

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the 2022-23 Budget Estimates**

Melbourne—Monday, 16 May 2022

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor



**WITNESSES**

Mr Danny Pearson MP, Minister for Creative Industries,

Mr Simon Phemister, Secretary,

Ms Claire Febey, Deputy Secretary and Chief Executive Officer, Creative Victoria,

Mr Max Coffman, Executive Director, Governance and Infrastructure,

Mr Sam Strong, Executive Director, Creative Industries, and

Ms Caroline Pitcher, Chief Executive Officer, VicScreen, Department of Jobs, Precincts and Regions.

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

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging, as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, 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.

We welcome Minister Pearson again, this time for the creative industries portfolio, and officers from his department. We invite you to make a brief opening statement, and this will be followed by questions from the committee.

**Visual presentation.**

**Mr PEARSON:** Thank you, Chair. The creative industries are an integral part of Victoria's culture, economy and society and central to its future. Without the creative industries our state would be a very different place and a much diminished one at that.

After a challenging two years, audiences are returning to cultural events. The latest COVID-19 Audience Outlook Monitor results have seen attendances jump from 23 per cent in November to 72 per cent in March. In 2020–21 creative sectors and occupations accounted for \$34.5 billion in gross value added and made up about 7.4 per cent of the Victorian economy. Our screen industry is experiencing a boom, with production in Victoria at record levels in 2020–21 and continuing into 2021–22 in spite of the pandemic, and Victoria is now well positioned to capitalise on massive global demand. From exciting screen productions to drawcard exhibitions like *Elvis: Direct from Graceland* at Bendigo Art Gallery and live music gigs bringing joy to audiences around the state, the creative industries are playing a critical role in the social and economic recovery of our state and the revitalisation of Melbourne and regional Victoria. All this is great news for the estimated 305 000 workers identifying cultural or creative employment as their primary job during 2020–21, and that is an estimated 9 per cent of total Victorian employment.

The Andrews government made the necessary investments to help sustain the creative industries during the pandemic, and we backed them with the funding they needed to support their recovery. I am proud of what we have been able to achieve. We launched our \$288 million *Creative State 2025* strategy charting a course to recovery and backing ideas and talent across our creative sector, continuing this government's history of strong investment in the sector. Earlier this year I announced much-needed multi-year funding for 113 creative

organisations of all sizes and types that power our cultural life and provide opportunities across the state. These organisations are the engine room of our creative sector, driving ideas and creating art and experiences.

Our investment in the revitalisation of Melbourne Museum is paying off, with thousands of visitors flocking to the extraordinary new *Triceratops* exhibit. This offering will be expanded with the new Gandel Gondwana Garden opening later this year. And we continue to invest in the return of our live music industry with our On the Road Again initiative, which is supporting our artists to get back to work in front of audiences across inner and outer metro Melbourne and regional Victoria. This has included big names amongst the more than 700 acts busking in iconic CBD sites, bringing the buzz back to the city.

Our transformative cultural infrastructure project is hitting its stride. We completed the NGV Contemporary design competition and unveiled the spectacular design created by Angelo Candalepas and his team. This will be a new landmark for our city as part of the \$1.7 billion Melbourne arts precinct transformation. Early works on the precinct will commence midyear. Our groundbreaking infrastructure projects will boost Victoria's standing as Australia's premier creative and cultural destination for years to come, providing more opportunities for Victorians across the state to enjoy the best of Victoria's creativity closer to home. In Geelong the structure is rising fast for the spectacular \$140 million Geelong Arts Centre redevelopment, which is on track for completion in 2023.

We continue to invest in regional centres, incorporating additional creative outcomes in the new world-class Shepparton Art Museum and the Gippsland Performing Arts Centre in Traralgon, which I am thrilled to say are now open to the public. These projects have included a new playground and healing garden at Shepparton Art Museum and improvements to the entrance of the park and outdoor performance spaces and a large outdoor screen for cinema and video artworks at the Gippsland Performing Arts Centre.

We are also ensuring that back-of-house workers and technicians from Gippsland have access to accredited training through the Tech Connect program, which will provide trainees with the technical skills that they need to build careers in the live performance industry. Tech Connect is the first professional development program to be delivered at the new Gippsland arts centre. Developed by Arts Centre Melbourne, this program is providing 12 young people with a nationally accredited certificate III in live production and technical services. It is also being offered in other regional centres.

