he is.

Mr MAAS: Thank you, Minister, and thank you for that presentation. I am indeed very interested in the strategy, the Creative State strategy. And I would like you, if you could, to explain how the initiatives outlined in table 1.13 of budget paper 3 at page 68 build on the government's investment in that strategy.

Mr FOLEY: Thank you, and I am happy to do so. Over the last five years, as we pointed out, we have made total initiative investments of just over \$818 million in the portfolio's different opportunities. And this looming budget provides us with a further record funding for the various components of our creative industries, with initiatives totalling a further \$225.5 million. That is made up of, again, a combination of election commitments and other strategies. One hundred and twenty-eight million dollars, as we committed to in the election, is for the next stage of the Geelong Performing Arts Centre's redevelopment, which will be pivotal in taking that to three new theatre spaces, improving to the state-of-the-art level that that community demands in back-of-house facilities and essentially doubles the capacity and therefore the opportunities that go with GPAC.

There will be \$47.7 million over three years for the National Gallery of Victoria to continue its hugely successful annual summer program. There will be \$14 million, again committed to in the election platform, for Victoria Live, celebrating our status as not just the music city capital but increasingly so a rich and diverse regional and rural music scene, starting, as it says, in 2020. There are further works to expand our successful Music Works program, the Creators Fund, which came out of Creative State's policy, and further support for programs caught up in that Creative State strategy around the MPavilion design and other cultural and artistic performances that it brings on, the Dance Massive festival, AsiaTOPA and of course other opportunities.

There is also funding for the finalisation of the State Library of Victoria's 2020 project—a further \$7 million to top that out. There is \$3 million for the election commitment for the Indian Film Investment Attraction Fund. And there is a further \$6.2 million for local screen industry opportunities, particularly through Film Victoria's film and television investment programs, placements for emerging talent, grants for Victorian-made digital gaming and other related multiplatform opportunities, immersive reality, virtual reality and other programs, which has seen Film Victoria have in each of the last few years its year-on-year most successful year in its operations.

In that regard a further investment around the Wimmera Silo Arts Trail is particularly innovative. An idea that came from local government in that part of the world, in the Wimmera, has now taken hold and is wildly successful, is artistically and tourism-wise ridiculously successful as well and has brought a real sense of enlivenment to communities that in many respects are looking at how to diversify their economic and tourism base.

There is also \$12.3 million for Museums Victoria's revitalisation of its exhibition space, which it needs to continue to do, particularly to lever off its highly successful engagement with the Chinese visitor economy community, where they have been outstandingly successful.

There is also, as I think I indicated in my brief initial report, operational support to the Australian Centre for the Moving Image during its now underway redevelopment to make sure that it keeps together its impressive non-location-based activities, including, can I say, wildly successful global touring programs as well as its digital and other work, as well as getting ready for its return, bigger and better, once its redevelopment is finalised.

There has also been some investment in a whole range of areas over and above the Wimmera-Mallee area and silo art that we can see to extend beyond, through this program, as we get ready for *Creative State 2* consultations—work that will see the learnings from there shared with rural and other parts of Victoria.

There is the continued support for design and digital, the games, not just hats-on-backwards type of digital games, as significant as they are, now a multiple size bigger—I think the last figures I saw were six, seven or eight times now the worth of the global film and screen industry—and the fact that successive governments have been key partners in making sure that Victoria occupies over half of the digital games market providers of Australia, of which more than 90 per cent of their income is export-generated income, and is one of the real quiet success stories of Victoria over the last few years: well paid, knowledge-based, entrepreneurial, globally engaged businesses.

Levering off that, successful efforts like our recent visit to Hong Kong, which saw the largest ever design and creative industries trade mission leave this state and not just participate but lead the Hong Kong design week, in its time, I think, the third city—generally it is done on a nation basis—but for Melbourne to lead that probably most significant design event in Asia was a remarkable achievement and came about over four hard years of work.

Then of course there is the engagement with small individual, independent and emerging creatives right across the state, right across metropolitan Melbourne, through programs such as the Organisations Investment program, the VicArts grants program and other opportunities. There are also a range of other measures that are set out online in the department's *Creative State* strategy, on which we are getting close to now ticking off all of the 40 action items that we set ourselves in the first term, and we look forward to both building on and refreshing those in the second term.

Mr MAAS: Melbourne has a terrific live music scene and international reputation. I was wondering if you would be able to inform the committee how the investment builds on our reputation as one of the live music capitals of the world?

