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Proof Committee Hansard

SENATE

SENATE SELECT COMMITTEE ON COVID-19

Australian Government's response to the COVID-19 pandemic

(Public)

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CANBERRA

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SENATE

SENATE SELECT COMMITTEE ON COVID-19

Tuesday, 30 June 2020

Members in attendance: Senators Davey, Gallagher, Hanson-Young, Keneally, Paterson, Siewert, Watt.

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ROGERS, Ms Elizabeth, Chief Executive Officer, Regional Arts NSW

Evidence from Ms Abercrombie was taken via teleconference—

Committee met at 13:00

CHAIR (Senator Gallagher): I declare open this hearing of the Senate Select Committee on COVID-19. As set out in the circulated program, today the committee will hear evidence from—there's a long line here to go through, so bear with me—Regional Arts Australia, Regional Arts NSW, the National Association for the Visual Arts, A New Approach, Screen Producers Australia, the Australian Major Performing Arts Group, BlakDance. Live Performance Australia, the Australian Recording Industry Association, the Australian Festival Association, the Australia Council and the Office for the Arts in the Department of Infrastructure, Transport, Regional Development and Communications. Today's hearing will focus on the impacts of COVID-19 on Australia's arts sector but may cover other matters under the terms of reference. Information on the procedural rules governing public hearings has been provided to witnesses. The committee will suspend briefly at 2 pm and 3 pm. Just before I go to our witnesses, colleagues, I note that the committee office has sent around a number of opening statements and a submission. Shall we agree to accept those? I see some nodding there, so thank you for that.

I now welcome Ms Ros Abercrombie, of Regional Arts Australia, who's joining us by videoconference; Ms Elizabeth Rogers of Regional Arts NSW; Ms Esther Anatolitis of the National Association for the Visual Arts; and Ms Kate Fielding of A New Approach. Who would like to go first with an opening statement?

Ms Fielding: I am happy to.

CHAIR: Sure.

Ms Fielding: Thank you. It's lovely to be with you here and all around the country. Today is focused on the impact of COVID-19 on the arts and cultural industries. Given the new payroll figures that came out about an hour ago from the ABS, this is really critical. But I want us to be clear from the outset that the impact is not just on the sector; it is on the people from all the states and territories, from the country and the city, from the outer suburbs and the inner, and from all walks of life. These people right across the country think that opportunities to participate in arts and culture are essential to the Australian way of life.

How do we know this? Earlier this year, **A New Approach completed focus groups about arts and culture with Middle Australians**—defined as middle-aged, middle-income swinging voters from suburban and regional Australia. These were discussions between forklift drivers, hairdressers and sports administrators, predominantly in marginal federal electorates in Queensland, Victoria and New South Wales. These people were asked: what would Australia be like without arts and culture? Here are some of their answers. **'Without imagination or creativity, life would be horrible.'** **'No freedom of expression.'** **'People get mental health issues.'** **'There would definitely be an increase in drugs here.'** **'Sterile, boring, controlled.'** **'It'd be a more tense society.'** **'You may as well live on Mars'**—that's my personal favourite. This cohort expects governments to foster arts and culture by helping Australia tell its many stories, supporting events that bring people together and making arts and cultural opportunities accessible. **This enthusiasm is backed up by ABS data on cultural participation rates and household expenditure that shows we are keen participants in the cultural life of the nation. This broad relevance is why we are calling for the development of a national arts and culture plan, modelled on the Sport 2030 plan,** and the COVID pandemic has made this even more urgent.

I'd ask that the committee members, as they are listening today, remember that this is about ensuring we have a rich and varied arts and cultural life with relevance and strength into the 21st century. Otherwise, we may as well live on Mars. Thank you.

CHAIR: Ms Rogers, would you like to provide an opening statement?

Ms Rogers: Yes, thank you. Regional Arts New South Wales is the peak body and service agency for arts and cultural development across New South Wales. We work in a unique way: we actually have devolved organisations based right across the state—14 independent organisations. We do not service the Newcastle-Sydney-Wollongong greater conurbation, which means that we've got people based on the ground, in the grassroots, across all of New South Wales. We're the only state that at this stage has this very much devolved and grassroots model. It's a partnership between state and local governments, so each regional arts development organisation services anywhere from three to 13 local governments, with very small staff and amazing outcomes.

I have been looking at this particular committee, obviously in a fairly hands-on practical way looking at the impact of COVID-19 on the arts in regional New South Wales: on artists, arts organisations, arts workers and local government. COVID-19 has sort of been the third wave, if you like, in New South Wales, because we still have 90 per cent of the state in drought, which were DPI figures at 1 June. Then we were absolutely decimated by the bushfires. They started in late spring up in the north and raged their way down the coast right down to the south and down through Victoria. Then as recovery was starting to happen—bang!—in came the COVID-19 crisis.

The areas that we have been looking at with the greatest impact from continued close-down and social restrictions—our research tends to show that it's the social restrictions that are the greatest impediment to getting up and getting going again—have been festivals, performing arts theatres and live performance venues. But in the more remote communities a lot of the social engagement is done through workshops gathering people together and learning arts skills, particularly further west into Coonamble, Bourke and Brewarrina. In those further west areas there's the social engagement of people coming together to do an art class, and the social distancing measures are the hardest things that they're dealing with.

We are absolutely delighted to welcome the federal government's response to the increase for the Regional Arts Fund. That announcement of \$10 million for regional arts across the country was extremely welcome. My colleague Ros will probably say more about that, but from our perspective in New South Wales we are up and open tomorrow. That money is going to be critical for the organisations that have been closed down and shut down because of the COVID-19 response and also for creative recovery across bushfire and drought areas. On a much smaller scale, on the latest announcement of supporting Australia's creative economy, this is really practical money that's actually going to do a vast amount of good.

CHAIR: Thank you very much, Ms Rogers. I might go to you now, Ms Abercrombie, and then I will come back to our Canberra based witness.

Ms Abercrombie: Thank you to the committee for the invitation to speak today. I am zooming in from the lands of the Turrbal and Jagara people, and I acknowledge all First Nations lands from which we are connecting and communicating today.

Regional Arts Australia was founded in 1943 as the Arts Council of Australia. Today's organisation is a not-for-profit peak body that is the national voice for arts in regional Australia. We seek to ensure that arts are recognised as essential and we work to meet the needs of arts and creative industries across multiple policy platforms.

As you would be aware, and as my colleague Elizabeth Rogers has just said, regional Australia has been hard hit hard by droughts, bushfires, floods and now COVID-19. We have a long road ahead of us. Some of our modelling suggests that the arts sector will not return to normal levels of activity until the final quarter of 2021. This pandemic has been experienced by absolutely everybody in some way. There are some shared experiences and some levellers, but, regionally at least, there is a diversity of experiences and a diversity of narratives.

The creative industry has been united in outlining specific impacts as well as the industry interdependencies of tourism, accommodation and hospitality, each relying on festivals, events and venues for their success. We have seen significant loss of income and revenue not just in ticket sales and at the box office but also in bar and retail membership; loss of opportunities short, medium and long term; loss of touring in the regional, national and international space; and significant impact on domestic tourism and our regional festivals. An important characteristic of our sector that we emphasise is that our connections are not just between employer and employee but also between individuals and audiences, and other institutions. There is a very broad culture ecology that we need to be aware of and respond to.

Regional Arts Australia has liaised with its member organisations to understand the immediate and long-term needs of the affected communities very broadly. The arts at universities point to the importance of integrating arts and culture into the immediate-, medium- and long-term economic, social and cultural recovery processes. We also welcome the \$10 million recovery boost that is the Regional Arts Fund, announced on 9 April, and we are pleased to inform the committee that this program will open across all states and territories from tomorrow, 1 July. As we talk about recovery plans and programs, it is pertinent to note that we are fast approaching summer and any regional response needs to be understood with an awareness of the potential for another bushfire season.

We further welcome the opportunity to work through the next phase of recovery with the federal government. To all artists and organisations that may be listening to these committee hearings: we see you, we hear you and we thank you for the role you're playing in the resilience and recovery efforts.

CHAIR: Thank you very much, Ms Abercrombie. Ms Anatolitis, would you like to make an opening statement? We don't have one from the visual arts association.

Ms Anatolitis: I will make one right now. Thank you for the opportunity. It is great to be here on Ngunawal country among colleagues to talk about the Australian government's response to COVID-19. This period, as well as being an absolute health disaster, has been the most significant disruption to our cultural life that we have known for some time. Artists create our future, that sense of possibility and connection among us, and also power the creative economy. It's absolutely fantastic that we have so many colleagues in series today to speak.

I am the executive director of NAVA, the National Association for the Visual Arts. We represent about 4½ thousand individual and organisational members all over Australia. Those are artists and arts workers, including technicians, curators, installers and so on, and organisations who might be galleries, artist-run initiatives, touring organisations and other sector service organisations. Through the code of practice, we set best practice standards for the visual arts, crafts and design sector.

This whole period, the last few months, has been spent really intensively connecting with artists and the industry to find out what is going on, what can we support and where visual artists, craftspeople and designers have fallen between the cracks. Unfortunately, it is quite significant. You will see in the submission where I go through what the gaps were and what the opportunities are. Ones that are worth mentioning include the package that was just announced recently, the \$160 million package plus the loans. I've got to say it is really difficult to see how individual artists, those from the small to medium sector, and the visual arts in general are going to be able to access those funds at all.

When you look at who has been excluded from income support measures to date, there is an important report that came out just last week from the National Public Galleries Alliance that looks at the 408 public galleries in Australia—that is, our not-for-profit, noncommercial galleries. Of those, 51 per cent are owned by local government and 13 per cent are owned by universities. That is 64 per cent of the galleries in Australia who have not been able to access any income support measures and not been able to access JobKeeper. Then you add the state and national cultural institutions—we've just seen the impact of the efficiency dividends on the National Gallery, who are having to shed staff and slash collections. **This is the time when we need to be investing in the pathways that strengthen the creative economy, because we know that artists create multiple jobs per person.** Artists invented the gig economy in their portfolio career. This is a time when we need to be investing, not just adventurously but fairly and equitably to make sure that what has been made available is available to everyone, and that artists, creative businesses and the arts sector are in the best place to inspire the recovery, because the demand on them at the moment is very, very high.