Our screen industry is truly booming with the launch of VicScreen, our first screen industry strategy in more than a decade, and the opening of our new super sound stage at Docklands Studios. These investments have kicked off an ambitious and exciting period of growth for the sector, which has already helped secure exciting productions for our state.

The 2022–23 budget continues to build on our sustained investment in the creative industries throughout the pandemic with our bold *Creative State 2025* strategy. Initiatives totalling \$245.8 million will back the reactivation of our world-renowned creative sector and its role in driving Victoria's economy. We are doing this through investment in our major drawcard attractions and events, our booming, diverse screen industry, increased regional touring products and circuits and the vital facilities and workspaces that underpin creative activity and support artistic endeavour.

Our cultural institutions are the best in Australia, and under this government we will not rest on our laurels. This budget provides \$127.4 million to support Victoria's iconic cultural attractions. I will leave it there.

**The CHAIR:** Thank you, Minister. In the first instance I will pass to Mr Newbury.

**Mr NEWBURY:** Thank you. I am actually going to go back to a couple of the points you raised in the presentation. You spoke about the employment estimate from 2020–21 being 305 000. That is great news. The figure I previously remembered was about 290 000, so that increase is obviously terrific. However, because of COVID I presume it would be quite a bit less at the moment. Would you say that is about right?

**Mr PEARSON:** I do not believe so, Mr Newbury. I mean, the figure I have got is 305 000.

**Mr NEWBURY:** From 2020–21?

**Mr PEARSON:** Yes. If you look at the support that we have provided, we have provided probably around about \$1 billion worth of support to creative industries more broadly since the start of the pandemic, and I think we have provided that level of support in order to keep the sector as viable as it can under extraordinary pressure given this once-in-100-year pandemic. If your question is, ‘Do you have the latest up-to-date figures in terms of the estimated workers working in cultural or creative employment?’ I am happy to see whether I can provide additional advice to you. But my advice is that we have got—

**Mr NEWBURY:** Feel free to take on notice anything additional.

**Mr PEARSON:** Yes. I will see if I can get some more up to date information for you if I can. For 2020–21, \$34.5 billion was the size. I think 2020–21 would be the most updated figures I have got, but I am happy to try and see if there is additional information I can provide to the committee.

**Mr NEWBURY:** I guess I am asking, noting I think the other figure you referred to was that audiences had returned to about 72 per cent, whether or not there had been an impact on overall employment and therefore, if there has been any impact on employment, when we could see a return to that 305 000 or whatever the projected figures are.

**Mr PEARSON:** I was just saying to the Secretary I went to see *Hamilton* last night, and if you have not seen it I would encourage you to see it. It is a knockout. If you have an interest in politics—and if you are a member of PAEC—I think it is compulsory viewing, as a former secretary of Treasury. But the place was sold out last night; you could not get a ticket. It was a full house. I think that you start to see Melbourne coming back to life when the events are coming back. Obviously when you have got probably, say, 10 000 cases a day of COVID and people having to remove themselves from participating, that may have an impact in terms of numbers overall, but I think that Melbourne has really come back quite strongly. You know, we had the comedy festival, the grand prix, Melbourne food and wine. We had Art after Dark on Friday and Saturday. I was trying to see if we could get some information on numbers in relation to Art after Dark which we could provide the committee as well. I think you will start to see that strong rebound, and with that I think you will see that level of economic activity and the jobs as well.

**Mr NEWBURY:** And if you would not mind, when you are considering what you are able to provide the committee, the reason I am asking is: if we are not fully there yet, when might we see a move back to that 100 per cent?

**Mr PEARSON:** Sure. Look, I will—

**Mr NEWBURY:** It was not a trick question.

**Mr PEARSON:** No, no, no, no. I take it on face value, Mr Newbury. I understand where you are coming from. We will provide some of that additional information back to the committee, and I am happy to keep the conversation going.

**Mr NEWBURY:** Thank you. You spoke about GPAC earlier. I have been there; it is terrific. If you have a look at previous budget papers, there was an estimate for the project of \$128 million, which I see in the current budget has been revised to \$140 million. What is that \$12 million difference about?

**Mr PEARSON:** I think that is for additional scope and benefits realisation. So—

**Mr NEWBURY:** Sorry?

**Mr PEARSON:** Further scope improvements and benefits realisation is my advice.

**Mr NEWBURY:** What does that mean?

**Mr PEARSON:** Well, usually in my experience—and I will just try and refer to my notes, Mr Newbury—sometimes it is a bit like when you start doing a house renovation. You might sort of say, ‘Well, look, while we’re there we may as well add these additional extras to improve the overall—

**Mr NEWBURY:** I would love to give you the floor so you can tell me what they all are.

**Mr PEARSON:** I will see if I can provide additional information for you, Mr Newbury. Otherwise I am happy to see if I can provide some further information to you. But I think it is about making sure that we can provide those improvements to the end result.

