



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS AND THE ARTS

Australia's creative and cultural industries and institutions

(Public)

FRIDAY, 5 FEBRUARY 2021

CANBERRA

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON COMMUNICATIONS AND THE ARTS

Friday, 5 February 2021

Members in attendance: Dr Allen, Ms Bell [by video link], Mr Burns [by video link], Dr Gillespie, Mr Zimmerman.

Terms of Reference for the Inquiry:

To inquire into and report on:

The Committee will inquire into Australia's creative and cultural industries and institutions including, but not limited to, Indigenous, regional, rural and community based organisations.

The Committee will consider:

- The direct and indirect economic benefits and employment opportunities of creative and cultural industries and how to recognise, measure and grow them
- The non-economic benefits that enhance community, social wellbeing and promoting Australia's national identity, and how to recognise, measure and grow them
- The best mechanism for ensuring cooperation and delivery of policy between layers of government
- The impact of COVID-19 on the creative and cultural industries; and
- Avenues for increasing access and opportunities for Australia's creative and cultural industries through innovation and the digital environment.

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PENPRASE, Mr James, Assistant Secretary, Broadcasters and Content COVID Response Taskforce, Department of Infrastructure, Transport, Regional Development and Communications [by video link]

SULLIVAN, Ms Pauline, First Assistant Secretary, Content Division, Department of Infrastructure, Transport, Regional Development and Communications [by video link]

Committee met at 08:35

CHAIR (Dr Gillespie): I declare open the public hearing of the Standing Committee on Communications and the Arts for the inquiry into Australia's creative and cultural industries and institutions. I acknowledge the traditional custodians of the land on which we meet and pay respect to the elders past and present of all Australia's Indigenous people. I also acknowledge the cultures of any Aboriginal and Torres Strait Islander people present with us today.

In accordance with the committee's resolution of 21 July 2019, this hearing will be broadcast on the parliament's website, and the proof and official transcripts of proceedings will be published on the parliament's website. Those present here today are advised that filming and recording are permitted during the hearing. I remind members of the media who may be present or listening on the web of the need to fairly and accurately report the proceedings of the committee.

I now welcome members of the Department of Infrastructure, Transport, Regional Development and Communications, which, for listeners, also has a section responsible for the arts. They've given us a wonderful presentation. I would like to specifically welcome Ms Pauline Sullivan and Mr James Penprase to give evidence today. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion. Over to you!

Mr Penprase: Senator, we don't have any opening statement. We're happy to proceed to questions.

Mr ZIMMERMAN: Before you insult us any further, there are no senators in the room!

Mr Penprase: Apologies.

CHAIR: It's okay. It's a House of Reps committee.

Ms Sullivan: Apologies. We were before a Senate committee on Monday afternoon, so bookends of the week.

Mr ZIMMERMAN: We'll be much nicer!

CHAIR: I'll kick off. Thanks for your very thorough submission. There's hardly a corner that hasn't been touched by it. I'm just looking for the standout comment. You said the biggest part of the creative economy is in the design space. I gather by that you mean designing a movie, writing music, writing a novel, or are you talking just about fashion design? I'll just get the exact quote. I'm sure it was your submission. I'm trying to find it. Anyhow, I am very interested in the economic side of this part of the Australian landscape. You had a section with categories of the highest expenditure by the government, but I was more interested in your analysis of where we are getting the economic activity. That's why I was focusing on the design and creative side of the economy. We have people later today giving depositions about video gaming, for instance. Creative industries include fashion design and those sorts of things. In your diagrams, you have increasing circles of influence. Have you looked at the amount that goes into the economy out of the design industry in all its forms?

Ms Sullivan: I'm sorry, that is probably best directed to our colleagues in the Office for the Arts. Our understanding is that you were looking for us to address questions around the changes to content quotas, which is the area our division has responsibility for. But I'm happy to take your questions on notice and then come back with an answer from our colleagues from the Office for the Arts. Our responsibility is around content quotas—for example, the recent changes to the children's content quotas, SVOD investment obligations and that type of thing. But we are certainly happy to take questions on notice.

CHAIR: Okay. With the harmonisation of the content quotas in film between domestic production and international production, how do you think that is going to be of benefit? I've had approaches saying that the international side will be favoured over the domestic production side.

Mr Penprase: We can certainly talk about the changes that the government announced on 30 September. They included changes to the Australian Screen Production Incentive to harmonise the rate of the offset to 30 per cent. Previously, film had an offset of 40 per cent and television 20 per cent. Those changes were to provide a

more consistent and standardised offset arrangement. However, I would note, again, that our colleagues from the Office for the Arts have carriage of those offset and tax arrangements so would be best placed to take those questions. I believe they appeared before you late last year.

CHAIR: If you could just dissect that, that means everyone, whether it's a movie or a TV production, whether it is domestic or international, will have the same tax offset?

Mr Penprase: Yes. There is a set of rules around eligibility for those offsets, but, again, it's not our area, I'm afraid. It's more our colleagues who appeared before you earlier in the year who can talk to you about the precise mechanisms for the tax offset arrangements.

CHAIR: Could you expand on the changes in content for us, please?

Mr Penprase: Absolutely. Part of the announcement on 30 September last year was an alteration or a change to the way the Australian content standards work. They are standards that apply to commercial television broadcasting services, the provision of certain types of Australian programming and for children's programming. In a nutshell, those changes look to move from an existing framework that was reasonably prescriptive and that was based around quotas. Broadcasters needed to provide an amount of Australian programming in particular genres—we're talking about Australian drama, children's programming and documentaries. The changes that were announced and have been implemented as of 1 January this year move to a more flexible quota arrangement to provide broadcasters with the capacity to meet those particular underserved genres or to provide programming in those underserved genres in a more flexible manner. Those changes were implemented when a new standard was made late last year and commenced on 1 January this year.

The other suite of reforms was an additional \$53 million for production of Australian drama and children's programming, \$20 million to the Australian Children's Television Foundation and \$33 million to Screen Australia to administer new funding arrangements to support the production of that type of content. Obviously the third [inaudible] of those changes were [inaudible] Australian Screen Production Incentive, which I've mentioned before. [inaudible] on those matters it would be more a matter for our colleagues from the Office for the Arts to provide any evidence.

CHAIR: With those changes you mentioned, was that a continuation or a net increase in funding?

Mr Penprase: Certainly there was additional funding. The \$53 million that was provided was additional to any other funding supports provided by the Commonwealth. There was new money to support the provision of Australian drama, documentaries and children's programming. They went in parallel with a set of regulatory changes to the obligations that apply to commercial television broadcasting licensees in terms of the provision of Australian content.

CHAIR: I know that there were a lot of practical applications. In fact, I recall I spoke in the parliament on those practical changes which give them much more flexibility, because it is an ubercompetitive space for eyeballs. Everyone wants them, but we want to maintain Australia's culture and children's programming, so it was very welcome. I was keen to hear that you said it's a net increase of \$53 million; is that right?

Mr Penprase: Yes. The additional funding was certainly new funding. That was provided over a period of three years. Some of the money started in this financial year, but the bulk of it is in 2021-22 and 2022-23. That was additional money to support the provision of children's content in particular, so \$20 million to the Australian Children's Television Foundation. There was \$33 million to Screen Australia to support the production of those particular types or genres of content—namely, adult drama, children's content and Australian documentaries—which are the types of genres of programming that have traditionally been underprovided in the Australian market.

CHAIR: That's very welcome.

Mr ZIMMERMAN: Firstly, I want to clarify responsibilities. Do you also have responsibility for the proposals for streaming services in relation to Australian content?

Mr Penprase: That's correct.

Ms Sullivan: Yes, we do.

Mr ZIMMERMAN: Good. Before the changes were made to the content requirements was there any assessment done of what the impact of those changes would be on children's production in Australia?

Mr Penprase: Yes. The regulation impact statement that was prepared associated with those changes assessed the likely impacts on consumers, free-to-air broadcasters and on the production sector itself. It's fair to say that that assessment was a qualitative assessment of the potential impact. It acknowledged that the changes that were being put in place would potentially have a modest adverse impact on the production sector; however, it was not

possible to put together quantitative assessments, given the range of factors that were unknown in terms of how the new standard would play out particularly with things like audience demand, the cost and availability of content and other factors that were potentially unknown to us and certainly not publicly available.

Mr ZIMMERMAN: Screen Australia and one other organisation, which I have forgotten, released a discussion paper on content requirements for streaming services I think last year. That included a range of options. I think that the sector's support seemed to rally around I think the 15 per cent of revenue option. Is that a fair descriptor?

Mr Penprase: Yes. The streaming options paper was prepared by Screen Australia and the Australian Communications and Media Authority. That was released, as you said, in April last year and concluded with the consultation process in July. Yes, one of the packages of proposals or options that were sketched in that paper was an obligation on streaming services to provide or allocate a certain amount of revenue or expenditure—there were various options proposed—to support the production of Australian content. Following that process the government considered those views. There was an extensive consultation process undertaken. As you know, it has put out a green paper that includes a proposal for an obligation on large subscription services to provide Australian content.

Mr ZIMMERMAN: And that figure is set at five per cent—is that right?

Mr Penprase: No, it's not set at the moment. It's very much a proposals paper, in the sense of a true green paper. It's putting out a series of proposals for reform of media regulation. This particular one canvassed the possibility of it being a five per cent obligation on Australian derived revenue, but I think the main point the government was trying to make there is that it's very open to views on where that should be set. This is a proposal to elicit views. The consultation process for this particular green paper is open until 23 May this year, so that provides an opportunity for various parties to put their views on where that should be and the shape of that potential obligation.

Mr ZIMMERMAN: Can you provide any commentary on what the rationale would be for choosing, say, five per cent over 15 per cent? You would think at face value that 15 per cent would maximise the opportunities for Australian production for streaming services, so what are the considerations that would lead the government to consider five per cent rather than 15 per cent?

Mr Penprase: Ultimately, it's going to be a question of balance. If it's set too low then obviously the impact, in terms of supporting provision of Australian content and having Australian voices and stories on screens, is going to be relatively modest. If it's set too high then the burden on those providers will be disproportionate and may distort their decisions to enter the market or to stay in the market, and that's obviously not good for anyone, particularly consumers, if they were to change their service offering. Among the factors that come into the consideration are the obligations that are applied across other sectors of the media landscape, including the commercial free-to-air broadcasters and subscription television broadcasters. Part of the government's rationale here is to introduce a more harmonised regulatory framework that accounts for the fact that consumers have now shifted to these new platforms. Other factors that are probably relevant include the international experience. A number of jurisdictions in Europe, and even the Canadians, are thinking about or have moved to implement various different forms of obligation on streaming video service providers. Those mechanisms range. Some of them are a percentage of catalogue, in terms of how much European content, for example, is part of their overall package. Some of them are levies. Some of them might be taxes. Others have adopted expenditure requirements. So there's a range of mechanisms that have been considered, and I think it would be prudent for Australia to take note of where those particular jurisdictions are heading.

Mr ZIMMERMAN: This is the last question from me: have you done an analysis of those international levers that have been used by other countries to determine which have been most effective?

Mr Penprase: We are certainly cognisant of what they're doing. I think it's probably fair to say that it is early days. A lot of these jurisdictions have only recently introduced these measures, in the last couple of years, or are at the point of considering them. So, while I think it's relevant, I wouldn't want to overplay the learnings that could be gained from them if they have been implemented for only a short period of time.

Mr ZIMMERMAN: Thank you.

Dr ALLEN: Could you explain to us the financing models and business strategies that children's producers utilise to trigger commissions from the commercial free-to-air broadcasters and how they create employment and sustain their businesses? Also, could you explain whether the minister's proposed changes to children's quotas undermine the model of screen financing?

Mr Penprase: Production companies offer a range of models for engaging. Some of them receive commissions from big broadcasters for the provision and development of product and content. There are models that work. Most production companies also work with both the state and federal funding agencies to develop products. In terms of children's content, we are obviously working with the Australian Children's Television Foundation in relation to development and distribution. In terms of other considerations that went into the recent decisions, there was an extensive consultation process, as I outlined before, associated with the screen options paper. That canvassed a range of options for changes to regulatory settings, and those views and factors were taken into account. The minister chaired some six roundtables with various segments of the industry to come to those views and perspectives on appropriate regulatory outer settings for [inaudible], so those factors were taken into account in arriving at the position around the Australian content standard strategy.