Senator HANSON-YOUNG: Can I clarify, was that figure 64 per cent?

Ms Anatolitis: That's right—51 per cent of public galleries are owned by local governments. Local government are the biggest owners of galleries and their collections in Australia; that's regionally, in suburbs and elsewhere. And then another 13 per cent are owned by universities, which, of course, also house our leading art schools. None of those have been able to access any kind of income support at this time. Universities are also massive employers of artists as sessionals, academics, workshop presenters and so on. So the gaps here are enormous, unfortunately.

CHAIR: Can I start with a question for all of you, and it goes directly to the issue of job losses and income support. We've been following this pretty closely across a range of industries, so, in terms of the areas you represent, **what's your response to how those economic support packages, particularly JobKeeper and jobseeker, have been designed and their impact on the areas you represent?**

Ms Fielding: Perhaps to provide context to the details that will be provided, I'll start by just sharing with the committee the ABS figures that were released an hour ago in terms of payroll jobs. The change in payroll jobs between 14 March and 13 June showed, as expected, that the hardest hit area was accommodation and food services with a 28.6 per cent fall; **arts and recreational services were behind that—that's a 23.9 per cent fall.** We've been seeing these figures over the last few months and the new data supports that trend of a significant drop in jobs.

Ms Anatolitis: Thank you to Kate for mentioning that, because in the previous month it was that same sequence of those two industries, and the drop for arts was 19 per cent. So that's an even larger drop.

There are problems in the design of JobKeeper. I think probably every one of the colleagues in our submissions have mentioned that casuals who have worked with an organisation for less than 12 months are excluded. I've also been hearing from a lot of organisations who have had non-casual staff who've been excluded. For example, one of my colleagues at NAVA started work on 2 March, not on 1 March, which was a Sunday, and not many people

start work on a Sunday. It's important to note, as I'm sure we all have in our submissions, that in our sector it is very much a norm to work as a casual—on the payroll but in jobs of only a few months duration. And that is actually a mark of success; it's a mark of attainment in your field. A visual artist, for example, or a curator, or an exhibition designer, are not designing or presenting or creating work for an exhibition in the same gallery every year. They're working across a range of galleries if they're at that fantastic level where they're invited and they're in demand. That's a mark of success. That mark of success is what is disadvantaging artists and arts workers in the arts, and the visual arts, in particular. We have also heard it said: 'Oh, well, they can go on jobseeker.' The problem with that, of course, is that, to go on jobseeker, the relationship with the organisation must be severed and that jeopardises the organisation's future.

Also, as we note in the NAVA submission, because Centrelink does not recognise the ATO ruling on carrying on a business as a professional artist, when you are an artist who is on unemployment benefits, the moment you receive, maybe, a payment for a work that you sold last year or perhaps one of those small but wonderful grants from the Australia Council, from the Resilience Fund, for example, it is counted as income, and so you lose your Centrelink payment, even though it may not be income at all; it may be to buy materials; it may be for crating and freighting; it may be to employ someone else. So we do need that harmonisation.

Senator HANSON-YOUNG: Or income from something 12 months earlier.

Ms Anatolitis: That's right. There is also the issue of lumpy or inconsistent incomes in our field, where you might get royalties for something and only be paid for something down the track. You might, as a visual artist, sell a work, and it might be the one work that you have sold in the last year or two years, for a substantial amount of money, and the payment just happens to come in now, so that would of course disadvantage you in those settings, for that income support.

Ms Rogers: The same thing happens in the music industry, for music that's been recorded and suddenly somebody wants to pick it up for an ad or you get a royalty from who knows where, when they're publicly broadcasting something. An artist might suddenly have income that's flown in from work they could have done even a decade ago, and that impacts them in this particular stage. With the COVID close-down, it is extremely difficult for musicians to get any sort of a gig. It's right across all the arts sector; it's not just one specific sector.

CHAIR: Ms Abercrombie, did you want to add something here?

Ms Abercrombie: I absolutely support what my colleagues are saying in relation to some of the gaps. I think it is important to acknowledge that JobKeeper, particularly, has really supported some of our arts organisations, and I would be advocating for the continuation of JobKeeper. I think the continuation beyond the September date is really vital for our sector. As I alluded to in the opening statement, depending on what happens with social distancing, we're not looking at having our sector back to anything near capacity until the last quarter of 2021, if we're lucky. That means looking at extending JobKeeper certainly till at least March, until the beginning of next year, and then potentially tapering from that. But I would add voice to the concerns about looking at how to address those gaps, particularly around local government and universities and including those within a revised JobKeeper space.

Just to add to what my colleague Esther was saying: from a local government perspective, local government-run galleries and performing arts centres and venues are a huge part of the recovery plan. To refer to some examples: in Queensland alone, 74 per cent of regionally based public galleries are owned and operated by local government, and 6.5 per cent of public museums are owned and operated by local government. That's not even looking at performing arts centres. The peak body, the Australian Local Government Association, is at the moment estimating that there will be a loss of at least 45,000 jobs connected to local government in our sector. So there are significant challenges for us there.

Just to add another component to that: my colleagues at Performing Arts Connections Australia recently did a survey—just last week, last Friday—about assessing the impact of performing arts centres, both regional and metropolitan, and they have some significant economic concerns in that space. I think it's important for us to look at what future programming looks like and therefore extend JobKeeper to our colleagues in galleries, museums and venues. Then local government will be able to look at the future programming of 2021, 2022 and 2023. If we could talk about that later, that would be fantastic.

Ms Rogers: We've just done a ring around the performing arts centres in New South Wales. While local government have been able to hang on to their permanent staff, many of them have been reallocated to other areas. This is in the cultural sector; this is not in the roads, rates and rubbish area. But all the casuals have been stood down. Eighty per cent of casual staff across local government in New South Wales have been stood down.

Ms Anatolitis: You hear the same shocking figures all over Australia. I just want to second what Ros was saying about the extension of JobKeeper. They're obviously concerned with the design of it, but it is needed. More is needed, and it does need to be extended, absolutely.

Ms Fielding: I have one comment there on local government, and I think this is a really important context for the comments that have been made. When we talk about government support for cultural expenditure—cultural expenditure by the three levels of government—this is a partnership between the three levels of government, and that's changed over the past 10 years. We looked at a particular dataset, cultural expenditure by government, over the period from 2007 through to 2017. We found in that time that local governments are increasing their per capita spend on cultural expenditure. This is an area of growth for local governments where they have been seeing the relevance for their communities. At the same time, over that period, there has been some growth at a state and territory level but a real retraction at a federal level. The area of growth for government support for arts and culture is really at local government level, and that's the area that's stepping back at the moment. We're not just talking about a minor part. When we talk about local government, this is not a minor part of government support for arts and culture; it's one-third of the support in Australia and it's critical—I'm sure my colleagues would agree—particularly in those regional and remote communities.

Ms Anatolitis: It's the lifeblood of regional communities. Of those public galleries that I mentioned—and, again, this was in that National Public Galleries Alliance report—less than one per cent of the income of all those galleries is from the federal government.

CHAIR: I have a question for you, Ms Abercrombie, and perhaps Ms Rogers as well. You mentioned the \$10 million regional arts sector grant, which I think you said is opening tomorrow. Do you think that's going to be adequate for the long-term recovery of the regional arts sector? **Secondly, with the recently announced package of \$160 million, plus the \$90 million in loans, do you think that the regional arts sector will be able to utilise that?** I guess there are two questions there.

Ms Abercrombie: In relation to what we are calling the recovery boost for the Regional Arts Fund, a \$10 million investment in that fund is significant for the Regional Arts Fund. That's almost three times what we currently have as our annual allocation to the Regional Arts Fund. We currently sit at \$3.5 million in annual, but it is important to say that we currently fund between 350 and 363 projects a year through the regional fund. That has a success rate of 32 per cent, so we have an unmet need nationally of almost 70 per cent. The \$10 million is a significant increase to that, and we will be able to support a huge amount through Recovery and Relief, which are the two programs that open tomorrow—the immediate and short-term programs. Then we're looking at what the long-term renewal looks like.

We've designed a program that goes across three years, particularly—to answer your question—to look at what the need is and what our sector needs long term, and how best to support practices and organisations across regional and remote Australia in a more long-term way. We know demand for that is going to be high. We've had significant interest already from each of our organisations who [inaudible] live. It will be important for us to be able to back up that \$10 million investment over 2022-23 as we go forward and continue to look at renewal and recovery. We know there will be a huge take-up of both the immediate relief and the support in the long term. In short, it's a really welcome investment. It's a good amount for us to work with and to enable us put out the design and the template across the medium-term and long-term recovery, but I think we'll see that the demand will still outstretch that, and we will still need to find and be advocating for more funds going forward over the next couple of years as we work with the sector to see the needs.

In relation to your second question on the recently announced creative economy package, we look forward to seeing the guidelines. There's \$75 million in seed funding through RISE in that space. At the moment, until we can see the guidelines to that and see how that is accessible and whether both individual practitioners and also organisations can access that and how that can then be devolved across regional and remote communities, that's the detail we would need to see. I would say we would welcome—

CHAIR: So it's a bit early.

Ms Abercrombie: It is early. **With regards to the Creative Economy Taskforce, it is really important that we have a diversity of voices in that and we have representation from our small to medium sector, First Nations representation and cross-artform, in that space.**

CHAIR: Thank you, Ms Abercrombie. Ms Rogers, did you want to add anything?

Ms Rogers: No, I totally support what Ros has said.

CHAIR: Okay. Very efficient.

Senator DAVEY: Thank you all for appearing today, and thank you for the work that you've done in this building. I've read the executive summary to your paper about Middle Australia. I found it very interesting reading, so thank you all. I specifically want to focus on the impact on regional arts and, particularly, the JobKeeper. Maybe, Ms Abercrombie, you might have some insight into this. With regional arts organisations, I understand, a lot of the major performing arts organisations, the way they're structured, the way they're set up, were able to access JobKeeper because they're full-time businesses; they can clearly show a reduction in box office. As good as it is for those who can access it, how do you think the design of the program has worked for, maybe, regionally based arts organisations or those organisations that haven't got that sort of company or corporate structure?