**Mr NEWBURY:** So you are suggesting it is not a cost blowout. It is increasing the quality of the fixtures and fittings, in shorthand.

**Mr PEARSON:** I might need to come back to you on that in terms of specifics, Mr Newbury.

**Mr NEWBURY:** Do you mind?

**Mr PEARSON:** But I am happy to—

**Mr NEWBURY:** And would that have impacted the delay? I mean, in the budget paper comparison there has also been a delay in the completion. Is that because there has just been a delay in the project? Is it because of these enhancements you are going to come back to me with?

**Mr PEARSON:** Look, what I might do is ask either Ms Febey or Mr Coffman to supplement my answer, because they might be able to provide you with that information now rather than me coming back to you on that.

**Mr NEWBURY:** Thank you.

**Ms FEBEY:** I will make a start, Mr Newbury, and I might invite any additions from Mr Coffman. The additional \$12 million investment provides additional scope, as the minister has already said. That is about some additional theatre maintenance for the Playhouse theatre, improvements to the 250-seat theatre that is part of the project and improvements to accessibility and also to create multiple uses for the spaces, so all additional scope and benefits through that investment. The project is on track for completion in 2023, but there was a short delay of four months, which was due to COVID complexities in construction.

**Mr NEWBURY:** Thank you. Minister, the Geelong art gallery, I recall an amount being given for a business case to be developed. Did they put in a submission for an expansion in this budget, and where is that at?

**Mr PEARSON:** I cannot comment on cabinet deliberations, Mr Newbury, but we have got a range of institutions and galleries right across this fine state. People are always pretty keen and interested in having their projects funded. Each budget exercises a discrete process in its own right, and we will work our way through that.

**The CHAIR:** Thank you, Minister. Ms Taylor.

**Ms TAYLOR:** I know that you touched on VicScreen, and I think it would be good to explore that further. If I can refer you to budget paper 3, page 72, which refers to a partnership with NBCU, what are the key features of this partnership?

**Mr PEARSON:** Ms Taylor, can I say Screen is just going off. It is just sensational. And I think if you look at the pandemic—

**Mr NEWBURY:** Like regulatory reform.

**Mr D O'BRIEN:** It's not that exciting.

**Mr PEARSON:** Well, it is a very exciting time, Mr Newbury.

**Mr NEWBURY:** Sure. No. I'm excited for you.

**Mr PEARSON:** Regulatory reform or Screen—it is all going off. I think what we found in the pandemic is that there has been that real drive and interest to consume more content online. You just look at the proliferation of streaming services that is occurring. There is a lot of interest in terms of content, and I have got grand ambitions for our state in relation to being the home of quality productions. You look at it in terms of *Clickbait*, which was screened here, and that just really went so well. It was incredible how well it went. You are looking

at *La Brea* and looking at the fact that we had *The Dry*, which really did so incredibly well at the box office domestically. We are starting to see that level of investment take off.

Now, with NBCU, what they are looking at doing is developing a really technically ambitious TV series called *Metropolis*, and that is going to be the biggest screen project ever produced in Victoria, injecting over \$126 million into the Victorian economy. Like, this is going to be massive. You are looking at almost 4000 local jobs for screen workers, including 500 for cast and crew, 1000 casuals and 80 post-production or visual effects practitioners, and approximately, we think, 600 local businesses will benefit. So the partnership will see production activity drawn to Victoria from this year right through to 2027, so you have got that long lead time, and the Victorian government is supporting the production through a Victorian Screen Incentive grant.

What is being proposed down in Docklands is cutting-edge virtual technology, which basically means that there are these huge LED screens which, rather than being like a green screen, can actually be seen to be the place where you want to be. So, for example, if you are going to be in a jungle or in a desert or in another city, in Paris or London, the way in which the screens will be utilised will be this huge LED, which will really draw out and really engage with the actors. It also means that, for example, whereas previously screen productions would have to go on location, they can just do it down in Docklands. So the infrastructure is going to be there, and it will be there for the long term, and nowhere else will they have this sort of technology anywhere in the country. So this is absolutely huge. It is also going to provide that level of upskilling for the sector more broadly. I think that if you look at screen traditionally it is sometimes boom and bust, so you have a big production, you work, and then the work goes elsewhere or it stops and there are not those opportunities.