Dr ALLEN: With the relaxation of the changes, does it mean that the commercial stations can therefore import more overseas children's content? Is that effectively what will be the outcome of these changes?

Mr Penprase: The changes provide broadcasters with more flexibility in the type of programming they are required to provide to meet the quota. Instead of stipulating a particular number in terms of hours or number in terms of quota for a particular type of content, it provides broadcasters with the capacity to determine the mix of content that suits their audience. The genres of content that they can work with are Australian drama, first release and commissioned Australian drama, first release and commissioned children's content, first release and commissioned documentaries and first release films. It's the same genres of content that we have regulated through the previous standard, but there's more flexibility for the broadcasters to determine the mix of programming that best suits their audience.

Dr ALLEN: So it's a bit like the commercial stations can choose to give children dessert, rather than worry about giving them meat and potatoes. When you say what suits their audience, they can choose based on what's commercially successful and not necessarily what's good quality, say, by children's educators' standards.

Mr Penprase: I wouldn't necessarily phrase it in a meal sense, but it's certainly the case that there is a structure within the quota that incentivises high-budget productions. So the point of the arrangement is designed to incentivise higher quality productions and higher budget productions, knowing that those are the sorts of productions that are not only valued by audiences but also have a greater prospect with the national [inaudible].

Ms Sullivan: It's probably also worth adding—and Mr Penprase can make sure I've got the numbers right—that in 2019 the top 75 programs that kids were watching were all on the ABC. It's also a matter of where kids are actually going to watch or where their parents are taking them, I should say, to watch television.

Mr Penprase: That was one of the factors that was taken into account [inaudible]. In simple terms, Australian children are not watching children's programming on commercial free-to-air stations. In 2019 the average audience across the five mainland state capital cities [inaudible] were watching children's programming. No kids were watching children's programming on commercial free-to-air television but they were, however, watching it on streaming video services, the ABC and YouTube. That's just the nature of the changing demand of the market. It is a market in transition, particularly around children's content and children's viewing disposition towards content. This standard has been adjusted to try and reflect some of the changes.

Dr ALLEN: What has happened is the ministerial changes mean that the commercial stations do not need to insist on having a certain amount of Australian based children's television, or is it that they don't have to have a certain amount of children's television?

Mr Penprase: They need to provide 250 points worth of Australian programming each year. The points can accrue for Australian and children's drama. It needs to be first release and commissioned. It can be other children's programming, first release or commissioned, documentaries or required films. So there's flexibility as to the genres of content, but they still need to meet the 250 points per year.

Dr ALLEN: What impact will that have on Australian-produced children's content? The reason I ask that is I think internationally we are extremely well regarded and probably for the very point that you make that ABC children's television is amongst the best in the world. I'm wondering whether that will have an impact on the infrastructure of children's television production, that the ABC will continue to produce the lion's share, there'll be less commercial and Australian based television, and that will undergo a diminution. What's the impact on the production side of children's television for an international market?

Mr Penprase: The regulation impact statement noted that there would potentially be an impact on the production sector, particularly those producers that are highly dependent on broadcasters for commissioning. That's part of the reason why the government put together a package that wasn't just a set of regulatory changes. The \$53 million of additional funding that was packaged together was very much intended to counter balance

some of those impacts. In particular, the \$20 million for the Australian Children's Television Foundation was a big injection of funds to ensure that Australian children's producers have the right resources, the right portals and the right distribution mechanisms to get their content out there.

Dr ALLEN: What will be the sort of impact from relaxing these content quotas for commercial and free-to-air television broadcasters? How is that going to assist the broadcasters and what sort of savings will they make?

Mr Penprase: Because of the flexibility that is built into the standards, it is not possible to say how broadcasters will use the new standards and therefore what costs might be incurred. For example, in 2018-19, broadcasters incurred total costs for Australian drama, kids' content and documentaries of \$132 million. In particular, the children's content, the total cost of expenditure there was \$24.8 million in 2018-19. They still need to produce some quantum of Australian content, so that is not the nature of the production, but this measure is certainly deregulatory in the sense that it will be imposed on commercial broadcasters. They expect there would be a level of saving that is available to the broadcasters [inaudible].

CHAIR: Angie Bell, member for Moncrieff.

Mr BURNS: Chair, I have a question. I am more than happy to go after Angie but—

CHAIR: I did not see your hand there.

Mr BURNS: I sent you a text. The usual course is that we go government, opposition, government, opposition but I'm happy to defer to Angie and maybe I will go after Angie but I am just conscious—

Ms BELL: I sit on seven committees and it depends on the chair and how they decide. You may have decided that for yourself but that is not necessarily the case for all committees.

Mr BURNS: It does reflect the procedure of the parliament, member for Higgins. [inaudible] I am happy to go after Angie. I am just conscious of time to get in a question. We are already over time, so I am just putting it out there, Chair. I am happy to go after Angie. I just wanted to make sure there is time.

CHAIR: I did not see you putting your hand up there and Angie had been on for quite a while. Angie Bell, over to you and then Josh Byrnes, member for McNamara, after that.

Ms BELL: Thanks, Chair. I will try and make it short so you can get a question in. Thank you for coming along today. My focus for the committee today is a focus on jobs and the effect that this will have on jobs. I want to ask about the changes to content. How will that affect jobs? How do you see it affecting jobs in the film industry? Firstly, perhaps you could answer that question.

Mr Penprase: As I said at the outset, as we noted in the regulation impact statement, there is likely to be a minor adverse impact on the production sector. We also noted in the impact statement that Screen Producers Australia indicated there would potentially be a jobs impact from changes to the standards. That was, as I said, part of the reason why the government provided additional funding for the sector, an additional \$53 million, in recognition of those potential impacts. As to the quantum, we don't have that data, mainly because of the fact that the new standard provides flexibility for broadcasters. Those commissioning decisions will need to be assessed over time as they unfold so it is not possible to provide an accurate estimate of precise impact at this point.

Ms BELL: The second question is: with regards to Australian content, if streaming providers such as Netflix, et cetera, do not have the same quota content as our national networks, is it fair to say that our national networks will be competitively disadvantaged?

Mr Penprase: The disproportionate burden that commercial television broadcasters were facing under the previous arrangements was one of the factors that was taken into account. Up until these changes and up until the government flagged its intention to think about or propose an obligation on the new streaming services, the bulk of the burden for the provision of Australian content and for ensuring that Australian voices and stories are seen on our screens was with our commercial broadcasters. Those broadcasters are in a highly competitive market—a market, as I said, in transition at the moment—and that disproportionate burden really wasn't sustainable. As the government indicated in its response to the ACCC's Digital Platforms Inquiry, its work program for media reform will look at harmonising media regulations to provide a more equitable and reasonable balance that's more reflective of the contemporary media environment. That was part of the driver for this part of the changes. Given the green paper has been released and there's a work program there, this is certainly not the end of those changes, but the government had identified Australian content as one of its priority reform areas in media policy, and that's why these particular changes were pursued.

Ms BELL: Okay. Thank you, Chair.

CHAIR: Thanks, Angie. Over to Josh Burns, the member for Macnamara.

Mr BURNS: Thank you, Chair, and thank you, Angie; I do appreciate it. I do apologise for interrupting you, but I just want to get this question in. My question goes to the COVID response aspect—maybe this is a part of your team, and possibly broader. I'm interested in how much of the \$250 million commitment that was made in June last year has been spent.

Mr Penprase: That is, unfortunately, a question I'll need to defer to our colleagues in the Office for the Arts on. Obviously, that package was announced in the middle of last year. Certain elements of that have been rolled out, but I don't have specifics on precisely the status of each of the elements, of which there were a number.

Mr BURNS: Which bits have already been rolled out?

Mr Penprase: I know that the Temporary Interruption Fund has at least progressed to a point, but, as I said, I'm not privy to those particular specifics. We can certainly take that on notice and get back to you with the precise status of the particular measures.

Mr ZIMMERMAN: Josh—just through you, Chair—we did have a discussion before you arrived that our witnesses this morning are only here to give evidence on content rules. They're not representing the broader department.

Mr BURNS: My apologies, Chair—I had some connection issues at the very first moment. I do appreciate that [inaudible]. But, on that, it is true, though, that some of that funding did come through you in order to kickstart screen production and kickstart the screen industry and local content. That is still part of your remit, though, isn't it?

Ms Sullivan: I'd have to go into—the department has responsibility, through the Office for the Arts, and also there was funding for [inaudible] organisations, but, through our division, which is the content division, we weren't involved in any of that. I'd be happy to take that on notice.

Mr BURNS: It might be a question for the next group. Thanks, Chair.

CHAIR: Just for my benefit, and also for other people listening—if we can go one step back. On the requirement for 250 points, can you put that in perspective? How many points are there in a whole year of broadcasting, and how do you get points? I'm trying to work out the relativity of it.

Mr Penprase: It is 250 points per annum. There is a scale in the new standard that allocates those points, or for which those points can be accrued. In terms of first-release Australian drama programs, the points range from seven points per broadcast hour for really high-budget productions—so, those productions with a budget of more than \$1.4 million per hour—down to 1.5 points for productions with a cost of \$450,000 per hour or more. That reflects the point I was making before around incentivising higher budget productions in terms of Australian drama. In terms of children's content, that is, first-release children's programming that's non-drama—so, children's drama can accrue the same points as adult drama. That's a shift from where the previous standards were, which had separate frameworks for children's drama and adult drama. This new standard simplifies that and provides equivalent points for adults' and kids' drama. In terms of first-release commissioned Australian children's programs other than drama, it's 1.5 points per hour. For commissioned first-release documentaries, it's one point per hour. For acquired first-release films, it's either one or two points per hour, depending on the cost of most films.

The way that actually translates into number of hours broadcast will depend on the broadcaster. Some broadcasters may opt to go for and commission very-high-budget productions accruing the highest number of points, and therefore their overall additional hours they require may be lower. Some broadcasters may choose to opt for lower-budget commissions, meaning they would need to commission and broadcast more content to meet that 250 points. So, as I said, it really provides flexibility for the broadcasters to work with the production industry in commissioning programs that meets their audiences' needs.

Ms Sullivan: Chair, if you'd like, we're happy to provide you with a document that sets this out.

CHAIR: That would be good.

Ms Sullivan: Having the points read out is probably a fair bit to take in at nine o'clock on a Friday morning, speaking for myself.

CHAIR: Thanks very much for that. That would be very helpful to put things in perspective. With the optional or suggested content to the streaming services, we have floated five per cent. Is that across all genres? They want just five per cent of the offer on streaming services to have been produced in Australia? Is that science, children's, fiction, documentary, or is it just—

Mr Penprase: At the moment, the proposal in the green paper is that large on-demand services will need to provide five per cent of their Australian turnover—so that would be five per cent of their revenue in Australia—to

be allocated towards the commissioning of Australian programming. At this stage the proposal was to leave the definition of 'Australian programs' reasonably broad. That could include drama, children's, documentaries and other genres of Australian content. That obviously is out for consultation at the moment, and the government will need to take views and [inaudible] the shape of that particular obligation. [Inaudible] is a five per cent revenue spend requirement.

CHAIR: Okay. Do any of my colleagues have other questions? I did find that comment that I was referring to on page four, but I've re-read it, and there were a semicolon and a lot of other things added after the word 'design', so I shouldn't scan my articles so quickly! But thanks very much. If there are no further questions from Josh or Angie, we will thank you for your contribution and we will follow with interest.

Ms Sullivan: Thank you very much. Have a good day.

CHAIR: Thank you for your attendance here today. If you have been asked to provide any additional information, would you please forward it to the secretary by 19 February 2021. You will be sent a copy of the transcript of your evidence and you will have an opportunity to request corrections to transcription errors.

BROWN, Mrs Philippa, First Assistant Secretary, Labour Market Policy Division, The Treasury [by video link]

ROBERTSON, Mrs Belinda, Assistant Secretary, Labour Market Policy Division, The Treasury [by video link]

[09:13]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as the proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement, if you have one, before we proceed to discussion.

Mrs Brown: Thank you. We don't have an opening statement.

CHAIR: I might give the first question to Dr Allen.