Ms Abercrombie: Once again, I will bring my colleague, Elizabeth Rogers, into this because she has some very specific examples of regional New South Wales organisations in this space. From our member based organisations, of which there are four, they have been able to access JobKeeper. I think the challenge, and we've alluded to it before, is in relation to individual artists or smaller organisations, as you mentioned, that aren't set up within a business model that can demonstrate the need and the loss of income. **I think the other element here is that a lot of arts organisations work on project funding or small-case funding, and they're not necessarily able to show a loss of income that is calendar mapped to the year prior. There are also a lot of our smaller organisations or a lot of our independents that work in a more chunky employment section. They will go from project to project or from festival contract or commission to festival commission. It's not trackable in a financial-year way in which some of those other organisations are able to track. So there are some real challenges in those smaller not-for-profits but also in those smaller independent organisations falling through the gaps there.** But many of the regional organisations that do have the organisational structure and do have that more sustainable and more secure funding have been able to access JobKeeper.

I go back to where there are gaps and I would say, again, it's very much around our local government-run galleries and theatres that have fallen through, and they are an integral and massive part of our creative economy and creative ecology. If we can't have our venues and our galleries funded and open then artists can't make work, they can't commission work, they can't go into rehearsal and people can't see work. There is a massive web that is rolling from that loss of connection or from that loss of financial support.

So, regionally, it's a real mixed bag. We do have some organisations that have been able to get some support, and we also have many organisations that are falling through the net, for various different reasons. That's something we've found with a range of recovery packages, and it was certainly the case with the bushfire recovery support, where organisations were falling through being able to access relief and support, because they didn't have the same or the right organisational structure underpinning them. Elizabeth, is there something you would like to add?

Ms Rogers: I've got some data that I only got today from our limited surveys. There are a number of obstacles for regional artists—this is really the grassroots people—being able to access JobKeeper. Particularly 10 to 20 per cent of it comes into the underemployment category—they've only worked short-term gigs; they may have worked for a whole year, but it's been under a different contract, and not necessarily even a different employer. A lot of these are employed as contractors rather than as employees. Obviously, the local government one came up. 'Bureaucratic obstacles' came in at 17 per cent, so I think there's been a real challenge in negotiating what they actually had to do to access JobKeeper and jobseeker. Some are still applying, and then there are other, smaller ones that people have closed down permanently; they've just given up. There has been an element of just having given up in regional New South Wales. But also interestingly, of the respondents that we had, the number of staff—in a small sample of 53—that were not eligible for either JobKeeper or jobseeker was 197, so as a percentage it's pretty high. Most of this data actually came in from the north-western part of New South Wales. I'm still waiting on stuff from the other regions. But we thought we'd just get it together so we'd have a bit of a picture.

CHAIR: Yes, that's great. Ms Rogers, I wonder if you can provide that in some form, if not today, down the track, when you've finalised it, for the committee's consideration. That would be great.

Ms Rogers: Yes, I'm happy to do that.

CHAIR: Thank you. Senator Davey?

Senator DAVEY: I look forward to seeing that information. On funding more generally, we provide a lot of funding via the arts council, through different rounds and different streams. Some of this funding was committed pre COVID. In your experience, how have your members found dealing with the arts council to restructure? They might have been mid project and then all of a sudden the project gets cancelled but they've got commitment for funding; you don't want to see that whipped out from under people. Have you got any feedback on how that's

going, whether the arts council have been approachable and amenable to extending time frames or anything like that?

Ms Anatolitis: I might have a go at that one first. The Australia Council have been extraordinary. They employ a range of great experts who generally come from the industry, are very well connected, very approachable. It's really important to note in this context that the Australia Council's funding has been declining for some years following the really big, unexpected, massive cutback in 2015, which has never been restored at any realistic level, in order to free up funds for what they've call the Resilience Fund, that \$5 million which is going out now. The Australia Council have had to look under their own mattresses and cancel upcoming programs to be able to make funds urgently available for artists and organisations. One of the extraordinary things about the Resilience Fund—you'll hear from Adrian Collette later this afternoon—is that the overwhelming proportion of applicants to the fund have never applied to the Australia Council for funding before. The other night on *Q&A*, the arts minister, Paul Fletcher, said that one of the reasons why the package that was announced last week is going to be administered separately is to make it somehow independent from the Australian government's arts funding advisory body. **The Australia Council is the expert body with the independent, peer reviewed funding processes. There is absolutely no need to create any kind of parallel process or a different kind of structure that not just takes the expertise away from the allocation of taxpayers' money but will simply add a layer of duplication that we don't need at the moment.** To free up that \$5 million for the Resilience Fund, the Australia Council had to cancel its upcoming programs. Those are programs in artist support and development, in industry development—the range of long-term, developed, strategic programs that build and drive industry development; those have had to be cancelled in order to support this current emergency because no new funding has been provided to the Australia Council at this time. So I would say that the industry has great confidence in the Australia Council. In fact, I'm astounded as to how they continue to work and be responsive with such limited funds, and that work should be supported and funded accordingly—funded much more ambitiously than it is now.

Ms Abercrombie: Could I just echo what Esther is saying there? I absolutely support that, and I think it's important to note that, for the existing project rounds that were live when COVID-19 hit, people were able to vary or postpone their events or their programs. It's the same with the Regional Arts Fund. I think what needs to be noted is the work done by both our organisation and our colleagues and the Office for the Arts to make sure that the 152 projects that were live through the Regional Arts Fund were able to be varied or postponed. At all points artists have been able to not be asked for any of their money back and to be supported going forward.

The other part that the Australia Council has done extremely well—and it's one of the levellers I mentioned—is around the digital webinars and the platforms and the connecting of practitioners through various different digital platforms. That's something that regionally we've seen an amazing change in, and one of the small positives of what we're experiencing is that levelling of access. **While I don't want to make light of what we're calling the digital divide and some of the challenges we have with internet and communication across rural and regional Australia, it is important to note that our artists and our practitioners have been able to connect with our metropolitan and suburban artists in a way that hasn't been seen before.** I think that also lends itself to some of the information Esther was saying about the increase of new applications going into the Australia Council. We're reaching, as I said before, this greater diversity of practitioners, and that's an important sightline to keep sight of as we go forward and look at renewal.

Ms Anatolitis: Could I just briefly add to Ros's answer, if that's okay, Senator Davey? I think that's a really important point. In the last few months we've seen very little to no support and we've seen all of their self-generated income for the year just vanish. We've seen organisations and artists across all art forms adapt to this online space. As we saw with the summer fires and floods, artists donated work and time to fundraise, and now in the last three months they've been responding as well as possible to adapting to an online environment. That's not been possible for everyone; it's been possible for those who have great internet access and the technology to do that. Now, as physical distancing restrictions ease and everyone looks at what it means to be 'on' again, many of these organisations have not been able to access any income support at all and now suddenly they have to adapt to this environment as well.

One of the important things people have been pointing out about the package that was released last week is that, although it's been called a relief package, it's predominantly funds for new shows, new tours and things that are going to roll out maybe next year sometime, so it's not for individual artists, who will have a very hard time applying. Until the criteria come out, I have no idea how anyone from the visual arts is going to apply. Artists are absolutely agile, adventurous and innovative, but there are limits, and certainly what we're hearing from artists at the moment is about a massive impact on mental health. There is a real anguish in constantly asking for help and

having to re-ask in so many different ways, as opposed to being recognised as the powerhouses of the creative economy that they are.

Senator DAVEY: I have just one final question on the back of that. I appreciate we're all waiting for the guidelines, particularly for the \$75 million rise. I note, Ms Fielding, in your research, one of the issues for Middle Australians was, when you talk about arts and culture, they get very excited and passionate about it, but, when you talk about arts in isolation, they sort of see it as high arts and they feel removed from it. So is there a concern amongst the regional arts organisations and, when it comes to visual arts, the local government, the smaller galleries and the individual artists that they're going to be competing for a piece of this \$75 million pie against the major performing arts organisations who get guaranteed funding every year without application and the larger organisations like the National Gallery and things like that, because they're smaller and they don't have the same level of capacity?

Ms Fielding: Can I put in a couple of points before we go to that question. The Australia Council is one part of the federal government's support for arts and culture. You referred to the National Gallery of Australia. In 2017-18, as a proportion of the federal government's total cultural expenditure, the Australia Council was 7.83. That's including the ABC, SBS, all of the screens, as well as the galleries, libraries, art galleries, museums, archives—that whole package—and Australia Council was only 7.83. That includes the National Gallery of Australia. **But, if you break it down into arts expenditure, the Australia Council becomes almost 40 per cent of the federal government's support for arts and culture. I think that's a really important context for your question. There are other support measures for cultural institutions, but when we talk about arts, this is a significant part.** I'll hand to my colleagues.

CHAIR: Who would like to add in there?

Ms Rogers: I just want to make a comment about the pivot to digital. It seems to be, 'It will all be fine because artists can pivot to digital.' The reality is that audiences aren't engaging. We had two of our regional arts development organisations over the weekend—one working out of the Albury-Wodonga region and one out of Wagga—with a national disability arts festival, which was amazing. But the numbers that were attending compared to the amount of investment needed to gear these organisations up to the technical provision of a seamless integrated livestream festival—if you look at actual value for money—was not compensated by the audience. Now, I know that this program can be left on the web and people can access it, but what I'm feeling is a really big need for people to get together. Looking at a band on an iPad in your living room on a Saturday night ain't the same as being in a venue when there are other people around. I think this is something particularly impacting in regional areas, where people want to be able to gather together to have that social engagement. We are in the middle of a pandemic. We are working on a daily basis with a constantly changing environment, and I understand that, but switching to digital is not the answer for the audience experience as well as the arts. The other big issue some of my regional colleagues have been telling me is what's going to happen to audiences when they can open again if it is going to be a period of 18 months.