This is about making sure that we can broaden out the ecosystem. We have got a talented and skilled workforce, and if you have got the ability to have productions like this over the long term, that then starts to attract more and more investment, more and more productions. Because we want this to be seen as a really great opportunity for people to pursue a career in screen but not feel like they have got to go to LA or London or Georgia—they can do it here. I think what you are seeing occurring in America at the moment is that people are starting to realise that they can come and live and work and pursue their craft and their career in Victoria in a tolerant, progressive community. I think that has got some significant attractions.

So, look, this is a really exciting initiative. I think it is going to be an absolute game changer for our sector, and it builds on the investment that my predecessor, Minister Foley, made in relation to Sound Stage 6. We have got *Better Man*, the Robbie Williams biopic, currently filming there. I was on site recently on a Friday. There were 200 extras working. It is really coming back quite strongly. These are highly skilled jobs, skills that are going to last them a lifetime. It is really exciting to think about where this is all going.

**Ms TAYLOR:** And on that note, why are these big internationals choosing Victoria?

**Mr PEARSON:** Well, I mean, I think that we have got a really good track record, be it *La Brea*, which has been commissioned a second series, or *Clickbait*. We had *Blacklight*, which was the Liam Neeson movie. We have got *Foe*. We have also had *Woody Woodpecker*. We have had *Shantaram* being filmed here, and we have got *Better Man* underway. We have the strategy. We are making the necessary investments. The market is white-hot. I think that we are a stable, safe, pluralistic, tolerant community that have got the high skills that are in demand, and we are investing heavily. The \$46 million into Sound Stage 6—I was there on the Saturday when we opened it, and it was a joyous celebration, it was a joyous event. We finished it on Saturday. On Monday they were in there setting up the set for *Better Man*, and *Better Man* has started filming now. I think it will probably wrap up production in July. So there is this sense of momentum, that there is a lot happening in this space.

We are being taken quite seriously, and having cutting-edge technology like what we are going to be partnering with NBCU on means that we will have a really significant advantage over some of our competitors interstate and we will be seen as a global destination for screen, and that is really exciting, because we want Victoria to have its rightful place on the stage. I think the other point to make, too, is that if you think about this for a moment, if we get the technology right and we get the skills right, we have got a really highly skilled workforce, the opportunity presents to us to then start having distinctly Australian voices and Australian narratives told on the global stage. I love what we are doing now in terms of being the location, but I have got aspirations where we can start to have more Australian stories told on the global stage. Now, it is very difficult

for that to occur if you are proposing to do a production in LA or Georgia or London, but by having a highly skilled mobile workforce here we maximise the chances for our distinctly Australian story to be heard. We can remove the last vestiges of the cultural cringe that have plagued us as a nation for decades and we can have that sense of pride of place on the global stage telling our stories. I think *The Dry* really symbolises something very special, and production is now underway and shooting has just started in the Otways for the sequel, which we are thrilled about, but just think about that story and what that means. I note in the paper recently there was an article about Paul Kelly's *How to Make Gravy* being made into a feature film. Imagine the idea of something as iconic as *How to Make Gravy* being made into a feature film and it gracing the screens of theatres and cinemas all over continental USA or Europe—you know, something about us, who we are, with that level of pride and excitement.

But you have got to invest in the technology, you have got to invest in your people, you have got to invest in the skills and you have got to broaden out that ecosystem. Then we can boldly go forward with a level of confidence and passion and vim and vigour about the things we want to do and say and achieve, because what we have got here is special, and we should not feel like we can only be taken seriously if we adopt an English accent or we can only be taken seriously if we are seen as an American back lot. I am really attracted to getting those big productions from America here because I know the jobs it creates, but we have got to think about the role we play globally and the way in which we can get Australian stories heard on the global stage. It is something, I think, that is going to be amazing.

**Ms TAYLOR:** Indeed. Thinking about our local industry, what are you doing to ensure our local screen professionals and our local stories are told on screen?

**Mr PEARSON:** We had the strategy first, which I was really thrilled to do. It is such a great honour to be the Minister for Creative Industries, and I really wanted to try and accelerate our work in screen. So we had the strategy, and then we provided that funding—the \$191.5 million—to that, and it is about creating those opportunities for those productions to be here and then for people to learn more. Last month I was really pleased to announce our support for Joanna Werner's production *Crazy Fun Park*, which is a horror comedy series for young adults produced by ABC ME and Werner productions. That coincided with the launch of two new VicScreen initiatives, a transformative local production fund and a new specialist skills development program. So the \$40 million Victorian Production Fund will increase support for Victorian companies and creatives to produce that diverse, captivating content for local and international audiences, and it is going to generate thousands of Victorian jobs over the next four years and inject millions into the state economy. We have also established a \$2 million specialist placement program to build capability in highest demand screen industry roles as well.