Dr ALLEN: Thank you very much, Chair. Thank you very much for attending the inquiry. My question goes to the role of the philanthropic and sponsorship aspect of investment in the creative and cultural industries. I was wondering whether you could outline what tax incentives or other measures we have to encourage a greater contribution from philanthropy? I understand other countries have different measures. I wonder whether you have any existing incentives and how you promote those existing incentives for philanthropy and its investment in the arts?

Mrs Brown: I am very sorry, Senator, but we don't have the people who are responsible for that area of the tax law here today. Our understanding was that the committee had asked us here to talk about the JobKeeper payment and COVID response. I am happy to take that on notice and ask for a response to come back to you.

Mr ZIMMERMAN: Just to be clear, you're the labour market division?

Mrs Brown: That's right.

Dr ALLEN: Are you from Treasury or from the ATO?

Mrs Brown: We're from Treasury but we're from the labour market policy division. We could take it on notice and make sure an answer gets back to you.

Dr ALLEN: Okay. I might ask another question then. Would you be able to tell us the role of JobKeeper and JobSeeker with regard to the culture and arts sector and the proportion of how many people were receiving JobKeeper versus JobSeeker? I think there is a broadly held view that the arts were unable to obtain JobKeeper and I was wondering whether you could provide us information about whether there was any receipt of JobKeeper in this sector and to what degree?

Mrs Robertson: The JobKeeper package was available to people in the performing arts sector as long as they met the eligibility criteria as the organisation and/or the employees. In the first phase of JobKeeper, which was the first six months of the program, in the arts and recreation services industry, which is the major division that covers off the majority of the performing arts area, there were \$2.4 billion in payments out of the \$70 billion of payments that went to that sector.

CHAIR: Sorry, was that \$2.4 billion?

Mrs Robertson: Billion.

Dr ALLEN: How many people was that?

Mrs Robertson: It was 42,000 organisations covering 122,000 employees.

Dr ALLEN: Did you say that was in the performing arts sector?

Mrs Robertson: Correct. In the specific subsector in art and recreation services for creative and performing arts activities—which covers off performing arts operations, musicians and entertainers, and performing arts venue operations—there were \$510 million as a subset of that \$2.4 billion in total payments, covering 25,000 organisations and 68,000 employees.

Dr ALLEN: Can I just clarify, the first part was for the performing arts and the second part was for auxiliary businesses? Sorry, it's a bit hard to hear. You are breaking up, so apologies if I'm not getting it quite clear. The vast majority went to people in the performing arts sector and the other bit were the ancillary sectors. Is that what you're saying?

Mrs Robertson: The way that the payments are tracked is according to the ANZSIC classification of the business. The prime ANZSIC area for performing arts is under arts and recreation services. Then there is a subset under that of creative and performing arts activities, which has three sub-ANZSIC codes. The numbers that we provided overall are for the full arts and recreation top-level area, the \$2.4 billion. The sub-sector, which is creative and performing arts activities, is the 25,000 organisations, 68,000 employees and \$510 million.

Dr ALLEN: Was that for the first quarter that was effected by JobKeeper or was that throughout the whole period?

Mrs Robertson: That was from the April to September period, which was the first phase of JobKeeper. As committee members would be aware, there was an extension of JobKeeper, and that comes from October to December. A new quarter has just opened now. There has also been support going to the sector, and this data is current as claims are still being finalised for the December month. Within overarching sector there was \$510 million in payments, 25,000 organisations and 68,000 employees. Within the creative and performing arts, there were 14,000 organisations, 21,000 employees and about \$160 million.

Dr ALLEN: So that's JobKeeper.

Mrs Robertson: Correct.

Dr ALLEN: What about JobSeeker?

Mrs Brown: That's under the remit of the Department of Social Services, so I don't have the figures.

CHAIR: So there are no JobSeeker figures to be gleaned today from your department.

Dr ALLEN: Do we know what proportion of the total workforce was on JobKeeper—

Mr ZIMMERMAN: In those sectors?

Dr ALLEN: in those sectors that you've just given us? You should have the denomination of the actual sectors, so I presume you can give us a rough proportion. If \$2.4 billion has gone out, it sounds like quite a large part of the sector's turnover.

Mrs Brown: Yes, I've got it here.

Mrs Robertson: Can we just go to the next question and I'll have a look?

CHAIR: Yes, we'll leave you to analyse that. I might ask a separate question. In the JobKeeper statistics, there are a lot of sole traders. You mentioned organisations with employees, but I gather sole providers could apply for JobKeeper as well, because a lot of artists are sole traders or they might be an incorporated company. Do you have any figures on individuals as opposed to employees through PAYE that receive JobKeeper?

Mrs Robertson: The total number of employees supported includes employees and/or eligible business participants—that is, sole traders, so those that actually own the business. They could be a sole trader, a member of a partnership, a company et cetera. I do not have a breakdown of the split between employees or business participants for that number.

CHAIR: Okay. I see the member for Macnamara has a question.

Mr BURNS: Thank you both for coming to appear before the committee. I might follow on from the member for Higgins's questions to drill down a little bit. I'm a simple fella, so I like to get it clear in my head. You mentioned that you've got the arts and recreation, which is the overall classification, and that was the \$2.4 billion spend, but, when you actually specify it to the creative and performing arts and some of the more specific creative industries, that was the \$510 million spend with 68,000 employees—is that correct?

Mrs Robertson: Apologies, I need to correct those figures. It was \$560 million, 25,000 organisations and 122,000 employees.

Mr BURNS: That's specifically for the creative industries, so your performing arts, music et cetera.

Mrs Brown: The classification is called the creative and performing arts.

Mr BURNS: So that \$2.4 billion isn't for the creative and performing arts; that's for arts and recreation, which has sports and other stuff in it—is that correct?

Mrs Brown: That's right.

Mr BURNS: Right, so it's not the \$2.4 billion; it's the \$560 million, which you just corrected. The member for Higgins asked this question and I'd be interested to know: what is the total number of people who work in that second category in the industry? I've had a rough look. From 2016 the last estimates were 650,000 or a bit more. Is that your understanding?

Mrs Brown: The closest [inaudible] number might have been done on a different basis from the ANZSIC codes. I think the coverage of JobKeeper within the creative and performing arts was around 50 to 60 per cent of the workforce.

Mr BURNS: So 50 to 60 per cent? Is that assuming that the total workforce is around 240,000 people, something like that?

Mrs Brown: Implication, I don't have the figure to hand, sorry.

Mr BURNS: Sure. My maths is a bit rusty, but something like that. Do we have on average what the coverage was, for example, say, in the construction industry or in the hospitality industry, where they were affected by the restrictions, or other comparable industries? Do you have any comparison of what it actually compares to?

Mrs Robertson: I don't have detailed figures at hand for that but—

CHAIR: We have a breakdown there; things are frozen.

Mrs Robertson: JobKeeper in its first phase supported approximately 30 per cent of all [inaudible] employment.

Mr BURNS: Right. But, for example, in the health sector, there was a high proportion of the workforce that was still there. So the arts and creative industries were obviously hit by it. I think it is safe to say there would be big differences between different sectors, but, for example, another sector like construction probably less so. But maybe for one of the other harder hit sectors like tourism, I would be interested to see a comparison in the JobKeeper coverage to the creative arts. I have asked a number of questions, Chair. I am conscious of time, so I am happy to defer to fellow committee members.

Mr ZIMMERMAN: Thank you for your evidence today. We are struggling a little bit because of the broadcast quality. Can I just make the request that the figures that you have referred to, you also provide on notice to the committee. It would also be helpful for us to have the definitions of those categories because there obviously are different figures that are used. For example, in this inquiry, standardly, we've had descriptions of 600,000 to 700,000 people being employed in the creative industries. That of itself is confusing because creative industries includes not only obviously artists but also includes architects, so it is a very broad category. If you could provide the committee with the figures that you have outlined and the definitions or classifications that they refer to, that would be very helpful.

Mrs Brown: Certainly.

CHAIR: We also had some other questions. It may have been mistaken on my part but we thought with Treasury we might be able to ask more questions about tax offsets and a lot of other taxation related questions but it sounds like we might have to get a different department in to answer those queries.

Mrs Brown: My apologies, Chair. It is Treasury that is responsible for those areas; it is just a different area in Treasury that we don't have we us here today. So we are happy, if you would like to put those questions on notice, to make sure that you get answers to them.

CHAIR: We shall do that. We will put them in writing and send them to you. If you could have the appropriate area respond in due course, that would be excellent.

Mrs Brown: Thank you, Chair. Certainly.

Ms BELL: I was just interested in the question that the member for McNamara asked and the answers that Treasury gave to the proportion of support that was given. In the first rollout of JobKeeper, it was 30 per cent of employment. I understand we've asked for the numbers, but I'd just like to reiterate: it was 30 per cent of all employment, yet, in the creative and performing arts sector, 50 to 60 per cent was actually the approximation. I would like some clarity on those numbers, because to me those numbers appear to indicate there were more than double the amount of people in the arts and creative sector that were supported. That's what it appeared to me to be.

Mrs Brown: We are happy to provide those figures in writing to assist the committee. The coverage of JobKeeper did vary quite significantly between industries, based on the impacts of COVID and also the eligibility criteria. For example, governments were not eligible, and there are some sectors that are dominated by government employees. So there was certainly variation between the sectors, and we can provide that information on notice.

Ms BELL: I think it's also worth highlighting, if I may, that to be eligible for JobKeeper one had to have an ABN, if you were working as a sole trader. And to get an ABN you need to have a \$70,000 a year turnover. I think this is where some of the problems arise with perhaps those in the arts and creative industries, which I have

a background in, where they are ineligible for JobKeeper because they don't have an ABN and because their threshold is perhaps under \$70,000 a year for income. Would that be fair to say?

Mrs Brown: The requirement for an ABN for eligibility for JobKeeper is an integrity feature of the program. It was important to ensure that JobKeeper payments were going to businesses that were already in existence prior to COVID and prior to the announcement of the JobKeeper payments. So that certainly was a feature of the program, and it was important to allow the support provided by JobKeeper to be rolled out with integrity and also at scale and at speed, so it was very, very important that some of those rules were clear and were easy to be administered to allow business to engage with the program and to allow it to be delivered very, very quickly, given the context in which the program was established.

Ms BELL: But my summary there was correct, is that right?

Mrs Brown: It would be nice if we could take that on notice. I do not believe you need to have a turnover of \$70,000 to be eligible to get an ABN. Anyone who is actually in business is encouraged to get one. It is the \$75,000 threshold of turnover where GST registration actually occurs, but we can take that on notice and get it from the Commonwealth registrar at the ABR. But I believe ABNs are available for anybody who is in a business. It's not a turnover basis, and people are encouraged to get them. We will take that on notice and get clarity around the ABR eligibility.

Ms BELL: Thank you.

Dr ALLEN: I'm interested in whether you can provide us any sort of structural understanding of the workforce. I was a bit surprised by the numbers that you have given us, simply because I think it is fair to say that the general community, and the arts sector itself, felt that the sector was missing out, because I think there's a decent understanding that it's a highly fragile and vulnerable sector from the point of view of employment. Everyone knows that actors, for instance, can live very hand to mouth. Some of them might have reasonably structured employment where they're perhaps teaching dance as well as acting, or something like that. So it would be interesting to have a bit of an understanding about the body of that sector. It sounds like there were a reasonable group of people who do have an ABN and were able to get JobKeeper. That surprised me, because the feeling I got from some parts of the community was that it was very fragile and that most of the sector had to go on to JobSeeker, because they didn't have that situation of a structured business or being a sole trader. If you could provide some clarity on that it might be useful. We still want to acknowledge there's a lot of vulnerability in the sector, but it's helpful to also understand that, with these people in this area, it's good for them to make sure that they're looking at the business side as well. It helps them to participate in the support systems that governments of all levels are providing them, and to encourage them to engage in those structural engagement pieces from a business point of view.

Having the member for Moncrieff online is really valuable, because I know she has worked and lived in that area for a large part of her life and to have that expertise on this committee is very helpful. But for someone like me who hasn't lived and worked in the sector it would be very helpful to have a little bit more clarity around that, because, of course, there is a lot of vulnerability in the sector, but it sounds like there has been some resilience as well, supported by the federal government. It's good for people to understand what aspect of that is important for their continuing and ongoing support as well, so thank you for that.