Ms Anatolitis: These aren't either/or. As Elizabeth has just been saying, it's not just that the expense of presenting online like that is incredibly high in terms of the appropriate production value but an expectation is now being created that work will be available online for free. In visual arts there is licensing; there are royalties in music; there are ways in which artists earn their income that this entire situation has disrupted in a really detrimental way. As well as the pathways—if you can't go to your regional gallery, if the staff are no longer there, if an arts education is going to more than double in price, then what does that mean for your future prospects? You're growing up regionally, you want to get together in a gallery, go to a workshop and understand what's going to be possible for you. **When those pathways are gone, the long-term impact of that is massive.**

CHAIR: Thank you. I'll hand now to Senator Hanson-Young. We've got only 10 minutes left, so I'll leave that with you, Senator Hanson-Young.

Senator HANSON-YOUNG: Thanks, Chair. You've covered a lot of the general areas anyway, but I want to go to linking the statistics released by the ABS today. They say that 23.9 per cent—say, 24 per cent—of arts and recreation payroll jobs have been cut, lost, gone. Compare that to the construction sector, which is five per cent over the same period. Yet the government's package announced last week is less than one-third of what has been put on the table in terms of what is predicted for the home renovation scheme. I think it is important—and I want to go to this point—to note that the home renovation scheme is uncapped. So, while there is an indication that it might be \$700-odd million compared to \$250 million for your sector, it's actually uncapped. Senator Davey was asking some questions about organisations having to compete for funding and individual artists having to work out how they can apply for a grant. **I'd like to know from your organisations whether you're open and supportive of the idea that that grant program at the very least should be uncapped.**

Ms Anatolitis: Absolutely it should be uncapped. It's very confusing when you compare the different industry specific support that has been put out. It would be so wonderful if the support that is put out, whether it is JobKeeper, jobseeker, the cash flow or industry specific support, were available on a fair and equitable basis. It is important to note that there was no comprehensive consultation or endorsement of that package that was released last week. It's absolutely the case that when a package like this is announced organisations such as mine put statements out that thank the government for this money. Gratitude is not endorsement. Of course we're grateful to have something rather than nothing. There had been nothing for months and months and now there is something.

When pockets of money are put out that don't have guidelines yet—and I understand there will be—and that aren't targeted at the way the different elements of the sector work it's really difficult to have the confidence that small and medium organisations and individual artists will be able to apply and access that at all. One of the questions I asked when I first came across the package was: will there be any process by which elements, pockets of money, are earmarked for different subsectors—for the visual arts, for example? Apparently not.

Senator HANSON-YOUNG: So visual artists might miss out entirely?

Ms Anatolitis: As you say, Senator Hanson-Young, it is entirely possible that visual artists, craftspeople and designers will miss out altogether, which is why NAVA's statement when we saw the package said that we welcome the package and we strongly encourage visual artists, craftspeople, designers and organisations to get on the phone the moment the guidelines are released to understand how they might be able to apply and how they might be able to access it.

Ms Abercrombie: In terms of the last two questions, from a regional perspective it's really important to talk about access. We noticed and note that it's about regional practitioners and organisations even being aware that these programs and these funding opportunities are available, first and foremost. Then it's about being supported to actually apply and to follow the process through. There is an economy of scale when we're looking at our sector. There are some organisations that have significant resources to be able to put in submissions or put in proposals and there are others that don't have those same resources and don't have an awareness that those programs are available and are meant for them. A huge part of what we need to do is advocate for that diversity of our sector to know that the programs, such as, hopefully, the seed investment in RISE, are open and available to the breadth and depth of practice and practitioners.

The other thing I would say to add to the last question is that I think it's really important we look at other support opportunities beyond 2021. We're getting an awful lot of information and evidence that 2022 and 2023 are looking to be very, very scary, particularly when you look at the moving of tours. Tours have had to be picked up from 2020 and put into 2021 on top of programming or without programming 2021. There is a huge sunk cost to organisations, artists and practitioners in the transfer of work from 2020 to 2021.

Senator HANSON-YOUNG: Can I just clarify something there? In terms of uncapping the grants, even looking at some of the other elements such as the loans, are you suggesting that really what we need to see is a two- to three-year package and not just this 12-month reprieve or bucket that is not going to go very far anyway?

Ms Abercrombie: Yes. I'm suggesting that—certainly the way we've modelled the regional arts boost—they're looking at the short, medium and long term. I'm aware of the packages of support for the next year and absolutely welcome them. We hope and have waited for, as we've all said, those guidelines to ensure there is access for as many practitioners as possible, but I think we need to look beyond that now. We need to look at what the next two or three years look like, particularly when you look at performing arts venues where, without excluding state-owned centres, programming is an investment of \$44 million over one year. There is currently an indication that that has been cut, as far as programming budgets, for 2021 by \$11.2 million already. We need to look at how we can support our sector to make the venues, the practitioners, the artists and all the parts to look at what 2021-22 looks like as we reprogram, reschedule and move to a new phase. Yes, absolutely, it's that more long-term view of the next two or three years, and maybe there's a way we can do that in a way that isn't through competitive grant rounds.

Ms Anatolitis: I completely agree. And when you look at the uncapping and impact of the cancellation of international art fares and the impact on the commercial art market, uncapping this would give government an amazing opportunity to understand the breadth, diversity and scale of the arts sector and the creative economy more broadly.

Ms Rogers: The other thing I want to add too is that, with a short-term stimulus package like this, we are not going to be able to keep people in the industry. People are leaving already. It's not just the artists, the musicians and the actors. For every star you see on a stage, there are five or six support workers behind the stage making

them look fabulous. Those people, as the Prime Minister has noted, are trades people, and they can earn a lot more money in the mines and they've got wives, families and mortgages to support. This is my biggest fear: the sector is not just a six-month shutdown. A long-term shutdown without long-term support means that we won't have those people to make the lighting plans and the light shows and put stages up and do all the things that we all love to go and attend. I think there is a real threat of loss of skilled personnel across the creative industries.

CHAIR: Ms Fielding, did you want to add something?

Ms Fielding: Yes. I think it's important to note, in terms of the package that was released last week and the conversations that have been had with the sector and with the government around that package, this is not the first step and this is not the last step. This is a significant step, but there is a long journey here and those conversations are ongoing. The things that are being flagged here indicate the need for a strategic approach, not just a reactive approach. This is why we keep saying a national arts and culture plan based on the Sport 2030 model is the kind of thing that can help map what needs to happen over the next couple of years for this area. This is not just a one-off; this is a partnership between the Australian public, all three levels of government and the philanthropy sector. We need to get this right, because, if we don't, the things that we're hearing here are going to fall apart.

CHAIR: We have run out of time, and our next witnesses are joining us by videoconference as we speak. On behalf of the committee, I genuinely thank you for your time and the effort you've put into appearing today. To you, Ms Abercrombie: I really appreciate it. The committee's inquiry goes for another two years, so there is plenty of time to continue the discussion we've started today. We thank you very much for your evidence. The committee will now suspend for five minutes.

BRIMBLE, Ms Holly, Director of Policy, Screen Producers Australia

CAPPS, Ms Mary Jo, Chair, Australian Major Performing Arts Group

CHRISTIE, Ms Libby, Chief Executive Officer, The Australian Ballet; Board Member, Australian Major Performing Arts Group

DEANER, Mr Matthew, Chief Executive Officer, Screen Producers Australia

DONNELLY, Ms Merindah, Executive Producer, BlakDance

McINTYRE, Mr Patrick, Chief Executive Officer, Sydney Theatre Company

SEROW, Ms Bethwyn, Executive Officer, Australian Major Performing Arts Group

Evidence was taken via teleconference—

[14:05]

CHAIR: The committee will now resume its hearing into the Australian government's response to the COVID-19 pandemic. I welcome representatives from Screen Producers Australia, the Australian Major Performing Arts Group and BlakDance, and you will have the opportunity to make an opening statement. We've received a written statement from the Australian Major Performing Arts Group, and, there being no objection, the committee agrees to that being accepted as evidence. Could I start with the Australian Major Performing Arts Group? Then I will go to Screen Producers, followed by BlakDance.

Ms Serow: Thank you for the opportunity to join you today. AMPAG's submission, which you've received, focuses on the devastating impact of COVID-19 on the operations and viability of the not-for-profit performing arts sector, as well as proposing policies to mitigate the impact of the challenges that lie ahead. The company's been working hard to help themselves, and the cost to the industry and workers within it has been very high. **While AMPAG's immediate membership represents the large not-for-profit organisations, it is important to stress at the outset that the interconnected nature of our sector, with small to medium organisations, independents and individuals in the performing arts, is critical.**

Ms Christie: All our organisations have worked really hard, as Bethwyn said, to stay connected and to stay afloat. We've worked very hard to stay connected with our audiences and our communities by well-publicised digital broadcasts, and we hope that you've all had the opportunity to see some of those. This online distribution of our content has really helped us stay connected with our audiences, but it's not financially viable. It doesn't earn us any money. For most of the companies our earned income is primarily from ticket sales, which in some cases represents more than 70 per cent of our overall income. This income stopped immediately in mid-March, when theatres were closed and our performances were cancelled. Not only have we lost 70 per cent of our income but also we've had to refund advance sales of tickets. Most of us have strong subscriber bases—people who'd pre-bought tickets that we've now had to refund—and that's led to immediate cash-flow issues for all the companies. We've responded by taking immediate steps to reduce costs and shut down everything that we don't have to do. Staff throughout most of our companies are now either stood down or on 50 to 80 per cent reduced pay. With cash flow a serious issue threatening solvency in our companies, we've also been spending our reserves and, where we can—where we've had the assets to secure—we've taken out loans to help us keep going. So I guess that's our short-term response to our solvency issues: just to stay afloat.

As we look to the medium to long term when theatres begin to reopen, we're all facing some serious issues that we know won't go away as soon as we're able to get back into theatres. We're restructuring. We're rebuilding our creative operations for 2021 and beyond. We do know that, when ticket income is available to us, it won't be normal. We know that audiences will be somewhat cautious; we're ordering market research on that at the moment. Not only will our ticket income be compromised for years to come but our capital reserves will all have been used up to get us through this year, so any insurance that we've had by way of reserves will have been used. That means we'll have no insurance against market downturns and we will have no insurance when we risk creative work that may or may not work in our theatres. So it's a really tricky time for us.