**The CHAIR:** Thank you, Minister. Mr Hibbins.

**Mr HIBBINS:** Thank you, Chair. Thank you, Minister and your team, for appearing today. One of the issues that has been raised with me by artists has been the ability—or lack of ability—to find an affordable, secure space or studio. So I actually want to ask about one of the budget initiatives on budget paper 3, page 76, on funding for creative spaces and places:

... affordable creative spaces within our cities and towns and helping creative workers to secure fit-for-purpose creative spaces in vacant/underutilised accommodation ...

Can you provide the committee with some more specifics about how that program will actually work?

**Mr PEARSON:** Sure. We are committed to providing creative workers access to those affordable spaces which are collaborative and develop and present their work. We have invested \$9 million through the creative neighbourhoods initiative in the 2021–22 budget and \$6 million for creative spaces and places. It complements action 13 of the *Creative State 2025* strategy, which was launched last year, which aims to provide creatives with access to affordable and fit-for-purpose spaces for creative works. So this is about providing those investments and looking at providing funding to enable refurbishment or make available vacant or under-utilised spaces for creative use to help grow and vitalise those local neighbourhoods that bring benefit to creatives and communities across Victoria.

In my personal view I think that there is a really good opportunity to look at partnering with local government on some of this stuff. I think local government will often have a number of assets that might be used after hours

or on weekends but might not necessarily be used during business hours. So finding those opportunities to be able to work together I think is really important.

**Mr HIBBINS:** Are you also looking at privately owned, for example, vacant shopfronts? Is that part of the program?

**Mr PEARSON:** Well, I think to date, traditionally we have been working primarily with councils. I know we have partnered with the City of Yarra for our creative neighbourhoods partnership pilot program. But I might see if Ms Febey might want to supplement my answer. The advice is yes to private, but did you want to add further to that?

**Ms FEBEY:** So private spaces are in scope, Mr Hibbins, and there have been some great projects in partnership with local councils—a long history of investment that will continue through creative spaces and places going forward.

**Mr HIBBINS:** Okay. Terrific, thank you. I want to ask now about the Nicholas Building, which is an important and successful co-working space that has affordable rents for artists and creatives. I think it is home to about 200 actually. Obviously this is very important to Melbourne. Does the government have any plans to support the purchase of the Nicholas Building? I note that the City of Melbourne and other investors have come up with the majority of the funds needed and it would actually require less than \$10 million from the state government.

**Mr PEARSON:** Look, this has been a topic that has been kicking around for some time. I think from our perspective we recognise the important role our creatives play in Victoria, and we want to encourage them to find opportunities to practise their craft. I know that the current owners have decided to sell the building. It is not clear to me, though, whether that sale has occurred or has not occurred. It is not clear to me, if it has occurred, whether the new owners might allow those creatives to continue to stay there. So there is a fair level of uncertainty here.

From my perspective, I think that the notion of the government putting in a significant amount of money—and let us be clear, I think something like this would be a significant amount of money, as well as then maintaining a heritage building—I am not necessarily sure is in the best interests of creative industries more broadly. You are effectively putting in a large amount of money and then potentially spending a fair amount of money maintaining an asset. I appreciate that for the 200 people who are there that would be of significance to them, but when you look at the—I think the figure is—over 300 000 Victorians working in the creative industries, my concern is: I wonder whether you are reallocating too much to too few for not enough benefit.

So I appreciate this, and I know Ms Sandell has been speaking about this at length and I know the City of Melbourne have got different views. But from my perspective I think it is really about recognising that I have got finite resources and I have got to try and work out, as the Minister for Creative Industries, how I can allocate them to best effect to support the creative industries as best we can. I am not convinced that putting in a large amount of money for the Nicholas Building is in the interests of the sector more broadly.

**Mr HIBBINS:** Thanks, Minister. Thanks, Chair.

**The CHAIR:** Thank you, Mr Hibbins and Minister. That concludes the time we have set aside for the consideration of the creative industries portfolio today. We thank you and your officers for appearing. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a 1-hour break before beginning consideration with the Deputy Premier and education minister at 1 o'clock.

**Witnesses withdrew.**