Mrs Brown: There certainly has been a very significant level of support provided to the creative and performing arts sector through the JobKeeper payment. The policy objective of the JobKeeper payment was to protect that employment relationship, so there are eligibility criteria that relate to that employment relationship, including that it needs to be a permanent employee or a casual on a regular and systemic basis for 12 months. That criteria was to ensure that the JobKeeper payment protected that employment relationship during that very significant shock that occurred at the outset of the pandemic. The JobKeeper payment was always designed to be a complement to the JobSeeker payment to ensure that everybody had that safety net that could protect them. The nature of employment does certainly vary from sector to sector. Whilst there has been a very significant amount of support delivered to the creative and performing arts sector through the JobKeeper payment, you are absolutely right that there are vulnerabilities there and that not every person who worked in the sector was eligible for the payment. That's where the complement of the JobSeeker payment works together with the JobKeeper payment to provide that comprehensive safety net.

Dr ALLEN: I was hearing from my constituents that having a sole trader provision through an ABN was really valuable. I heard that on the ground. I did not realise that it was possibly being activated at such a large level, which is very encouraging. It's good to hear that, that the sole trader provided some employment resilience that perhaps other people outside the sector wouldn't understand as being valuable to those people. It's helpful to hear that from Treasury.

CHAIR: Thanks for your comments. The questions that we're going put on notice will possibly be highly relevant to our next group being interviewed. Thank you very much. The questions relate to tax offsets in comparison to other jurisdictions that have different tax treatments for some areas of the creative and cultural industries. We will send those to you.

You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. If we could get those answers by 19 February 2021 that would be very helpful. Thanks very much.

Mrs Brown: Thank you, Chair.

AU, Mr Ben, Director of Policy and Government Affairs, Interactive Games and Entertainment Association

CLARKE, Mr Roger, Chair, Interactive Games and Entertainment Association; and Managing Director, Koch Media Australia

CURRY, Mr Ron, Chief Executive Officer, Interactive Games and Entertainment Association

REEVES, Ms Clara, Board Director, Interactive Games and Entertainment Association; and Chief Executive Officer, Hipster Whale

[09:38]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and, therefore, has the same standing as proceedings of the respective houses. The giving a false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Mr Clarke: To start, I acknowledge and pay respects to the past, present and future traditional custodians and elders of this land and to the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples. Thank you for the opportunity to speak to this committee about the corner of Australia's arts sector that creates video games. Our industry is one that the committee has supported in the past, and we deeply appreciate its ongoing interest. I'm appearing today as the chair of the Interactive Games and Entertainment Association, IGEA, which proudly represents the Australian video games industry [inaudible] video games studios, the regional arms of some of the largest video games companies in the world. As I said, I'm the managing director of Koch Media Australia, part of the global video game company of the same name. Clara is the CEO of the independent Victorian games studio Hipster Whale. Hipster Whale is most renowned for its *Crossy Road* series of games, which have been played by hundreds of millions of people worldwide. Then we have Ron and Ben joining us from IGEA.

The reason we chose to participate in this inquiry, and the reason we're so loud in this policy space, is that Australian video game developers, despite being part of Australia's arts sector, continue to be excluded from all federal arts investment. As we outlined in our submission, we believe we may be the only part of Australia's arts sector that's prevented from accessing any federal support, funding programs or tax incentives. To put colour to this point, each film [inaudible] produced in Australia this year, whether produced locally or overseas, will receive more federal support than our entire industry has received in the last five years. This is support that we need. Even though we're grateful that digital sectors like ours may not have been impacted by COVID as widely as others, there's still been an impact, particularly for emerging developers.

If we take a step back, the lack of federal support means Australia has not been able to grow its industry in the gaming space or attract the level of foreign investment that countries like Canada and the UK have been able to. In our submission we've advocated for two key ways to fix this. Firstly, we recommend that a tax offset be applied to video game development in exactly the same way that the federal PDV offset already supports the animation and digital effects sectors. We also recommend the restoration of the previous Australian Interactive Games Fund. In 2017, in its final report for the inquiry around film and television, this committee in fact called for the fund to be restored. We believe these two policy solutions continue to be the right ones. I'll end my opening remarks here. We look forward to responding to any questions and providing any further information the committee will find helpful.

CHAIR: Thanks very much, Roger Clarke. I'll open the discussions with a comment followed by a question. In your presentation, on page 8, you gave some comparative figures for turnover, tax revenue, the size of the industry et cetera, exhorting rebates and tax incentives. You compare us to Canada and the UK, and you mention that we earn less revenue than even New Zealand's game sector. For Australians, any comparison to New Zealand in which they're bigger than us always attracts a lot of eyeballs, or ears. I'm interested to hear you expound on that. Is that because we have a smaller industry than New Zealand, Canada and the UK? I thought our industry was meant to be going ahead in leaps and bounds.

Mr Clarke: I'd ask Ben to respond to your question.

Mr Au: As a comparison for the Australian and New Zealand figures, Canada's total revenue for the last reportable year was, in Australian dollars, around \$4.7 billion and the UK was around \$4 billion. Both of those figures use contribution to GDP, rather than revenue. But New Zealand has reported a revenue of \$305 million. In

Australia—this is since we put in our submission—only just a few days ago we released our most recent results for the revenue in our sector, and it did go up by approximately 29 per cent, to \$185 million.

To answer that question, just looking at those figures, there is revenue growth. That is generally consistent with just the growth of the global video games sector, and Australia, as a part of that, has also grown. To your specific reference to New Zealand, New Zealand is an interesting ecosystem. It is one that is supported by the New Zealand government. Even though there currently isn't a tax offset in New Zealand—just as there isn't one in Australia—they have a federal policy in place to support games, and they have a fund that is available to help independent game developers. Often, it's that level of seed funding that's provided that has enabled larger studios to then grow. That was the experience that we saw with the old Australian Interactive Games Fund, where studios that received support back in 2013-14 are still around today. Some of them are still around today, and they've grown massively. I might just pause there and ask if that's answered your question. If not, we can provide further information.

CHAIR: Yes. Would anyone, Ben or otherwise, be able to tell us what the tax offsets are in the UK and Canada? I think you also mentioned Finland, France, Germany and Singapore. Do you have any figures on what other nations are doing in that space?

Mr Au: We do. It would probably be most helpful for this committee for us to provide that on notice in writing, just because of how complex the figures are.

CHAIR: Thank you very much.

Mr BURNS: Thank you all for appearing before the committee. It's really good to have you with us today. Roger, you mentioned Canada in your opening comments. It's often described as the gold standard of policy and economic activity around the gaming industry and gaming jobs. I was wondering if you could expand on that and talk to what Australia could be doing in an ideal world. What policies, and not just tax offsets, are already being implemented around the world that are literally taking Australian developers offshore and attracting them overseas? What do we need to be doing to keep the local jobs here and to keep the talent that we have, and are capable of having, on our shores?

Mr Clarke: I think, very simply, the answer to that question is the PDV offset. In your question, you spoke to a number of the factors that are in play here from the point of view of local talent—for example, the number of graduates that we have leaving institutes of higher education who are qualified to work in gaming sectors and the incredible creativity that we have amongst the workforce. The Australian game development talent is valued globally because we are pragmatic and solution oriented. Australians will always find a home overseas in this industry. From our point of view, we need a level playing field. From a very simple perspective, most large studios overseas would move here based on a PDV offset being in place. If you're talking to a board or you're talking to shareholders about shareholder value, you need to understand that, from the point of view of that conversation, if a dollar spent in Australia is only 60c—or 65 or 67—in Canada, it's an unappealing discussion. If we flip that then to local businesses in [inaudible] for example—I've already talked to this a little bit [inaudible]

CHAIR: Sorry, you have to be close to the microphone.

Mr Clarke: Sorry. From an Australian perspective, a domestic perspective, I would actually ask Clara to talk a little bit about what the impact of the tax offset being applied to our industry would be.

Ms Reeves: Sure. Thanks for having us. For a local company, having those international companies come and invest locally is also a great thing. We do have an industry that's doing really great things, and we've got growth potential, but what we don't have is support for the growth and stability to stay here and for our industry to mature here in Australia. A lot of times we're just losing that talent right as it's maturing. Without this offset and without being competitive and on the same scale, we lose our potential to grow that talent and to keep the talent and the business here in Australia. I think what we get by keeping it here is an ecosystem where we all benefit. So having these large companies coming here and investing here means that we're getting more businesses coming here and investing here. The whole ecosystem, from smaller studios having more opportunities and more talent to pull from, and also young people being able to get trained up in studios that can afford to train them up is amazing for us, because then we have that talent in our ecosystem as well. Recruiting and keeping talent is a big challenge for us.

CHAIR: Thanks very much.

Mr ZIMMERMAN: Thank you for your evidence today. I'm really pleased that you put in a submission, because I think this is perhaps the area of greatest untapped potential for Australia and the creative industries. I was reminded of that when I was in Helsinki just over a year ago and went to Rovio. I thought, 'If Finland can do

Angry Birds, why can't we?' Your submission highlighting the fact that Australians are spending \$3.6 billion on games and your revenue is \$144 million a sector points to the gap in the potential.

You've already taken on notice the issue about what other countries are doing to support the sector, but I was interested in effectively the skills and labour force side of the industry and its potential in Australia. The first question I had was one of ensuring that we capture the benefits of the industry. If an offset is made available and effectively sees the expansion of the sector, how do we ensure that the offset is effectively supporting the creation of Australian jobs, rather than maybe companies being based in Australia but doing most of their production work offshore?

Mr Clarke: In response to that, one of the very clear distinctions that we have versus other adjacent sectors, creative sectors, that enjoy the PDV offset, like theatrical production, like TV production—my background is that I ran Warner Bros in Australia for nearly a decade, so I have a very high familiarity in that space. Gaming studios—

Mr ZIMMERMAN: Roger, your audio—

Mr Clarke: I'll lean out of the camera shot and get a bit closer. Does that help?

CHAIR: Yes, very good.

Mr Clarke: What I would say is that, unlike the theatrical and TV production sectors, when we talk about game development studios, we are talking about businesses that are onshore, largely not staffed by itinerant labour, built in country and really businesses that are sustainable and that employ Australians. In terms of attracting overseas talent, there is always a necessity to bring in certain key roles and skills from overseas. But those roles are always helpful and additive in the sense that, when you bring somebody into the market as a skill set that is not in play currently, you end up with an ability to share that skill and to build the knowledge base and the experience—

Mr ZIMMERMAN: Roger, I actually think it's not a microphone problem but the connection, because we're only getting every second word. I am just wondering whether anyone else might be able to answer.

Mr Au: Roger, do you mind if I step in?

Mr Clarke: Please go ahead.

Mr Au: That was an excellent question and one that the trade and investment growth committee last year also asked us, so we do have an answer to that. As Roger was talking about, jobs in video game development are overwhelmingly full-time tech focused jobs that will go to Australians first if the talent is there, and they will be based here. The best example that we can probably provide to illustrate that is—and obviously you've been to Finland and seen how those studios look and work—Ubisoft Montreal. It was attracted to Canada through a tax offset and now they have a studio that employs I believe over 3½ thousand game developers of all kinds of artistic and tech disciplines, and the overwhelming majority of those will be full-time jobs and jobs that Canadians are in. If an offset were to be made available in Australia, the most immediate and obvious result will be studios that are set up here with initially hundreds and potentially thousands of people, and they will scour the talent in Australia to fill those positions. As we mentioned in our submission, there are probably hundreds of Australian expat game developers working in studios overseas—

CHAIR: Stay close to the mic, please, Ben.

Mr Au: I will. And other studios have said that there are hundreds of Australian developers who are probably looking to return home for those purposes as well.

Mr ZIMMERMAN: My concern was not so much about bringing in foreign labour to Australia. I always have a belief that, more often than not, bringing in skills like that is good for expanding the skill set in Australia. My concern was basically, with an offset, how you ensure that an Australian production—it's like Australian content rules for food—is predominantly being made in Australia rather than maybe having a studio here but a lot of the back-of-house work being sent overseas.

The other question that I had was actually the reverse problem. With a smaller sector here, do you actually see a brain drain? Do you see that the career path for game developers in Australia is a little bit limited compared to overseas, so we're seeing some of our best talent leave the country to pursue their careers?