We welcome government interventions; they've been of great assistance. The Australia Council has brought forward funding rounds and been flexible about deliverables, which has been great. The government's \$27 million package announced in April and then the \$250 million JobMaker package last week have been really welcomed by the sector, and we're looking forward to hearing the details of how it will help companies like ours. Most importantly, JobKeeper has been an absolute lifesaver to our companies, most of whom are large employers of permanent skilled workforces. It's really helped us resolve our short-term solvency issues, although there are some issues that Patrick will talk to in a minute. We strongly support JobKeeper continuing beyond the end of

September for at least another six months and until we're able to be operating normally. We fear that, if it doesn't, there will be widespread job losses throughout our sector and it will take decades to rebuild our creative workforces.

Mr McIntyre: I just want to note on top of that that there are hundreds of theatre companies across the country, large and small, non-profit and commercial. The theatre industry is very freelance dependent. At Sydney Theatre Company, in 2019 we paid 566 people, and 78 per cent of those were freelance, casual and contract workers. So, while JobKeeper has been successful in keeping employer organisations in hibernation ready to come back, it hasn't helped us keep those artists and creative practitioners in the industry. They have been able to resort to jobseeker, but we don't really want them seeking other jobs. They're highly specialised, highly trained people, and we'd like to keep them in the industry.

The JobMaker packages announced are going to be of great use in capitalising the industry and getting us back on stage and, therefore, able to employ people again, but there are still huge question marks about the ability for organisations to come back, even with capital, and these are around regulatory frameworks, consumer confidence to do with health issues, and also consumer capacity and donor capacity around economic concerns. These things might have a hangover well into 2021, so it won't just be a case of getting the green light to returning to stage and being recapitalised; we actually have a lot of consumer risks over the next 12 months which we don't feel are addressed at this point.

The final note to make is that investments in the performing arts are very strong investments, both in the night-time economy, which is valued at about \$134 billion a year, and in the cultural tourism economy. We're very interested that Australians won't be spending \$46 billion on outbound international leisure travel for the foreseeable future, so there is the potential for some of that money to be spent internally, and cultural tourism will be key to switching that on. Also, every ticket bought to the theatre triggers expenditure in taxis, babysitters, buses, taxis, Ubers, restaurants and bars, so reactivating our industry is very central, we feel, to activating large parts of the general economy.

Ms Serow: We welcome your questions.

CHAIR: Thank you very much. I will go now to Screen Producers. Do you have a short opening statement or any introductory remarks?

Mr Deaner: Yes, thank you very much. We thank the committee for the opportunity to appear today. The organisation we represent is the peak industry and trade body for Australia's independent screen producers, and that means producers who are independent of broadcasting licences. We represent over 500 businesses all over the continent who make the screen content that Australians love and value. The employment is around 30,000 people on an ongoing basis, with flow-on effects into other industries such as hospitality, travel and many others. There's about \$1.2 billion to \$1.5 billion in economic activity from the independent sector alone. We're really grateful that Australians have turned to us and that we've been able to supply what has been a great comfort in their viewing and to nurture entertainment and information during this period for Australian and global audiences.

In terms of the impact, the impact on our industry has been devastating. Following the introduction in March of social-distancing requirements and restrictions on large gatherings, most of Australian film and television activity, particularly the drama and other large productions, ceased to operate. This affected about—we did a survey of the industry—120 productions, impacting about half a billion dollars in budgets and leaving thousands of people out of work. We think the flow-on effect will be more significant than that immediate impact.

Since that time, we've worked constructively with the government to maximise the availability of JobKeeper to the industry, and we reiterate the points made that it has been very valuable to production businesses who have got a core staff—it has retained those businesses' abilities to employ those people and keep effectively the hearth alight. But most of the ways our businesses work in relationship with employees and the independent nature of many employees mean that many people have been unable to apply for the benefits of this program, and so the benefit overall in the sector has been patchy and inconsistent.

The net result is that the industry has been in crisis, and we were very relieved and pleased of course last week by the government's announcement of what became a subset of that \$250 million announcement. It was a \$50 million package to help the screen producers secure finance effectively, and because of the absence of what would otherwise be an underwriting environment, in which commercial insurance isn't available to cover COVID-19. That has been a great way to make sure that the cameras keep rolling on many productions. We await details of what is being framed the 'Temporary Interruption Fund', but I understand it will be aimed to help, as I say, negate the impact of the insurance crisis. That means we're able to properly restart the production of what has been really quality Australian content. I think we should state that we've also asked government for greater support, and we

have put forward a range of opportunities for what will be a signalling, through the forward estimates, of support to the industry through mainly the offset mechanisms. But this is a good start, and it should be acknowledged as such.

However, there's one area that we wanted to highlight and focus on today, and that is the impact of what has been a government decision that was made at the start of the impact of coronavirus and has effectively compounded the effect in our industry and will delay recovery if it's not addressed. And that is, namely, the decision that the media regulator, the Australian Communications and Media Authority—the ACMA—took to temporarily suspend the Australian content quotas that apply to commercial television and subscription television.

The decision was enacted to reflect interruptions in the supply of Australian content, which is understandable, but only really to a point, because it was a blanket suspension in the way it was framed. A complete suspension fails to acknowledge that many productions—children's animation, small documentaries and many productions like that—were able to continue and only a few were disrupted in a sort of short way. *Neighbours*, for example, was lauded internationally as a production that was able to resume work very quickly through a number of tremendous protocols and quick, clever work done to work out what was a tricky situation to operate for a lot of people. The return to work for the sector was really immediate and not disrupting to some areas of what is affected by that content quota.

What happened as a consequence of that announcement by the regulator was that it also mainly removed the demand for new commissions from the sector, as broadcasters are currently using this announcement as a cover to pull out of deals, turn down new commissions and create a lot of disruption in the market. If there are further supply problems, this will be due to the behaviour of the broadcasters in pulling out of these commissions, but not due to the lack of capacity of the production industry to deliver, employ its people, get back to work and supply content for Australian audiences.

So this is currently having a really devastating effect on our members at exactly the time when new demand is critical to keeping production businesses sustainable and people in jobs. We are asking the ACMA to issue a statement that regulatory forbearance will only be available in regard to contracted productions which suffer interruptions directly due to COVID related restrictions, and we're of course pleased to talk about these issues more with the committee today. Thank you.

CHAIR: Thank you very much. BlakDance, would you like to make an opening statement or introductory comment?

Ms Donnelly: Yama. I am a proud Wiradjuri woman and I was born in Forbes. I'm honoured to be here today and I thank you for the invitation, Senator Gallagher. I want to start by acknowledging country. I'm presenting today from Turrbal and Yuggera homeland. BlakDance is the national industry body for Indigenous dance in Australia. Since COVID-19 we've held over 122 consultations and spearheaded regular meetings with Ilbjerri, Mooghalin and Yirra Yaakin. Together we conducted a survey of Indigenous independent artists. The sample demonstrates that, in just two months, 37.8 per cent lost over \$20,000 of income each as a result of COVID-19. For our mob, that's a lot of money. The survey also demonstrated that our most pressing needs right now are to come together again as a sector, to gather and to practise. The safety of elders was the second-most rated concern. As you know, senators, our elders are the source of our culture and our stories.

The overwhelming concern is for independent sole traders. Their access to Centrelink was already complex, with many of them unable to access JobKeeper or jobseeker. For example, an independent artist in Queensland lost \$70,000 of planned activities. An additional \$30,000 of activities have been postponed indefinitely. This artist has lost their livelihood and, as a result, is now homeless, along with 16 per cent of all the other artists surveyed who reported being unable to pay their rent. Artists like this are questioning whether they want to continue in the sector. What opportunity do they have to grow if established artists and companies can't survive the fallout of COVID-19? Optimism is lower than ever, and artists are feeling the grind, with never-ending funding applications in an environment of constantly diminishing funding and opportunity.

As we shift into recovery, our first request to you is that there is a First Nations person on the Creative Economy Taskforce. After all, we are the world's oldest surviving culture. Representation at this level is a minimum. Our second request is to invest in the establishment of Indigenous multimedia dance companies and independent practice, to invest into self-determination across the ecology. We want our own First Nations curators, venues and touring circuit. We call for the arts and entertainment stimulus package to directly address the needs of all artists and the independent sector. Finally, we call for a First Nations cultural arts industry and community roundtable to devise a 10-year plan for our future. We want to work with all of our sector to form a coalition that can generate dialogue, ideas and exchange that ultimately lead to First Nations independence.

CHAIR: Thank you very much. Just before I go to questions, one of our previous witnesses, Ms Esther Anatolitis, would like to take some photos and I need to get permission for that to happen in the room. I think everyone is comfortable with that. Sorry; we didn't let you know we were going to do that. That's fine. Everyone's agreed. We've got a number of senators with a number of questions. We've got 35 minutes, so, if questions could be short and answers pretty tight, please, that would assist. We are having technical issues with Senator Keneally, so I will go to you, Senator Davey.

Senator DAVEY: I will try and keep it brief but I have questions for each of them. I'll start with BlakDance. Thank you, very much, for attending today and for your opening statements. With the announcement that was made a few weeks ago about the regional arts and culture package, \$7 million was set aside for Indigenous arts centres. Are your member organisations able to apply for that? Have you seen guidelines or had any consultation about how that package will be distributed for Indigenous arts centres?

Ms Donnelly: No, I haven't heard anything, but BlakDance is very specifically focused in the performing arts, so it wouldn't have likely crossed my desk anyway.

Senator DAVEY: I acknowledge that you're performing arts; that's why I was asking: just to see if maybe we need to have a focus. It brings me to my second question. How many of your member organisations are regionally based and therefore may be able to access some of the \$10 million that is for regional and remote organisations but which does cover the broad range of artistic genres?