Mr FOLEY: Certainly. Whilst Melbourne is identified in terms of per capita the music capital of the world by measure of population and the number of live music venues, indeed the same extends well beyond Melbourne through the work that our Music Works program did in the first term, on which we hope to build, not just through Victoria Live but the refreshing of Music Works in our upcoming *Creative State* consultation process. We know that it is not just well attended but it is much loved and it provides, particularly for younger Victorians, an opportunity for engagement in what they see to be a bright—and rightly so—future.

We know the \$14 million investment that is subject to this upcoming budget in the Victoria Live component will not just be a celebration of contemporary live music but will expand participation and leadership in contemporary music creation and activity. Songwriting, development, engagement with global markets are a really important part of the Music Works program. It will generate economic activity, it will grow our creative and social capital and it will enhance Melbourne's and Victoria's reputation as the live music capital of Australia, particularly when compared to our friends north of the Murray, who through their draconian shutdown system at 10 o'clock, all have to be locked up in their beds by about 11 when it comes to live music venues.

We know that whether it is the budget cycle we are coming out of or the one that we are moving into, with both Victoria Live and a soon to be refreshed *Creative State* and Music Works program, that we have set in ourselves opportunities in many areas in this regard.

The CHAIR: Minister, I apologise for interrupting, but I am more fearful of the wrath of Mr Maas. You may not have known this, but a fun fact for you is that he was a drummer in his youth, with long hair. May that be in the Hansard transcript for time immemorial.

Mr RIORDAN: With the unlikely image in my head of Mr Maas with long hair and drumming, I also make the observation that, with the wonderful exception of Ms Crawley as a witness, the other three gentlemen really do not scrub up well as creative industry people. There is not a turtleneck, not a scarf or fedora amongst the three of them, and as such I call into question their capacity to answer these questions! However, I digress.

Minister, I refer to the 2019–20 budget paper 3, page 247. The 2017–18 actuals were \$428 million; this year, only \$378 million—some \$50 million cut, a 12 per cent cut. In fact the performance measures on page 247, ‘Value of film, television and digital media production supported by Film Victoria’, show a budget cut from \$258 million to \$161 million, a cut of some \$97 million. It then follows that the performance measure on page 246, which reports on the additional employment from productions supported by Film Victoria, has plummeted from around 8600 to 6400—a cut of some 2148 jobs in the film industry in just one year. The 2019–20 output cost or budget is higher despite these budget cuts from lapsing programs, and it says in the budget that they have been topped up by third-party revenue, so my question quite simply is: who is the third party?

Mr FOLEY: Thank you for that question, and before answering the final question, given that you have pointed to a range of measures particularly when it comes to Film Victoria, Film Victoria’s opportunities are footloose and global. The sometimes discrepancy between what can be forecasted through its processes in a formal, lock-down, contractual sense and what it delivers over the subsequent financial year can sometimes have a degree of surprise and disparity to the point where it has, particularly through targeting television and global opportunities, had its most successful years in recent times year on year. It is not for me to speak for the independent work that Film Victoria currently do, particularly given that a lot of it is subject—

Mr RIORDAN: So they are doing okay, but they have had their funds cut?

Mr FOLEY: No. The generated revenue and other opportunities through it being able to land support from investment funds and partners has been the area in which it has differed from year to year about what it forecast to be able to do at the time of putting together budgets with locked-in contractual arrangements to what it delivers in hindsight, looking backwards. I would dispute that the outcome will be a real cut in either numbers, sector jobs or investments.

Mr RIORDAN: But you are forecasting a decrease in people employed in the industry and you are showing a decrease of \$97 million in the budget.

Mr FOLEY: No. I think you are perhaps misinterpreting the way in which the relationship between the budget papers, Film Victoria’s own works—and I would refer you to their most recent annual reports—together with the manner in which they seek to quite rightly chase the highly competitive and footloose opportunities that come with an increasing focus on different screen and digital—

Mr RIORDAN: So I understand that they have opportunities outside of government for funding, but I am just wanting to confirm—the budget paper that clearly identifies the \$97 million, you are saying that is not right?

Mr FOLEY: No. I am saying the budget papers reflect the best and locked-in opportunities that occur at the time of putting together the budget documents, the contributions and the calls of government, and the opportunities that Film Victoria can rightly identify and deliver at that point in time. We know from the experience of many, many years, together with what we are hopeful for, that the opportunities that are well progressed at Film Victoria will continue to grow not just its operations but the wider screen, film and digital—

Mr RIORDAN: Okay, well, we all hope for that, Minister.