Mr Curry: Yes, that's exactly true—we are seeing a brain drain. When you have a limited size ecosystem, if you want to progress your skills or your management ability or your experience level, you need to leave Australia, because we just don't have the ecosystem to allow that here. You get experience of running a 200-people studio by running a 200-people studio, and, if we don't have those in Australia, we need to go somewhere else to do it. What we're seeing at the moment is the inability of Australians to gain that next level of experience to either keep

that here or to bring it back. I see Clara nodding her head again. She's lived this dream. So I might let her jump in now.

Mr Clarke: Yes, we see it all the time. Like Ben mentioned, there are a lot of expats who've gone off to progress their career because they have hit a ceiling here, or there just weren't enough opportunities here. We have an opportunity to attract a lot of them back, I think. But it's also why we're having trouble growing without this offset, because, right when people are really ripe and they have really grown into this amazing talent, we lose them. It's crippling to us in our growth.

Mr ZIMMERMAN: Can I just ask Clara, as an example, because you're a homegrown product—

Ms Reeves: I am!

Mr ZIMMERMAN: Unlike Roger, who's part of a multinational empire!

Ms Reeves: That's right!

Mr ZIMMERMAN: But Roger is based in Crows Nest, I think, still, aren't you?

Mr Clarke: Yes.

Mr ZIMMERMAN: I hope your building wasn't the one that fell down the other day! Clara, can you give us a bit of a snapshot of your company's journey and what the greatest challenges have been?

Ms Reeves: Yes. It started in regional Victoria, actually. It was a collaboration between two people mostly online, and so it really was a garage studio beginning—not to say that the people involved didn't have experience beforehand. And I think that's really important, in that a lot of the small studios that have had big success were formed by people who have had the experience of working overseas or working in 100-person studios or getting their experience in a larger studio, and that's certainly the case with the directors of Hipster Whale, both working in larger studios and working overseas. So it was a bit of a hang-onto-your-hat big success overnight with this product, and then growing it. Crossy Road certainly took over the App Store. Then I was hired to manage the studio as the CEO, and we've been growing the studio, beyond two people, for the past five years.

CHAIR: And what are you now?

Ms Reeves: We've just hired a couple of people, so we're now at 17 full-time employees.

Mr ZIMMERMAN: Is it hard not to become a one-hit wonder?

Ms Reeves: Yes, definitely. We've managed to ride that wave now, I think. We have several more hits under our belts since then. But, yes, it's definitely hard and it takes reinvestment in your own company, obviously. You have to invest quite widely to find those hits. You might make 10 things and one of them will be a success and not everyone has the capacity and the backing to make that investment to find that second, more sustainable business.

Mr ZIMMERMAN: Thank you. Congratulations.

CHAIR: Thanks, Clara. The member for Higgins.

Dr ALLEN: Thanks so much. Thank you for all of your submissions. As a member of the trade and investment growth committee that has already made a recommendation to support the tax offsets, I think you might find some receptiveness from this committee as well. Firstly I'd like to make a comment, and that is that I have local constituents who have entrepreneurially grown very successfully, Elliott Watkins and, I think, his sisters Grace and Ilsa Watkins have been busily growing something called Muselk, and they're now living in Sydney. Their story reminds me that there is a lot of entrepreneurial spirit in Australia, but there's that concept that you have to go overseas and get the experience and come back. In medical research, that was always the thing—that you had to go overseas and get the experience and come back, because there was not the critical mass. What you're saying is that the critical mass would grow here more quickly if we did have the tax offset, because then it would be a global level playing field. I suppose my question goes to the comment that Australia is one of the most expensive places in the world to make games. Is that simply because of the tax offset and perhaps the lack of government investment, or is there something more than that? To someone who's an outsider to the industry, it strikes me that we're not going to fix the problem if it's more expensive for other reasons. We have reasonable salaries in this country, perhaps, compared to other countries where some of the services might be being provided. I wondered whether someone would be happy to speak to whether the cost of doing business in Australia is related to salaries or is it related to the fact that it's not a level playing field from the point of view of the tax offset?

Mr Clarke: I might respond to that from the point of view of Koch Media. I think the answer to that question very simply is that it is around the tax offset. There are a number of companies that operate here that have

development businesses overseas and they still choose to operate here, irrespective of that lack of a tax offset. So I certainly wouldn't want to set the stage as [inaudible] tax offset. That's not the case.

What we're talking about, in terms of those businesses, are businesses that have grown up over time and found solutions and found options that allow them to be competitive on a global scale simply because of their efficiency, their creativity and, really, the staff that they employ.

[inaudible] the movement of international [inaudible] such as Koch Media or our parent company, the Embracer Group. [inaudible] that's the point which we [inaudible] level playing field aspect. The variance in terms of salaries in the US versus Australia [inaudible] plus then the cost of employing people is not something [inaudible].

CHAIR: Roger, could we put that question on notice because we are only getting every second or third word.

Mr Clarke: Sure.

Dr ALLEN: I am lip-reading. I do have one quick question. Is that alright?

CHAIR: Yes. Has Angie got—

Dr ALLEN: Do you mind, Angie, if I do a quick follow-up? As a paediatrician and mother, I am very interested in the educational aspects of online gaming. Are you privy to the same forms of content regulation that other creative aspects—screen, for instance—have? Would you expect that to be an important part of providing a tax offset?

CHAIR: Maybe Ron or Ben, with a better connection, could comment?

Mr Au: I am happy to give an attempt at answering that question, as long as my connection is okay. I would like to draw the committee's attention to the fact that the best comparison to the support which we're seeking is ultimately the PDV offset, which supports our adjacent animation and visual effects sector. Those are ones that focus on creating export, drawing investment and fixing a lack of international competitiveness. That is an offset which does not come with a content regulation, nor has it really been discussed that it ever would work with one. Likewise, the previous Australian Interactive Games Fund, which was administered by Screen Australia, was one which I think the government of the day, and also Screen Australia, recognised that it would be most effective if it focused on providing practical support to help [inaudible] and deliver and to make enterprises happen. That said, video games supported by an offset or fund would inevitably be incredibly Australian at heart. There are many examples of Australian made video games and these are ones that take on unique and stereotypical Australian stories, if I can say that. Even though they are always filled with Australian voices, stories, tones and humour and I think—

Dr ALLEN: I suppose I am actually speaking more to quality, not just to the content. We can leave that to another time. Thank you for that answer.

Ms BELL: I will attempt to ask Clara a question. She has a great connection. In terms of COVID impact on your sector, it was mentioned before that the vast majority of workers in your sector are full-time workers. From that statement I have to assume that the vast majority of jobs in your sector were protected under JobKeeper. Was there a segment of your industry that had difficulty receiving or applying for JobKeeper? Were there some challenges for a part of your sector?

Ms Reeves: Yes, I can probably speak to part of our experience and maybe Ben can give a broader picture. He probably knows, a bit more broadly than me, some of the impacts that might've particularly impacted smaller sole trader producers, which might've been quite different from us. For us the impact was more on productivity rather than the safety of our business or our income. All of a sudden we had to go remote in a creative industry and have our studio split apart—and also just the uncertainty of COVID and what it meant. With business globally everyone is sort of holding onto their decisions. I think that that was the kind of impact that we had, rather than an immediate impact. The job safety of everyone in our studio was not a concern for us. We didn't lose anyone due to COVID. It was more that we had opportunities to actually grow and take advantage of how popular videogames and online play was all of a sudden. We had trouble matching that growth potential. So that was probably the biggest impact for a studio of our size. Ron can talk more broadly.

Mr Curry: We did some research late last year and about 75 per cent of respondents were telling us that they had no staff changes during 2020. In fact, two-thirds of them were considering employing more staff coming into 2021. I think as an industry we are incredibly lucky that we have been resilient through this time. Whilst COVID may have perhaps had an impact on the very small studios that were trying to support themselves, I think largely we have weathered that storm very well.

Ms BELL: But because with so many people working or being at home for more hours the demand was much higher during this COVID period and you were unable to deliver on that demand; is that right?

Mr Curry: From the evidence of the developers we have spoken to, if you had a product in the market it was a fantastic time for you while the demand was high. If you were still in the development stage of that cycle, it was harder for you. Like Clara was saying, productivity dropped. The ability to work intimately as a team was quite difficult when everyone was working remotely. But, in spite of that, the industry was still saying, 'We'll just knuckle down anyhow,' and continued to work. A lot of these smaller studios were working without support anyway. They were working part time and had other jobs funding their ability to be creative.

Ms BELL: So it is fair to say that some businesses grew during the period and other businesses struggled, depending on where they were in their development cycle?

Mr Curry: Yes, I think that's very fair to say.

Ms Reeves: I would say more growth than struggle.

CHAIR: We are running a bit behind time, so we will wrap up this section. Thank you for your attendance here today. If you have been asked to provide any additional information, would you please forward it to the secretary by 19 February 2021. You will be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Thanks very much, everyone.

ADLINGTON, Mr Brett, Vice President, Regional and Public Galleries of NSW [by video link]

[10:12]

CHAIR: Welcome. Although the committee does not require you to give evidence under oath, I advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion. Thank you for your two-page submission.

Mr Adlington: Regional and Public Galleries of NSW is a member based organisation representing the regional galleries sector across the state. The association is entirely voluntary, with the executive committee made up of staff from their member organisations. We currently have 45 public galleries as members, who are largely local government entities. New South Wales has the largest public galleries sector of all Australian states. In 2019, over 1,200 exhibitions were displayed in public galleries in the state, attracting over 3.5 million visitors.

The current pandemic and the resulting increase in domestic tourism has confirmed regional galleries as vital parts of the tourism ecology. These economic benefits are generally easy to measure, but it is our social impact that is harder to measure and where we play an equally if not more important role. Our facilities enrich the social and cultural wellbeing of our country's metropolitan, regional and remote communities. We bring communities together in ways that many other facilities in regional or rural areas are unable to. Our members support the cultural aspirations of Aboriginal artists and First Nations communities. We provide programs for people living with dementia and people living with disability. We show the artwork of people living with disability. We provide opportunities for young people. We offer inclusive programming for culturally and linguistically diverse communities, including the deaf community. Across the state, local government delivers the majority of these arts and cultural activities. Investment in public galleries is made up of 46 per cent local government funding, 13 per cent state government funding, one per cent Australia Council for the Arts funding and less than one per cent other federal funding. On average, commercial income and philanthropy offsets 37 per cent of the running costs of these public galleries.

What is becoming increasingly problematic for our sector is the tightening of funding for councils and the flow-on effect for the cultural sector. In a 2018 report, the local government of New South Wales found cost-shifting by the Australian and New South Wales governments onto New South Wales councils in 2015-16 was estimated to be \$820 million, or 7.5 per cent of local government's total income. Many of these expenses are regulatory functions, leaving councils with no option than to absorb those figures into their budgets. This tightening funding environment is stretching an already under-resourced sector. On average, most of our facilities have between one and five full-time equivalent staff. With the demands of delivering a varied program and supporting our communities, there are also greater expectations for staff members to be generating more income and applying for more grants. This places our members in precarious and unsustainable positions, impacting planning, staffing and service delivery. Our members call for a considered approach between all levels of government to ensure the longevity of this important sector.

CHAIR: Thanks very much. I was very interested in those figures. Just so I've got it correct, you said you have 45 member organisations, mainly local government galleries. Are any of them private or community owned?

Mr Adlington: Some are community owned and have different ways of operations, but the vast majority out of those 45 would be local government entities.

CHAIR: So you don't have Mona in your list of galleries.

Mr Adlington: No, we don't, sadly. People often point to Mona, and it's such a rare example and obviously backed by someone with the finances to do that.

CHAIR: Who was the group that would represent commercial galleries?

Mr Adlington: There's a separate commercial gallery network. A lot of our members do sell work, particularly in regional areas where there are less commercial galleries. We do kind of play that role, but we don't play the role, like a commercial gallery, where we keep an artist on our books, so to speak, and represent them and their commercial journey.

CHAIR: That is an avenue I'm very keen to get your thoughts on. Of these local-government-run galleries, particularly in regional Australia where you get a lot of tourism and visiting exhibitions and things, do they commercialise it all, or is there an attitude that everything should be free to the public?