Ms Donnelly: We have a significant amount of cultural dance practitioners. In 2010 there was an estimated 100,000 cultural dance practitioners across Australia, and a large number of those obviously come from the regions. We would be working collaboratively with our friends at Regional Arts Australia on a strategy to try and mobilise some of that funding into those communities, but from our survey results over half of our independent artists are based in urban and metropolitan centres, so half of them won't have anything to access if we're left to rely upon regional arts funding.

Senator DAVEY: Like so many other small and independent artists, everyone's competing for the same bucket of money and there's no bucket that is, other than the recently announced—is there a bucket of money through the arts council process that is specifically tagged for Indigenous artists?

Ms Donnelly: Yes. The Australia Council for the Arts, through the Aboriginal and Torres Strait Islander arts department, works really hard to support independent artists but in their last funding round, which closed a few weeks ago, they had over 200 applications for less than \$500,000 worth of funding. The amount that they're getting is not consistent with the number of requests; the amount of funding that they have to offer is incongruent with the amount of requests that they're getting. We're dealing with artists who are homeless. These are often very professional dancers that have left Bangarra and started their own practice. They are at the top of their game, and to hear that they're now homeless and that there's not a funding stream that's specifically for independent artists is quite devastating.

Senator DAVEY: Thank you. I'll quickly turn to MPAG, if I may. The major performing arts organisations, I understand, receive guaranteed funding through the Major Performing Arts Framework; is that correct?

Ms Serow: Yes, for this year. There is a new framework called the National Performing Arts Partnership Framework that begins next year.

Senator DAVEY: I understand, and it was well publicised late last year, that the 29 major performing arts organisations received about 59 per cent of the arts council funding under the existing framework. Is that correct?

Ms Serow: Yes, it does receive a majority share of that funding but it also has a turnover as a group of about \$600 million per annum, so the number of companies versus the activity is slightly different and difficult to compare.

Senator DAVEY: With that funding, because we're still under that framework at the moment, none of that funding has been withdrawn due to COVID, even though most of those 29 organisations had to shut down. They couldn't operate as they traditionally do. I note Ballet Australia were putting on some fantastic videos—I'm showing my age!—online performances. I do note people were still operating, obviously not in the traditional way, and the box office takings were significantly down, but none of that funding was removed due to COVID. Is that—

Ms Christie: That's correct. For the companies in that major performing arts group, currently, the percentage of government funding as a percentage of their turnover ranges from as low as about 10 per cent, and most companies are particularly dependent on box office earnings, to a much higher percentage of maybe 50 per cent in some cases. So the impact of the COVID pandemic has been variable across those organisations. It's also worth

saying that, in addition to the major performing arts companies, the Australia Council's four-year fund for medium organisations, which have four-year funding, have been similarly affected.

Senator DAVEY: Yes. I acknowledge they have been hit, those 128 organisations, I think, according to the last annual report from the Australia Council. But they get \$28.7 million compared to the major performing arts organisations that get \$113.6 million, so there's quite a difference. The other thing is that the major performing arts organisations, because of their structure, were able to access JobKeeper for their permanent employees.

Ms Christie: Correct.

Senator DAVEY: As you said in your opening statement, your contracted employees were treated completely separately and a lot of those contractors and freelance employees weren't able to access JobKeeper. I acknowledge that. But for your permanent employees, you were able to for most of their organisations.

Ms Christie: Yes, that's correct, for the organisations that qualify, in terms of drop of income, year on year, which I would say is all of us.

Senator DAVEY: I'm just putting it in perspective because we've had comments of 600,000 people who work in the arts industry. But it could be said that for the major performing arts organisations they were a little bit more secure than the rest of the arts industry, especially when you hear stories like—

Mr McIntyre: If I can give the example of the Sydney Theatre Company, our annual grant from the Australia Council's about \$2.2 million and our annual turnover is about \$36 million, so investment in our organisations is quite important for stability but it doesn't drive the majority of our revenue or our business. That's what Bethwyn was saying before. You could say that we take too much of the Australia Council appropriation. You could also say that the Australia Council appropriation is not adequate for the scale of the Australian sector, generally, because our organisations are still majority earned-revenue driven, which is why this is still a problem even with the major performing arts framework funding in place.

Senator DAVEY: I absolutely acknowledge it's still an issue and particularly an issue for the associated people that your organisations employ. I'm just trying to get on record that a lot of the people hardest hit are those contractors, the associated people who haven't got the confidence of ongoing employment.

I have one final question, Chair, and then I'll move on. This is for SPA. Regarding the quota decision, you mentioned that the decision to remove quotas has removed demand for new content, but is it fair to say the 55 per cent quota requirement remains and the government just suspends the subquotas to give content providers the flexibility to adjust their content in accordance with what is available?

Mr Deaner: I think the message we got very clearly was that the suspension of the subquota was only on the basis that the industry, as a supplier of product to meet the subquota, was disrupted. The difficulty with that is the subquota has multiple parts. There's a children's subquota, there's a documentary subquota and there's an adult drama subquota. The children's subquota is mostly met with animation. That wasn't in any way disrupted. People continued working; they were just working from home. Documentary continued because it's usually small teams of people. Some odd doc got suspended perhaps. It was really only large dramas that were more problematic, because of endurance issues; some dramas continued. So there really wasn't any disruption, as a blanket exercise, created by COVID-19 that would cause the need to suspend a whole subquota.

At the moment, the signal has been that the subquota had been extended or put forward for the rest of the year and a decision is being made. We're not sure in what capacity exactly it is being made, but it will be made and a signal will be sent to the market as to what the subquota requirements or any forbearance of those requirements will be for next year. The problem is that that creates at this point a great deal of uncertainty in the market as to whether people need to contract to deliver the product needed to meet that quota next year. You need to do it now in order to hit the subquota for next year because, as you would imagine, it takes a reasonable period of time to get some shows together. We don't want to create an environment where the reason the subquota is met has nothing to do with COVID-19 but more to do with a confused message or indecision about how the regulatory system is operating. Certainly the production industry is ready to go, and now it's a signal from the market that demand has come back in. That really is a matter for government to send the message very clearly to all the players that the regulation continues. On a case-by-case basis there might be an example where forbearance is needed, but it's certainly not a blanket exercise like it has been so far.

CHAIR: Thank you, Senator Davey. Senator Keneally?

Senator KENEALLY: Thank you to all the witnesses for appearing today. I would like to go to Screen Producers Australia, if I could, and just revisit the issue you raised around insurance. I am particularly interested in the idea that the government could take on the role, potentially, of insurer of last resort. Could you just explain

why this is so fundamentally important in terms of the future pipeline of work? What have you put to government and have you had any response?

Mr Deaner: In our industry we're in a reasonably unique situation in which you cannot substitute the human capital, if you like, the human resource, that's being contracted to be doing a major drama. If you built a whole production around Cate Blanchett and her capacity to be on set for six weeks, while you might be able to change over bits of the crew or even other parts of the cast, you really need to make sure Cate Blanchett and probably the director and a couple of other people are able to continue through that period. That creates a massive risk if there is a disruption caused by something like COVID-19, because essentially the production has to stop and everyone who is employed to work on that production—and there may be thousands of people—are all working on the basis that Cate Blanchett, to keep using her name, is available to be on that production.

In this instance, it's a risk exercise that sets the industry apart from other sectors. What usually happens on larger-scale productions is that insurance is taken out to cover everything. But as soon as COVID-19 hit, the commercial market made a decision that they were going to exclude COVID-19 from insurances that producers and production companies could achieve to protect themselves from the cost impact of having to pause a show for a couple of weeks if someone were to be ill. That sets up a lot of risk for all the different financing elements in a production and that slows down whether or not people will go forward.

We've said to government that we would like it to be able to step in where the commercial market doesn't, in this instance, and be a provider of last resort or provide some opportunity for underwriting if something goes wrong. We have put to them a number of proposals. We are yet to see how government are going to address exactly what—given Screen Australia is administering the \$50 million that's been set aside, we are unsure whether this will be a fund in which people apply as part of an overall application, or whether the government might set aside part of it for different productions, or whether it will only be used if something goes wrong. So we're waiting to receive those guidelines. I'm unsure at the moment, based on the demand, whether it's enough to help. I certainly know it triggers a confidence at least for the commercial financing elements that are reasonably complicated on screen productions. So this is a positive thing and a way forward. In fully answering your question, we're just not sure yet of whether or not the detail achieves everything we need it to achieve. We'll know a bit more, I think, this week or next.

Senator KENEALLY: Do you have a meeting set up with government? How are you going to engage with them to get that type of information?

Mr Deaner: Screen Australia have said they will release and communicate with the industry this week. It's already Tuesday, so I'm hoping that by the end of the week we will have a further broad announcement from Screen Australia as to what the terms of their guidelines are. I understand they are currently in Canberra, working on this. Until we have that, we don't really have a way of working through with them what will or won't work. Having said that, I think they've had pretty good information from the producing community, through us and our members, and I'm very optimistic that this will be a good opportunity. Globally, there has already been a precedent set for this, in France. The equivalent of the French body is the CNC. Screen Australia is talking to its counterparts in Europe and there are other examples that can set a pathway for this.

Senator KENEALLY: Thank you very much. I am mindful of the time. That was very helpful.

Can I turn to AMPAG now and go back to the issue touched on earlier regarding the small to medium arts sector. I know that you made some representations here today on their behalf. In terms of the small to medium arts sector, I think it's important for us to understand the situation there vis-a-vis the Australia Council's cuts in their last funding round. I believe something like 49 organisations were defunded. What's the situation for those organisations now, with coronavirus?

Ms Serow: There are two parts. With the announcement of the next four years of funding, there was definitely a drop in number. The Australia Council have scrambled some money together to give a one-year transition to the companies that haven't been given the four-year commitment. I should add, as we were talking about JobKeeper before, that the calculation as we understand it is that the majors have probably accessed around \$20 million or \$21 million worth of JobKeeper over six months, as have the four-year funded organisations. We are concerned, with the drop in numbers of four-year funded organisations, that we are losing some fairly critical companies—in the dance and theatre sector, for example, which I'm sure Patrick and Libby can go into.