Mr FOLEY: And we are very confident.

Mr RIORDAN: And the third party that is tipping in to the budget?

Mr FOLEY: I might get some advice, with the Deputy Chair's indulgence.

Mr ABBOTT: Could you repeat, the third party in relation to?

Mr RIORDAN: The third party. You have listed it in the budget on page 247 of budget paper 3, attachment 2, and you talk about a third party—the print is so small—'due to an additional agency expenditure funded by third-party revenue'. Can you say who the third-party revenue is? I would have thought in creative arts if there are people throwing you money you would all remember straight off the top of your heads who it is.

Mr ABBOTT: Sorry, that is referring to the agency, not specifically for film but across the institutions, so between the National Gallery of Victoria, Museum Victoria, State Library Victoria, Arts Centre Melbourne. They receive funding from government of course and they generate their own revenue, and that might be through admissions through box office, through sponsorship—

Mr RIORDAN: So it is not just one third-party?

Mr ABBOTT: No, it would be any number of third parties.

Mr RIORDAN: So it is a conglomeration of third parties?

Mr ABBOTT: Yes.

Mr RIORDAN: A collection of third parties at the national gallery.

Mr ABBOTT: Yes, outside of government, so non-government source revenue.

Mr RIORDAN: All right, and the last question: with the cuts that have been identified, some \$50 million and some \$97 million, what programs, grants and activities have not been continued from the 18–19 output to the 19–20 output in this current budget? Can you identify them? We are happy to take that on notice if you have a list.

Mr FOLEY: No. I do not need to take it on notice because the premise of your question is incorrect. The notion that the now record output in the creative industries portfolio is subject to cuts is a misinterpretation of reality.

Mr RIORDAN: So when you see a line item that goes—

The CHAIR: Would you say, Minister, it was creative?

Mr RIORDAN: I think there has been creative accounting used.

Mr FOLEY: The Deputy Chair has already cast aspersions on my sartorial contributions.

Mr RIORDAN: I did make the comment that there were no turtlenecks or scarves except accountants' suits.

The CHAIR: Well, Deputy Chair, you will get to put that question on notice as we move to Mr Hibbins for the remaining period of the evening session.

Mr HIBBINS: Thank you for appearing. You might just want to take this first question on notice. It goes to, on page 244, the 142 organisations that are recurrently funded. Are you able to provide a breakdown of the size or categorisation of those organisations?

Mr FOLEY: Is this the OIP in particular? They range from very small organisations through to very large organisations. Some of them are funded jointly by ourselves and the Australia Council for the Arts, some of them are funded solely by us, some in partnership with local government. I am pretty sure these are on the department's website actually, so I would refer you to the Creative Victoria website under the organisations investment program.

Mr HIBBINS: But will that give me categorisation in terms of the scale and size of each organisation?

Mr FOLEY: That is a good point. If not, I will make sure that we, as you suggest, take that question on notice. But they will range from small organisations with three, four, five people through to very large organisations.

Mr HIBBINS: Yes. I guess I am just looking for the breakdown, but no. Thank you. You can take that on notice. Then also, I think you touched on this in your opening remarks, and that is the digital games industry. Are you able to outline what support you are providing the digital games industry in this year's budget?

Mr FOLEY: Yes. In the various outputs that goes to programs such as the global strategies around investment support and attraction through some of the world's largest outward bound trade missions—San Francisco, Cologne and somewhere else—

The CHAIR: Tokyo? Was it Tokyo?

Mr FOLEY: I believe China—all sorts of places. But equally, inward bound, Melbourne International Games Week support, which is again being funded in the forthcoming budget, now sees some \$23 million worth of economic activity brought to this state on the basis of that work and over 77 000 people engaged by showing up, let alone those that log on. The PAX Australia program that is part of a global PAX industry gathering, whether it is the \$1.2 million worth of support that Film Victoria brings to over 23 projects whether it is the path alternative funding brings through The Arcade, which successive governments have supported and which now houses in both a collaborative and a competitive sense dozens of start-ups and others, and—

The CHAIR: Minister, I do apologise for interrupting again. It has become a horrible, horrible part of chairing, but I must give you the information—and to the millions of people that are no doubt watching this on the internet around the world—that this is the end of your time before us. Thank you very much to you for having sat through three different portfolios of questions, and of course to the officials for ably supporting.

Mr FOLEY: My pleasure.

The CHAIR: The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request. I now declare this hearing adjourned.

Witnesses withdrew.