Mr Adlington: It's a bit of both. I guess what we try and do is provide cultural experiences for free to our communities. Having said that, sponsorship is a very important part of what we do as local government entities—the hiring of our spaces and also the occasional selling of work. As I said, 37 per cent of the operational costs of running the gallery are self-generated incomes.

Mr BURNS: Thank you, Mr Adlington for your presentation of your comments. I'd like you to comment on the trends that you've noticed around the lack of international tourism. Was there a false bump over summer that was hit by the lack of international tourism? More broadly, what are your views on what is required to have certainty going into the future with the very real chance—and Dr Allen would know more about this than me—that we're going to be having cases of this virus for not just months but years ahead?

How do you see it surviving, and your members surviving, without intervention?

Mr Adlington: In many ways our visitation has diversified much more since the pandemic and since domestic tourism has been able to expand. We are getting a lot more travellers from across the country and from across the state in the institution that I run, and most of our members are reflecting a similar story. International tourism probably is a bit more localised in where it travels through the country. For a lot of our members in places like Cowra and Dubbo, the drop in international tourism might not be such a detriment to their communities as it might be in the cities or places like the reef up in Queensland.

Mr BURNS: That makes perfect sense, and I do appreciate that. My comment was more around Australians not going overseas as opposed to where international tourists are visiting. If that were to open and if that were to change and Australians do—I think it's been wonderful that people have chosen to travel internally within their own states over summer, my family included, over the holiday period. But that's not something that you can build a sustainable model on; that's something that was potentially an outlier. My question to you is: what recommendation or what advice do you have for this committee to help our plan for the long-term sustainability of your organisation?

Mr Adlington: On the point made about the levels of cost shifting that are increasing for local government—that they are picking up more and more of those costs that move towards councils—our sector then finds that we often feel like we're the last rung on the ladder in terms of the funding, because we sometimes are seen as a bit of a luxury. But at the same time we do play that real important social role in keeping communities cohesive, and that's something that is really difficult to measure but it's a really, really important role that we play. It's not just for the elite part of our communities; we work really hard for a whole range of parts of our community. A part of it is—and we are getting better at this—that government places a lot of our funding within the arts prism but a lot of what we do is not necessarily arts related per se, because we are doing things to support young people. As I mentioned, we have programs for people with dementia and things like that, so we do touch a lot of policy areas of government but often we are strictly seen through that arts prism.

Mr BURNS: Thank you for those answers.

Ms BELL: Mr Adlington, thank you for appearing today. I absolutely acknowledge and concur with the contribution that the arts sector makes to our communities but also to the mental health of very many Australians. Here on the Gold Coast we have the Home of the Arts, known as HOTA, and we have a new regional gallery opening in May. HOTA have put forward a submission to this inquiry and one of their recommendations is for the development of a recovery roadmap that adopts a distributed funding model with local government as the delivery mechanisms and they mentioned a development fund called the Queensland Regional Arts Development Fund, which I guess is a state fund. Do you have the equivalent of that in your state and can you outline to the committee how that incorporates the distributed funding model?

Mr Adlington: Yes, we do—I actually used to work at HOTA when it was the Gold Coast City Art Gallery many years ago—but we've got a slightly different model to Queensland. Create NSW are our main non-local government funding supporters. Most of our members have program funding from the state government to support our whole varied program. There have been some changes in that in the last year, which were not necessarily COVID related. I think it was more of a policy direction of the state government around how those funds are managed.

We did find through the last year that local government wasn't eligible for JobKeeper and RISE funding. It feels like over the last year or two there has been increased funding available to the cultural sector, but local government isn't able to apply for it. So we'd be calling for a more cohesive approach to that funding model from every level of government that supports our sector as vital a part of the cultural ecology.

Ms BELL: So proposing that the local government apply for state and federal government funding?

Mr Adlington: Yes. I'm not really sure of the particular Queensland model you are talking about. I know that New South Wales is working really hard at the moment for the cultural sector more broadly, but, as I said, there have been pockets of funding that local government isn't eligible for.

Ms BELL: Thank you very much.

CHAIR: Brett, could you give me some indication of local galleries being involved with either education or mental health programs? I think you mentioned dementia work. I know my regional centre has held an arts and health conference for several years. Do many of your members get involved in these sorts of programs?

Mr Adlington: We have considered looking at that space. I'm speaking on behalf of the Lismore Regional Gallery, where I work. We have had close relationships with the health department. We were involved with the health network to do programs for the Aboriginal community. We have also partnered with another organisation called Beyond Empathy. It did a two-year program working with young people. That stemmed out of the need to address youth suicide in the region. That program came from an arts angle to essentially bring groups of young people together to create work that meant something for them. We've got an exhibition coming up very soon as a result of that project. A lot of us are working in these areas outside the traditional gallery exhibition context to support these audiences. Young people are the key one for us in Lismore.

We have put dementia programs on pause over the past year because of the pandemic, but that has been a really valuable experience. People living with dementia come with carers. The feedback from carers who are with those people is that it's the first time they have seen them in years able to express themselves or remember parts of their past life. The arts do play a really important role in that.

Part of our struggle in doing such a varied program across all these different areas is the small resources that we have to seek funding and to keep the doors open every day. That takes time and work. Building on these partnerships and expanding a lot of these programs really does [inaudible] into our existing resources. As I said, most of us have under five full-time equivalent staff and many have well under that, so it can be a struggle to support those kinds of programs with the deep needs they have to be delivered properly.

CHAIR: Thanks very much. If Angie and Josh don't have any further questions, we will wrap up there, Brett. I thank you for your attendance here today. If you have been asked to provide any additional information, would you please forward it to the secretary by 19 February 2021. I'll impromptu ask if you know if any of your members have done dementia programs, education in art for schoolchildren and school programs. I know we have a school holiday program at one of the big centres or two of the big centres have school—

Mr Adlington: Most of our members do that kind of activity, but I can certainly send through information on that.

CHAIR: Also, Indigenous workshops—you mentioned youth engagement and suicide prevention programs. If you could check with your organisations if any of them tick that box because that would be a great statistic to have on the public record.

Mr Adlington: Sure. I'll certainly provide that.

CHAIR: You will be sent a copy of the transcript of your evidence, Brett, and will have an opportunity to request corrections to transcription errors. Thanks very much.

Mr Adlington: Thank you for the opportunity.

CLARK, Ms Maud, Chief Executive Officer/Artistic Director, Somebody's Daughter Theatre Company Inc. [by video link]

HARPER, Ms Kharen, Artistic Director, Somebody's Daughter Theatre Company Inc. [by video link]

[10:30]

CHAIR: I now welcome representatives of Somebody's Daughter Theatre Company. Although the committee does not require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Ms Clark: I would like to thank you for this opportunity. Somebody's Daughter Theatre is an elite company of artists, directors, actors, musicians, visual artists, writers and film makers who have chosen and claimed their artistry as community artists. We value having a voice [inaudible]. The word 'community' has many colours. Our work targets the most marginalised in our community. Many of those we work with, young and old, from many diverse cultures have experienced abuse, poverty, violence, homelessness or are impacted by mental health issues and disengaged from education and community.

The journeys to performance or exhibition can be circuitous, to say the least. As one character says, 'Kids like us don't walk in a straight line. We detour and curve and fall through great bloody holes in the sky, but we can get there.' It is the arts that have got so many there, as is evidenced in the supporting documents and the many fantastic new Australian works performed and exhibited over the past 40 years. Somebody's Daughter Theatre workers had a great impact through powerful partners in education, health and justice. These partnerships are arts-led because it is clear, as evaluation has shown, that the arts are working where often all else has failed.

Major support for this work has come from arts funding, recognising excellence, impact and reach. The loss of Australia Council multiyear funding was devastating to Somebody's Daughter Theatre. The work that we have been able to do with young people in regional Victoria and with women in prison and post release was made possible by multiyear funding, funding that ensured long-term commitment to communities we work with, secure employment to artists and leveraged to secure further funding. Somebody's Daughter Theatre work is not going to be measured in door takings. The previously mentioned support letters capture the long-term economic savings. The ramifications of the ripple effect are inestimable and last for generations.

Somebody's Daughter Theatre would also like to note that we support the recommendations from Theatre Network Australia and we join all of our colleagues from other performing peak arts bodies who have called for a comprehensive arts and culture plan which would guide the sector's recovery post COVID and position opportunities for the sector's future.

CHAIR: Thank you very much. I will open discussions with a few questions. Who was the founder?

Ms Clark: I was one of the founders in 1980, when we took a show from the Victorian College of the Arts into the Tarrengower women's prison and they asked for drama. That is a really important point because this work came from the community. Somebody's Daughter Theatre's mandate has always been to serve the community that we work with. Another thing is it is not imposing something that you think is good. Somebody's Daughter has the belief that the reason the arts work is because, when you are working creatively, you are equal. When we went in, we weren't politically aware at all. We weren't going in there to change [inaudible] and I think that is the power. When you are meeting, you are meeting equally. Everybody is meeting human to human. From there, further steps can be taken in education, inclusion and all those wonderful things that we know come.

CHAIR: Do you have a physical location, like a building, or are you just a loose amalgam and you work with schools, in schools and you work with prisoners in prison or do you have a physical geographic presence?

Ms Clark: The office is in Ashworth Street. Fortunately we have the wonderful Josh Burns, who has been so supportive, as our member. The work happens within the women's prison in Victoria at Deer Park, at Tarrengower Prison at Maldon. We currently have, if you want to call it, a home in a little studio at the Boom Gallery in Geelong. The partnership with education there is that we work with very disengaged young people. There is a teacher there with us. We work with young people from probably year 8 to year 12. These are kids who would not normally be getting any education. There are about 10 of them. It is centred around the arts. We come up with a show and we usually tour that and take it to schools, and at the same time the kids are getting an education away from the school environment. It first started in Wodonga. We first started a project there in around 2000 that we

thought would go for three years. Fifteen years later we were still there. Some of the letters that you would have seen from young people are testimony to the impact of what that work did.

Mr BURNS: Thank you very much for that very kind shout-out that will forever be in *Hansard*, which I am very pleased about. It is one of the nicest things that has ever been said about me and *Hansard*. Anyway, the member for Moncrieff may want to add to it and I am happy for her to. Anyway, let's move on. I want to take you back to one of your opening remarks around cultural policy but, more specifically, if either of you wanted to expand on it more in the context of COVID. What have you noticed about how your company and other people have been affected by the coronavirus, the role of drama, of theatre and of creative engagement during the pandemic? How important has it been? Why does that need to be extended into cultural policy? I am interested in your views on that and how COVID has helped get to this position where we are now.

Ms Clark: The impact of COVID on the communities that we work with, who are so disengaged and so isolated, has just meant that it has become more. The impact on companies like us has meant that, because artists were working for Somebody's Daughter Theatre, we were eligible for JobKeeper. Without that, it would have been a very different sad story. For sessional artists and other artists that we could bring in, it was tragic because so many of them could not access anything. For the communities that we work with, we were really fortunate, to a point, with our partnerships. Justice have been so supportive. The manager of the prison has been so supportive. There were Zoom drama meetings, if you can imagine African dance or voice classes over Zoom, which were quite something for the women in there. The post-release women who meet in Albert Park, at every opportunity that they could, they would meet. Artists would break up to do walks or they would do whatever they could to keep the connection because that is what this work is so much about. It is connection with community and connection with stakeholders, all of those things. During COVID it was extremely difficult, but imperative, to keep those going.

One thing that I would note is that all of the young people that we are working with in Geelong, not one of those dropped off the radar. That was testament to the power and the importance of work of this kind. I would say that the issues created from COVID, although industry and everything else might move along, means it is going to be more prolonged for the communities that we work with because [inaudible] everything that was happening [inaudible]. This kind of work is imperative. I don't know if that answers your question.

Mr BURNS: It definitely does, and I really appreciate that answer. You mentioned the importance of and the need for not just government funding but also the importance of a creative and cultural policy within government. Did you want to elaborate on why you see it as important that government is not just looking at this as a one-off payment, but also as a long-term commitment to the culture and to the creative industry? Could you expand on that, and if there are any other lessons from COVID that were in that? That was where I was going with that. I really appreciate your answer; is there anything else you want to add?