Ms Christie: In answer to your question about how coronavirus has affected those companies in the same way that it has the larger companies: as Bethwyn was saying, to some degree they're eligible for JobKeeper. When we know more of the details of the JobMaker scheme that the government announced last week, we'll have a better sense of how those companies will be eligible to apply for funding there. But there is no doubt that there are

probably more casual employees in those small to medium companies than there are in the larger companies, with the exception of the theatre companies.

Mr McIntyre: In theatre, a lot of our employees are the same people who work in small and medium companies and also maintain their own independent practice. So directors, actors and writers are working across all scales of the industry. They also rely on getting gigs in the screen sector and advertising and voiceovers—that kind of thing. There are thousands and thousands of performing arts practitioners who rely on freelance, casual and contract work across all different employer groups, so it's really important that the small to mediums and the majors, and in fact screen, all come through this, because these are portfolio careers that individuals need to put together from engagements across the year with all different kinds of different companies.

Senator KENEALLY: So is it basically too early to say? It sounds like you're saying that, until you see the guidelines and more detail, it's too early to say what the impact of the government's announcement will be in terms of the small and medium companies.

Mr McIntyre: Correct, yes.

Senator KENEALLY: I have one last question in relation to BlakDance. Thank you, Merindah; your evidence was quite compelling. To stick with the small and the mediums, is that something that perhaps the First Nations arts sector can benefit from as well? It seems to me you're also calling for a separate funding stream, given the significance of culture that is represented by the First Nations arts sector.

Ms Donnelly: Correct. It's not an either/or situation. There are only four small-to-medium Indigenous performing arts companies at the moment, and we've only been in the funding cycle for the last decade; some of us are even more recent. Our sector is incredibly vulnerable. We need a much bigger investment in both theatre and dance. We are absolutely lacking in lighting designers, set designers, costume designers and sound designers. We're severely underrepresented in terms of graduates coming out of any kind of First Nations training for theatre. In dance, we have the opposite problem. We've got two national training institutes, graduating cohorts of Indigenous dancers every year, which they've been doing for the last 40 years, and there is nowhere for them to go, apart from Bangarra, where one or two places may open up every year. When we think about there being 20 or 30 graduates from two training institutes every year, for 40 years, there is a severely underrepresented sector where there are no small-to-medium Indigenous dance companies. If black lives matter and if First Peoples First is really a thing that the government is committed to, then we'll need to see at least eight small-to-medium Indigenous dance companies established, and we need funding to go directly to independent artists, over multiple years and in their current independent structures, to see equity in the sector for our dance communities, as well as the traditional cultural stream, which goes to cultural dance groups, traditional dance groups and cultural dance practitioners.

Senator KENEALLY: Thank you. Chair, I am mindful of the time and that other senators have questions. Given the thoroughness of the answers given in the opening statements, I'm happy to cede some time to other senators.

CHAIR: Thank you, Senator Keneally. Senator Hanson-Young.

Senator HANSON-YOUNG: Similar to Senator Keneally, I think everybody's answers have already covered a lot of the things that I would've asked, but I do have a few remaining elements. I might go to Screen Producers, first of all, and the answer that you gave in relation to the question about the impact of the suspension of subquotas. I just wanted to clarify: it's not just that the productions themselves have not all been impacted; this decision means that productions that have been completed don't necessarily have to be shown in this 12 months and so that therefore puts off the demand for another 12 if not 24 months. Is that the flow-on effect that you're talking about?

Mr Deaner: Yes, that's exactly right. The challenge with what the government has announced, however it's been communicated, is that it suspends the quota, which means that there is a 'forbearance' for this period of time, which means that there will be no action taken against the commercial broadcasters for not delivering Australian content to audiences this year. That then motivates a broadcaster to hoard the content, because there's going to be no consequence for not releasing and, as a consequence, they've then got a stockpile that they can use at a point in the future when the government says they've got to be regulated in some way. One of the most obvious effects we saw was that a couple of weeks after the announcement from the government the Seven Network removed all of its children's content from its scheduled platform. The reason could only be that this was a forbearance that it knew it would receive by not delivering a required amount, because you don't make that sort of U-turn on your scheduling without that sort of line of thought.

The concern is not only that there's a reasonable amount of damage done but also that there's potential for incredible amplification of this into future years. It sits out as a bit of an anomaly in terms of what has happened globally with other regulators who have taken a very measured approach to this and indicated that there would be forbearance if needed but not a blanket statement, as we've received in Australia. It stands out as an example where there has been an opportunity for people to be back to work quicker, be able to deliver and be back in employment working on things that receive incredible audience attention, especially at the moment when people are consuming a lot of content at home. In our view this is a very obvious thing the government should correct, because it gets people back into work, there's a marketplace for this that exists, the Australian public really like what we do and there's a global audience now, given that we're also in an environment which can deliver content globally and has huge export potential. We can be looked at and expected to not only supply our nation with good content but supply globally with great content.

Senator HANSON-YOUNG: If the government were actually interested in creating economic stimulus, reversing this suspension decision would be a simple and easy thing they could do today?

Mr Deaner: Yes. I think that would be a fair statement. Certainly to clarify and provide assurity to the market that the regulation continues is part of that.

Senator HANSON-YOUNG: Yes, what happens after the next six to 12 months. Just on that issue, there is linked discussion in relation to quotas on streaming services. Surely, again, if the government wanted to generate economic stimulus, because more people than ever before in Australia are consuming their media and entertainment via on-demand streaming services, then having Australian content requirements on streaming services would generate huge economic stimulus, wouldn't it?

Mr Deaner: It would. They would probably be one of the beneficiaries of this current environment in which globally we're operating because people are watching a lot of content at home. It would be great to see those businesses contributing in a stable way to the investment in local stories. If it were done with a certain degree of care and, for example, an expenditure requirement based on their current revenues from this market at a decent percentage, we think that there's an opportunity to really provide a huge amount of capacity in a sector that has already got proven skills and has global appeal. You can lift a huge number of people into employment immediately by regulating this part of the market that is standing out now as a bit of an outlier with the way global regulation of these services is going. So you're absolutely right, Senator.

Senator HANSON-YOUNG: I want to ask the Major Performing Arts Group a question. Obviously the package that was announced last week is quite limited. Obviously something is better than nothing after your organisations, many others and artists have been suffering for four months without much support, particularly those who fell through the gaps of JobKeeper. Would you like to see this effectively as a beginning or a down payment and for it to be extended? We heard from witnesses before your panel that the real fear is what happens after the next 12 months as well. This seems to be a very confined 12-month package. It is capped, unlike, say, the home renovation package. Where would you prefer to see this go so that you could be assuring both your artists and your audiences that your work is going to be here for the long term?

Ms Christie: How about I start and then pass to Patrick. This is very much a short-term, one-year program. What we're looking for is support to enable us to perform next year and to take risks in returning to the theatre. As I said before, we don't know what audiences will be there or what ticket income will be available to us. We want to make sure that we don't compromise the quality of the work that we present, as we seek to maintain costs, or the vibrancy of Australia's arts sector, in terms of bringing new works to the stage. We don't know how the seed investment to support new productions will work. We see it as a first step. We'd like that to continue and to be available to us for seasons beyond the first half of next year.

The second thing that we would like to continue to talk to government about is some incentives and some help to rebuild our reserves. As we said before, the companies are spending all their reserves now to survive. It's taken us 20 years or so to build up reserves, mostly through some generous philanthropic giving. We'd love to find some ways to work with government to match philanthropic giving to help our companies rebuild our reserves to give us that security for the future. Patrick, you might have some other ideas?

Mr McIntyre: I think part of the structural problem is still that, as a sector, we don't know when we're coming back, for health and economic reasons, or how audiences and the market will respond. Most of the larger companies operate on what's called a subscription model, which means that we commit to a full 12 months of programming and we put that in the market the year before the program commences. So essentially we have to make gigantic forward investments in the coming year, and that's going to be very difficult for us, not knowing what the coming year will entail. While there might be grants to help organisations to get back on stage in the

near term, there's no visibility on what support will be there over the coming year, in terms of travelling conditions.

Ms Serow: Could I just add another point. Some of our work is also developed through international co-productions, and often they are in the areas of opera and ballet. They are quite expensive ways of amortising costs, and we won't have that as a partnership model for probably well into the end of next year. That's the other side of creating content—we actually need to create more than we would have done in the past.

Senator HANSON-YOUNG: Because of those issues and, particularly, the international travel restrictions. I just have one final question, and then I know Senator Siewert has a question. Obviously, this announcement was made last week. Since then, we've seen the situation in Victoria, particularly in Melbourne, worsen dramatically. I'm thinking particularly of those bigger theatre productions, like Harry Potter and others. Is there now a bit of scrambling to try to work out how this package could really be extended, considering that the time frames that were thought about previously are just not going to be met now?

Ms Christie: I think that's correct. None of us really know when we will be back in theatres. We've all got several versions of a return-to-theatre plan that keeps changing, week by week. The situation gets worse the longer we have to wait to return to theatres and the more uncertain the conditions under which we'll be performing become. As you can imagine, it's not just about how the audience sits in the theatre; it's also about what happens onstage, backstage and in the orchestra pit. It's very difficult to maintain social distancing throughout front and back of house in the theatre and make it work, both from a quality point of view and, more importantly, from a commercial point of view.

Mr McIntyre: If I can just add—freelance artists have already lost three months income to date, so they are waiting on us getting back on stage as well. If we can't get back on stage by the end of the year, for example, it's possible for employer organisations to lay people off or reduce hours to try and survive until there is a reopening, but we're just pushing out, by three, six or nine months, the period of time over which freelance artists will receive no income of any kind, and I think that's a problem. We'll lose them from the industry. They'll be suffering tremendous hardship in the immediate term. And, when I say we'll lose them from the industry, I mean for small to mediums as independent practitioners and as employees of major companies. So I think a lot of the structural solutions, philosophically, are supporting employers on the basis that we will employ people when we can, but, until we can, there are human beings who are without income.

Senator HANSON-YOUNG: Thank you—thus, JobKeeper.