Ms Harper: I [inaudible] reflecting on this for all of us, but particularly bringing it back to the small groups and the individuals that we work with. It's aspirational to have something going forward to 10 years from now. I think about the individuals and the groups we work with, and we always have an outcome. If we do not work through the art to an outcome then we're not seeing—we're seeing what is, rather than what is possible with everybody. Somehow, when we get to the end of the outcome, we say: 'How did we arrive there? That is amazing!'

When we did the Australia Council key organisation six-year plan way back when, we would start by putting down something in the forward planning of what would be possible with all of the communities we were working with, and expanding on that and bringing in other artists and, I guess, working beyond this time, far ahead. And then, when we got to that point, we would have gone beyond what we thought was possible. I think about a young person we worked with who said way back, when he was 14: 'Young people need hope. Without hope, there's nothing.' He's now a third-year acting student at the Victorian College of the Arts. In terms of the national framework, if we say art is soul food at the heart of what is a great country, I think that's why 10 years and a great plan would be beneficial.

Ms Clark: Josh, I would just like to put this to you. We've talked about this COVID time and the wonderful things could come from it. It has always absolutely baffled me that the work we're doing—everybody sees that it works, but because we're artists and we're an artist company, we're kind of outside the tent. We're outside the box. It works because the arts are not containable sometimes. So within a prison, I know that we've caused great exasperation to many of the managers. One manager said, 'Look, I don't know what it is about Somebody's Daughter Theatre; all I know is that it works.' There has been mutual respect, there has been great respect for all of the requirements for the justice system, and, on the other side of that, there has been great respect for justice and what's happening, even if they don't understand it. So it has always absolutely amazed me that we haven't

been flooded with people saying: 'Hang on, this is working. How can we keep it going? How can we expand it?' Our major struggle has not been with the impact of all of the issues, whether it's someone who's ODeD or a kid that's on the run or the suicide attempts—all of that stuff. It's not that, it's the funding for us.

I think that during this time and COVID, looking at all of this, we could recognise, because there is some—at least there's a spotlight going onto some of the major issues that we need to get out. One of the things would be, okay, if something like this company is working—not only is it working, it's such a bright light in the cultural scene. I love the work we produce. I love it that these kids who would never even get to an audition, much less be selected, are doing extraordinary work, and that work then leads to a whole lot of other possibilities in their lives. I think that that should be celebrated and I don't think it's hard to get. All of us know what it's been like for us when we've had that flash where we've had that understanding, and it doesn't matter how many books we've read or how many discussions we've had. It comes through a play or music, or it just comes through beauty of some kind. I think that's what happens. You allow people to start coming back to who they are, and amazing things can happen in a group context.

The other thing—and I'll shut up in a minute—I'm thinking about is sport. Drama and sport—there are so many similarities in terms of the connection, the working together and all of that stuff. In the drama and the theatre process, you're taking all of that and you're giving it out to the audience. Your story becomes a universal story. People come and say, 'Hang on'—and that's the first show we ever did in Fairlea. A woman said in amazement—and I can still see her sitting in her little chair because she had broken legs—'That's me. That's me.' That kind of thing is so potent. I don't know if that answers—

CHAIR: So when you do these programs, do you put on a production and audition people in prison, have rehearsals and put on a prison play? What happens?

Ms Clark: Audition is not a word in our vocabulary. We're usually pulling people up from the floor. We have heard some very colourful descriptions of how people would rather not do this. What happens is the process takes over. People come to this group—and Karen can talk more about the prison. The young people often arrive because it's the last ditch. They hear of it by word of mouth or their juvenile officer will bring them. Their counsellor will come. Most of them have tried to take their own life. The criterion for us is that they're disengaged. They're pretty closed down and they're pretty vulnerable. The wonder and the magic is that it's the drama process that starts to build the bridges. In a drama workshop you're working physically, you're working with voice. There are a whole lot of things that are happening, and it's also about finding connection and joy and play. We don't audition, and actually if we were auditioning there'd be a couple of stars just because they're stars. However, most young people and most women find themselves through the process, and that's what leads to other things. Do you want to explain the prison shows work?

Ms Harper: I was just going to add that every year we start the year in the prison when a new group comes in. Sometimes there are people who have been in the shows before, and we end up working to a production generally around September of each year and outside audiences are invited in. We have three nightly performances, and there are two shows for the women inside.

CHAIR: Excellent.

Ms Clark: On that point, we always make sure that we have an outcome because it's necessary. It's necessary for an arrival. So many of the people we work with have never achieved anything, so it's so important to have that sense of: I have done this. The other thing is that our work is very long term. The relationships that we build up with people have been built up over years. In a year a young person who might come to us who can barely open their mouth are up there centre stage. It takes time and it's all through the arts process that change happens.

Ms BELL: Thank you, ladies, for joining us today. I would wholeheartedly agree that art, like sport, gives people from any background the opportunity to make something of themselves and their lives. I myself come from social housing and a very low socioeconomic background. I latched onto music as a young person and it saw me travel the world and, ultimately become—gosh!—a federal MP. So it certainly drives aspiration, whether that's to become a federal MP or just employed. Whatever that is, it's definitely a vehicle to a better life. Well done on the work that you're doing, particularly in the prison system, helping people have something that they are passionate about and that they can latch onto to help them be better people and have more confidence in themselves, which is terrific.

I wanted to ask you about outcomes and how we can better measure outcomes. Firstly, I'd like to ask you how increasing federal funding for the arts council will actually help community arts companies—that's No. 1—and, No. 2, how do you see us measuring non-economic outcomes? Is it through individual success stories? How do you see a framework around measuring non-economic outcomes for community arts?

Ms Clark: We're really fortunate at one level: because of our longevity, and the partnerships with the young people particularly, and the program that was at Highwater and the one that's now at Geelong with Newcomb Secondary, you can measure the engagement of young people; you can measure that they've come in, or they haven't been to school for so long and now they're doing year 11 or year 12. So that set of data is very easy.

The other set of data that we know, we can never measure. I know that, say, with Wodonga, we worked with a number of, particularly, very angry young men, who came in hating women—for whatever reason, I don't know—and, over time, that dissolved. We can't measure what impact that anger would've had if they hadn't come. We can't measure the impact of the number of young women who haven't had babies at 13 because they came to the program. One of the things that I was so humbled by—and we didn't actually know this was happening—was the letters from the young people that were written after we did not get Australia council funding. I thought: 'If you want an impact statement of what this work has been doing, reflected over 15 years, it's in the letters; it's in the letters from the kids who now have jobs and who now have kids who are not ever going to have to go through what they went through.' And, while their lives might not be fantastic, they're certainly 500 times better than what they were experiencing. So that was extraordinary. I think that there are these data that you can use. In our situation, with the schooling and what kids are achieving—we can measure that.

There's one thing that comes to my mind all the time—and this was something when we were working in the prison. There are a number of women who have worked with us, particularly with post-release, and they don't go back to prison, and it's a no-brainer that they don't, because they've got really strong support. There have been a number of people that we have worked with who've OD'd as soon as they've got out. Then we were travelling around, and someone in Port Fairy or wherever was the foster-father for their kids and he said: 'You know, those children saw the video of their mother performing, and it's so important to them because she was more of who she could be.' So many times in the workshops, people contact parts of themselves—they play. That moment is so important. We can't capture that, and I know it doesn't mean a lot in economic terms, but it's so important, when people have not ever had joy or play. I haven't explained that very well.

Ms Harper: We do have extensive evaluations, particularly for the young people: crime prevention reports; SPPs—it's called a strategic partnership program—where we're in under education. In the last three years, we have been reporting on that, in terms of the program in Geelong; it's generally over a longer period of time, with the Australia council; it's Every Child Every Chance. So the measurables, qualitative and quantitative, are easier in that regard than particularly with the women who have come through the system, for our company, but it would be wonderful to have the resources to do that. We are having a post-release group now. It has been going since last year, and we did that work much more so in the past and we are picking that up again.

CHAIR: Fascinating.

Ms BELL: Thank you. It would be good to have a structured way of non-economic measurement for Australia Council funding—if it does not already exist in entirety.

Ms Clark: Angie, we have an evaluation after every performance completes, and we also have evaluation with the young people—artists—as well. So that's part of our practice and has been done with Jan Osmotherly at Osfield.

Ms Harper: And we're more than happy to supply them. There's a lot of documentation there.

Ms BELL: And we need that. There's no doubt it has a great impact on a great number of people.

Ms Clark: And also we need it because—this is the other thing for me—the work is fantastic; it's not just worthy or earnest work; it's fantastic theatre and art. That comes through in the audience feedback. It's one thing for us to say it, but when other people are saying it it means something.

Ms BELL: Thank you, ladies.

CHAIR: Excellent. Thank you for your attendance here today and that fascinating insight into a wonderful organisation. If you've been asked to provide any additional information—and, I might add, if you have some data in reference to your evaluations—please send it in.

Ms Clark: We will. Thank you.

CHAIR: Please forward it to the secretariat by 19 February 2021. You be sent a copy of the transcript of your evidence and will have an opportunity to request corrections to transcription errors. Thanks very much.

ARMSTRONG, Ms Zena, Director, Cobargo Folk Festival [by video link]

[10:55]

CHAIR: Welcome. Do you have anything to say about the capacity in which you appear before the committee?

Ms Armstrong: I am the director of the Cobargo Folk Festival and the treasurer of the Yuin Folk Club in Cobargo.

CHAIR: Wonderful. Although the committee doesn't require you to give evidence under oath, I should advise you that this hearing is a legal proceeding of the parliament and therefore has the same standing as proceedings of the respective houses. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and attracts parliamentary privilege. I now invite you to make a brief opening statement before we proceed to discussion.

Ms Armstrong: Thanks very much. I'm calling in from Cobargo, on Djiringanj country, and I pay my respects to Yuin elders past, present and emerging. I welcome this opportunity to present a grassroots perspective, and I speak as a volunteer folk club organiser and festival director from a community that is battling to recover from the Black Summer bushfires and also coping with COVID. I find that I'm also representing others in the folk sector who reached out to me when they heard that I was appearing before this committee. At the Cobargo folk festival, we also work very closely with local Indigenous partners, but I do not presume to speak on their behalf.

The devastation wreaked by COVID on festivals and events, and especially the impact on musicians, has been well canvassed by others in these presentations, so I won't revisit that. Needless to say, the impacts in the Bega Valley are very similar. The cancellation of the 2019 and 2020 Cobargo Folk Festivals, the first because of the bushfires and the second because of COVID and because we are now struggling to deal with the recovery from these bushfires, means a loss of almost \$4 million over the two years in direct and flow-on economic benefits to Cobargo and the Bega Valley. It's a loss of more than 3,000 unique visitors each year, including ticket holders, stallholders, musicians and service providers. More than 70 per cent of our ticket holders come to the Bega Valley from outside the Bega valley, so it's a very considerable amount of our tourist traffic, particularly in Cobargo. The cancellation of this year's festival is a particular loss, as our community was very much looking forward to getting together at the showground as a community to get away from the relentless demands of bushfire recovery.

Much has been made of the capacity of music and the arts to foster community cohesion and build social capital, and I think in Cobargo we've had a yearlong demonstration of just how a volunteer-run festival like ours contributes to the stock of pre-existing social capital and the disaster resilience that accrues as a result. Festivals do indeed build local capacity to lead, manage, organise, work in sync and work across the community. It's no surprise that many of the people who are involved in Cobargo's post-bushfire recovery and the early relief efforts are folk festival volunteers. Regional festivals like Cobargo are the cornerstones of Australia's folklife sector.

While bushfires and COVID are immediate challenges, there's a bigger threat to the future of this sector. In some ways, it goes to the heart of some of the questions that have been put by members of the committee, particularly Angie's question about how we measure longevity and how we measure the results that come from community events like the ones that have been presented by the speakers who appeared before me.

There is a robust dialogue going on across Australia about the future of folk festivals, folk music and the folk art sector and it's spurred, in part, by the uncertainties that have been thrust upon us by COVID. It also reflects our concerns that Australia lags behind like-minded countries and our Asia-Pacific neighbours in the respect and support we accord our folklife heritage. This includes all the community work that you have heard discussed today.

The last significant inquiry into the folk sector was in 1986-87—the Committee of Inquiry into Folklife in Australia. The inquiry found that Australia was, by international standards, poorly equipped to ensure the protection of its folklore. At the time it recommended the establishment of an Australian folklife centre with a vision that it would occupy a significant place in Australia's cultural life, in the telling of the Australian story, the capturing of Australia's community arts culture, music and all of the rest of it, as the Smithsonian Center for Folklife and Cultural Heritage does in the USA.

The recommendation was never taken up. The quantitative data is lacking, but it's estimated that Cobargo is one of around 50 folk festivals across the country, including the Wingham Akoostik, Dr Gillespie, which I believe is one of yours. We are all doing our best to nurture and encourage a very distinct Australian voice. We're telling unique Australian stories, and many of the people who are involved in our festivals—the artists and the

performers—are delivering very contemporary, original work of extreme excellence that is telling a particular Australian story.

But our resources are stretched very thin and we have very few opportunities to speak directly to government, which is why I am very grateful for this opportunity to appear today. In Cobargo, we watched as more than 150 years of settler heritage, our tangible folklife heritage, burned down around us. Some of the older folk tell stories handed down from their grandparents about the building of Cobargo and the songs that were sung in the playground of the old school. We've got a very short time to collect this material and there is a lot to lose. This week we lost three of our folk festival family. They passed away way too early. Each of them made their own contribution to Australia's folklife heritage through music, dance and their contributions to organising events. There is nowhere we can cherish their memories.

As has been the case for many decades, many individuals and organisations have championed the value of an Australian folklife centre and been very strong advocates for its aims and purpose. I am especially indebted to Pam Merrigan from the Folk Federation of NSW and Ruth Hazleton, a folk sector advocate and musician, for their contributions to this statement. Both have made submissions to the inquiry and I recommend them to the committee.

Our sector comprises many different voices and we wouldn't have it any other way. However, we really believe that Australian cultural life would benefit from government funding for a national body that would provide a national focus for action to record, research, encourage, promote and celebrate the Australian story that is coming forward from communities all over this country and in all its diversity. On behalf of the folk community—those that have spoken to me; I can't speak for all of it—I hope that the committee will take a look at the recommendations for an Australian folklife centre. We feel that the time is right to do what we can to capture all those stories, which are so fragile and which we could lose so easily.

CHAIR: Thanks very much. What was the inquiry you referred to that made that suggestion?

Ms Armstrong: That was the 1986-87 inquiry called the Committee of Inquiry into Folklife in Australia. It had a very specific objective and that was to look at folklife in all its manifestations—including music, dance, folk arts—across the tremendous diversity of Australian social and cultural life.

CHAIR: I'm trying to think of the name of an institution in Canberra, opposite the art gallery, which has a record of a lot of movies and music. Can my fellow members think of that institution? I've walked past it many times.

Ms Armstrong: The National Film and Sound Archive or the National Library?

CHAIR: Yes, that's what I was thinking of. Does that not meet that description?

Ms Armstrong: There is a great deal of Australia's folk life that is held in the National Library. For example, they have a terrific oral history department in the National Museum and also in the National Film and Sound Archive, but there is no-one institution that is devoted to capturing Australian folk life. We feel that that is lacking.

Mr BURNS: Thank you, Ms Armstrong, for appearing before us and for your fine representation of not just your organisation but of course others in the folk community. One of your recommendations was around a folk centre for the long-term sustainability for your industry. I guess one of the themes I've been asking this morning is around COVID and how that has affected the industry. You touched on it in your opening remarks, but what other structural support do you think we need in order to sustain the industry not just for the next few years to get through COVID but to help it thrive in the next 10? Could you expand on that? I know you touched on it a little bit in your opening remarks, but maybe you could expand on that a little bit more.

Ms Armstrong: We tend to think of the folk sector as a sector rather than an industry. It's a very diverse community. It does have people who have aspirations to work at a very commercial level, but primarily folk music, for example, is a specialised music that is not produced for commercial gain. There are many other reasons why people produce folk music. Part of that is self-expression and part of it is for the sheer joy of getting together just to play with people. There are many, many different reasons why people choose to go down a folk and roots path. That's not to say that there isn't creative excellence in that area.

In terms of what COVID and the future means for the part of the sector that I come from, which is festivals and events—I am also a musician, but I'm very focused on creating events where people can come together to experience everything that the folk sector has to offer—COVID has generated some particular difficulties in that, of course, we have got restrictions on the amount of people that we can bring together. Many of the festivals in Australia that are folk festivals try to be as financially self-sustaining as possible, so we need those ticket sales in order to run our festivals. We also need our volunteers, because probably more than two-thirds of the cost of the

festivals is covered in kind through volunteer contributions. We need to somehow be able to hold our volunteers together at a time when we don't have an event to bring them together. And then, of course, there's content. The festival is all about content and, if your musicians and performers are not being sufficiently well supported to produce new content, then the challenge is: what is it you're actually going to produce? In terms of the long-term support, yes, I think we need some subsidising in order to be able to run festivals in smaller numbers, but we very much need very direct help for artists to be able to continue to generate content, even at a time when there are fewer opportunities to perform.

Mr BURNS: I really appreciate that answer. To focus on an interest point about how you have actually managed to keep your community and volunteers intact during this, and I appreciate the answer about [inaudible], but I'm more interested, as a side note, about how you've managed to hold that community together.

Ms Armstrong: I think, because we are Cobargo, we have a very loyal group of people who've been coming to our festivals for 25 years or so. That loyalty has really shone through in terms of how they have rallied around Cobargo to support us through the bushfires. They are watching how we are doing. Cobargo set up a community bushfire recovery fund which raised \$700,000, and a great amount of that money came from people who know Cobargo through the folk festival. For example, The Waifs, who you would know, started their career at the folk festival as a local band, and they gave us \$100,000 that they raised with the John Butler Trio. So in some ways, we're probably quite lucky that we've got a certain amount of infamy as Cobargo, because of bushfires. We work hard through social media to keep in touch with our volunteers. We have a lot of personal connection, of course, and there is a lot of personal interaction through the folk festival scene, which is holding the community together through these hard times. There's lots of activity on Facebook, for example, or through Instagram, and even on Twitter. It's hard. But the folk sector has very loyal people attached to it.

Mr BURNS: And for good reason. I really appreciate that answer. Thank you very much. I will hand over to my colleagues.

CHAIR: I might just make some observations about your desire to get more of the folk history and culture recorded. There was a COVID related boost in funding to the National Film and Sound Archive, and we might even recommend that the said institution looks into focusing some of its activities on recording Australia's folk history. That would be a very good thing. In the screen space and in the support to restart cultural activities after COVID—I strongly recommend you look into that on the departmental website. Some of these arts festivals—we'll have to go through the detail—but to get put on and get things going again, you need to, to get your cash flow created again, put on an event. But if you haven't had any cash flow from the year that you missed out, it would be very difficult to get restarted. So we've got to work within the parameters. We put about \$270 million to try and get arts and creative cultural industries up and running again. So that's maybe an avenue that you and your group and others might be able to look at.

Ms Armstrong: Thank you very much, Dr Gillespie. I think what a lot of the medium to smaller sized folk festivals are looking at—and this will not just be folk festivals; it's other events—is some kind of support in order to reduce our exposure in the event of cancellation. We do incur upfront costs, of course. Because, as so many artists and suppliers were so badly hit—on the far South Coast in particular, because of bushfires and now COVID—we're expecting that cancellation fees could be written into contracts where we haven't perhaps had them before. And quite rightly, too—a lot of artists were left high and dry because of the complete collapse of the events sector. If the insurance companies aren't going to provide us with cancellation insurance, which they've made pretty clear they won't, then we need some other mechanisms that can help us offset that risk so that we don't get caught if a cancellation has to happen.

CHAIR: The coalition government has been active in trying to support insurance for movie production, for instance. That's why I said we need to connect you with the department to see if your section of the creative and cultural performance space could be assisted in any way through that fund that's already in existence.

Ms Armstrong: Thank you.

CHAIR: Member for Macnamara and Member for Moncrieff, have you got any other questions or observations?

Ms BELL: Thanks for joining us, Zena. It's great to hear from you. Thank you for the volunteer hours that you put into your community, and sorry for your recent losses in the folk community in Cobargo. It's very sad. It's a difficult time for very many Australians at the moment.

I wanted to ask if there's any financial support for artistic development—are there any grants available for musicians, to support their artistic development? That's my first question.

Ms Armstrong: Yes, there are, but I think people working in the folk and roots genre often find it very difficult to gain success when they apply for them. We think that what often happens is that the arts organisations handing out the funds tend to regard folk and roots music more as heritage and tradition, rather than as contemporary artistic expression. That is something that we grapple with quite a lot. We spend a lot of time trying to advocate on behalf of those musicians who we know are working at the cutting edge of modern folk, to help them with funding applications. So we write a lot of letters of support, for example. We—the Yuin Folk Club—also have our own fund, which we use to help local musicians. For example, a young local musician had been accepted to appear in an international showcase but couldn't raise the money for the airfare. There were no obvious government pathways to getting that funding, so we provided the funding for her to go to Canada to participate in the Folk Alliance International showcase. There are a number of musicians in the sector who, I think, are possibly quite ready to take part in export-ready programs and on the verge of being very ready to represent Australia overseas. From a folk club perspective, we would certainly like to see more attention perhaps paid to helping our folk and roots artists access some of that funding.

Ms BELL: I'd like to make a comment around events and the exposure of event producers and managers. It's the same here on the Gold Coast. We're having some difficulty around events that have been cancelled across our city. We consider ourselves to be the event capital of Australia. A lot of events go on here on the Gold Coast, but many of them have been cancelled and supply chains have been affected by those cancellations. Much of the position they find themselves in was caused by some of the border closures here in Queensland—opening borders, closing borders, opening borders, closing borders—due to coronavirus outbreaks and the uncertainty around that. I just wanted to highlight that perhaps the state government should also be supporting the events sector, considering they are the body that looks after events. I think the state government has a role to play in assisting in the events sector, as opposed to the tourism sector. That's just a comment I wanted to make.

What more do you think could be done to support volunteers, like you in your role, from the Arts Council perspective?

Ms Armstrong: There used to be an opportunity for organisations to apply for grants to support their volunteers. I think it was a program that was run probably about 10 years ago by FACS. That program may still be running. We did apply, probably about five years ago, to just draw in a little bit of additional funding to make sure that volunteers weren't out of pocket. But, as the demands on volunteers have expanded, volunteers are now delivering a heap of different activities, particularly in welfare, mental health services and the rest of it. What we find is that, because we're a festival, it perhaps doesn't gain the priority that somebody who might be providing much-needed services in the disability sector does—for example, those organisations working at the really sharp end, delivering community services. We probably feel a little bit reluctant to apply when we know that there are so many other very worthy volunteer organisations, delivering much-needed services, who are also competing for those grants.

I think it's probably well worth maybe taking a look at reviving that. In the past we've had grants of \$2,000 or \$3,000, which have been quite useful for making sure that volunteers aren't out of pocket. Of course, in regional areas, volunteers have to travel long distances to get to meetings. We have volunteers who travel an hour to come to committee meetings or to come to planning meetings, so it's an hour there and back. The Bega Valley is so huge—which will be the same in many, many regional areas.

Ms BELL: I suppose there's also the opportunity to apply for Stronger Communities grants of up to \$25,000, through your federal member, for infrastructure in their electorate. That might help you with computers, software or those sorts of things that are eligible for those grants.

Ms Armstrong: Yes.

Ms BELL: Have you considered that?

Ms Armstrong: Yes, the grants are out there, undoubtedly, and there are other philanthropic organisations. But I think we also get a bit grant overloaded. For the sorts of organisations that are run by a group of 12 volunteers, many of whom are also on the RFS, the CWA or whatever, it can be very hard trying to compete for grants and put grants together. Certainly, in a bushfire area, where all we've been doing over the last eight months is preparing bushfire grants, the thought of actually having to apply for more grants for a festival is on the backburner for a little while.

CHAIR: No pun intended—backburners. Thanks very much for your contribution today, Zena. If you have been asked to provide any additional information, would you please forward it to the secretary by 19 February 2021. I would like to thank Josh Burns, Angie Bell, Katie Allen and Trent Zimmerman for your attendance. I officially close the hearing.

Committee adjourned at 11:22