CHAIR: I'm going to have to intervene there. I've got Senator Siewert with a quick question, I understand, and then I will hand to Senator Paterson, who also has a follow-up question, and then we're out of time.

Senator SIEWERT: I have a question for BlakDance. From the comments that you made, Merindah, about access to jobseeker and JobKeeper—I'm particularly interested in jobseeker—it sounded like some of your members had been having trouble accessing jobseeker. I'm just wondering if you can expand on what those problems are.

Ms Donnelly: Yes, we had feedback pretty early on that the ad hoc nature of independent artists—and then you add the additional layer of the colonial legacy of Centrelink for our people and the overbureaucratisation of services for Indigenous people—meant that it was very, very difficult for First Nations independent artists to meet the criteria and provide the evidence to be able to access both jobseeker and JobKeeper. When we were consulting with some of the First Nations independent producers, they also said the same thing, and I guess the ad hoc nature of independent practice really exacerbated the situation.

Senator SIEWERT: Thank you.

CHAIR: Thank you, Senator Siewert. Senator Paterson.

Senator PATERSON: Thank you, Chair. I really appreciate you accommodating me quickly. I have a follow-up question to Mr Deaner from Screen Producers about the issue of quotas and, in particular, whether other like jurisdictions that have local content quotas have subquotas in, for example, children's or drama or documentary.

Mr Deaner: Thank you, Senator. There are different models for different territories, and you have a patchwork in different areas. For example, in Canada there is a requirement for some areas of the subquota of expenditure for, say, cable television services and for their equivalent free-to-air broadcasters. You have an expenditure and an obligation to show subquota elements as part of that. They have a fund that everyone in cable television tips into; the cable television landscape is very dominant there. That then redistributes the money into equivalents of subquotas and requires the broadcasters to commission that money back out. That would be one example. In the UK, there is a requirement that has been re-established whereby each of the broadcasters—they call them 'public service broadcasters', but they're the equivalent of our commercial broadcasters—have to, for

example, deliver an agreement with Ofcom as to the type of children's content they will do and have that signed off by Ofcom. So they've reintroduced, after a couple of years, a children's obligation, in effect, on those broadcasters.

So each market has a different way of doing it, but ultimately there is a broad global recognition that, unless you have specific obligations around certain genres of content—specifically children's content and adult drama and documentary—they don't get made in the local territory, unless you're in the United States, which of course dominates the landscape for content, or, to a lesser extent, the UK, because they also have a very established set of people; the BBC is a fundamental plank of that. So, globally, there is a similar patchwork of obligations on broadcasters, yes.

Senator PATERSON: Thank you.

CHAIR: Thank you, Mr Deaner. In wrapping up, I very much thank Screen Producers Australia, the Australian Major Performing Arts Group and BlakDance for your evidence today. It has been very useful for the committee in our deliberations as we work through this, and we look forward to engaging with you on an ongoing basis. Many thanks for joining us today.

Colleagues, we had scheduled a five-minute break at three o'clock, but it's now 3.05. My suggestion is that we continue on and then perhaps have a break at four o'clock before the Australia Council. Is that okay with people? There are nods—no sound.

RICHARDSON, Ms Evelyn, Chief Executive, Live Performance Australia

ROBINSON, Ms Julia, General Manager, Australian Festival Association Inc.

ROSEN, Mr Dan, Chief Executive Officer, Australian Recording Industry Association

Evidence was taken via teleconference—

[15:04]

CHAIR: I welcome representatives from Live Performance Australia, the Australian Festival Association and the Australian Recording Industry Association. We have at least one opening statement. Perhaps if we start with Live Performance Australia and then I will go to the Australian Festival Association, and then we'll see whether you would like to make an opening statement, Mr Rosen. If they could be kept succinct, that would be appreciated. Ms Richardson.

Ms Richardson: Thank you for the opportunity to appear. I'm coming to you today from the traditional lands of the Wurundjeri people of the Kulin nation, and I pay my respects to their elders past, present and emerging. Australia's \$4 billion live performance industry is a significant economic and social contributor and a direct driver of economic activity, jobs and cultural tourism. It's also a critical part of any domestic tourism strategy. [inaudible] first industry to be shut down, and we will be one of the last to reopen. Shut-down events and venues have already cost over a billion dollars in lost income, and tens of thousands of jobs. Given this scenario, there are significant challenges in accessing capital and reactivating, and producers and promoters are risk-averse going forward, particularly given the potential risk of a second wave of COVID.

LPA proposed a \$345 million industry package to the federal government to provide targeted and strategic investment to assist the industry to reactivate, rebuild and recover, and the key components of this package were outlined in our submission, which you have. Last week, LPA welcomed the federal government's announcement of a \$250 million package for the arts and entertainment industry. This is a significant acknowledgement of our industry's critical role in creating jobs and growth in the economy. It's a targeted package aimed at rebooting our industry over the next 12 months in a timely and well [inaudible] to help us get moving again.

Our No. 1 priority is to get our venues open, our shows back on stage and touring, and our people back to work. The Prime Minister's commitment to working with states and territories on lifting restrictions and reopening borders is critical. We can't operate at reduced capacity. It's simply not financially viable. We're working on our road map to reopen theatre venues and productions in September without social distancing, and then our concerts and festivals. We're looking at what we can do regarding exemptions for international artists and [inaudible] into the country. There is an opportunity for Australia to lead the world in this space, especially once the trans-Tasman bubble is established. The federal government package also comes on top of [inaudible] sizeable state and territory packages, which have been very important to our industry.

We work with all governments as we move forward to reactivate and play our part; however, we will need more ongoing support over the next two years to rebuild and fully recover. In the coming weeks we'll continue to work closely with government on the implementation of these initiatives to make sure they deliver support to those that need it, and we'll also be keeping a very close eye on how the industry fares in the coming months [inaudible] longer-term measures are required, notably the extension of JobKeeper, tax incentives for theatre production, and a [inaudible] contingency funding for shows that may get shut down for 24 hours, two days or two weeks [inaudible] that was provided to the [inaudible] industry.

Ms Robinson: I would also like to acknowledge that I am coming to you from the same lands, the lands of the Wurundjeri people of the Kulin nation, and I also wish to acknowledge them as the traditional owners and I pay my respects to the elders past, present and emerging and any Aboriginal peoples here today. The Australian Festival Association would like to thank the committee for the opportunity to contribute to this inquiry on the Australian government's response to the COVID-19 pandemic. The AFA was formed in late 2018 to represent the shared interests of our members in the festival industry. AFA members include festivals from large touring music festivals to boutique, niche local festivals. We are also proud to represent some of the key suppliers and contractors to the industry, including ticketing providers, security companies and event medical specialists.

Australian festivals deliver considerable economic and employment benefits to this country. They also contribute to the community, societal and mental health benefits which are so important in these times, particularly in the local areas in which they operate. Tourism can be driven by festivals and it is what drives our regional and metropolitan festivals. In short, festivals make people happy. On 16 March this year, festivals were amongst the first businesses to close as a result of the necessary health restrictions. Some actually saw the writing

on the wall globally and cancelled prior to government restrictions being implemented. Others were left right in the middle of building their sites and had to pack up, leaving their whole year's profit behind.

We are a complicated and unique industry. The business model for a festival is distinctive from others in the live performance industry, with income centralised over a single day or days of operations. Promoters and organisers take considerable financial risks to host these events. Often there are years of planning, and all their annual income rests on the success of that event. Unlike a cafe or a live music venue, a festival operating in a greenfield site such as a park or public garden usually takes 12 to 18 months to get gates open. Organisers need to work across local, state and federal governments, with multiple regulators and authorities to navigate. Festivals will likely be among the last to reopen. They won't be able to switch back on overnight. Last summer we were devastated by bushfires. If this summer is a write-off, festival organisers and their important suppliers may be written off as well. We need a road map to recovery.

CHAIR: Thank you very much, Ms Robinson. Mr Rosen, would you like to make any opening remarks?

Mr Rosen: I reiterate all of the comments made by my colleagues. I am coming from Bondi, and the traditional custodians are the Gadigal people of the Eora Nation. I pay my respects to elders past, present and emerging.

There is no doubt, as Evelyn said, that our industry was hit hard and hit early and will be one of the last industries to come out the other side. That has hit artists, managers, labels, publishers, venues, promoters—a whole swathe of people across the music industry. I think last week's government package was a recognition of all of those hundreds of thousands of people that work across the creative industries that are doing it tough. We hope that's a good move forward to help get our industry back on the road. It's an important kick-start, but it's also an important recognition that our industry, yes, has a massive cultural impact in this country but also has a huge economic impact: creating jobs, creating tourism and creating economic growth. So I think it was overdue and well timed. It's great that we actually got that recognition from government.

As Evelyn mentioned, we still need clarity on time frames about how venues reopen and how borders reopen. We were heartened that the Prime Minister took that to national cabinet. We look forward to the federal government and also the state governments working on that. We need a national coordinated response as well to open international borders and, if we can, expedite getting international artists or Australian artists, indeed, that are currently stuck in Los Angeles, London, New York or around the world to be able to come back to Australia. As Evelyn said, there is an opportunity for Australia to lead the world. I think it would be one of the cheapest marketing campaigns Tourism Australia could ever run. If they had all of the best artists, actors, producers and theatre people in Australia saying that this is one of the only places in the world where you can perform, it would be a wonderful way for Australia to show the world how well we have handled this crisis—between us and New Zealand.

I do hope that this package is the start of a new dialogue with government and an understanding that this is an industry that matters and an industry that has a huge cultural impact. Artists are the first people that have come to the aid of the country, whether it's the bushfires or whether it's the COVID crisis. They have had a huge economic impact. We welcome this work to continue with local, state and the federal government around Australia.

CHAIR: Thank you very much, Mr Rosen. I will now hand to Senator Watt.

Senator WATT: Thank you all very much for your evidence today. I very much understand the pressures your industry and its participants are facing. I understand that you have all welcomed the package that was announced last week. I would be interested to know if there are any significant gaps remaining that have not been addressed in the package?

Ms Richardson: Perhaps I can go to that first. We put up a package for over a two-year time frame, and this package is very much focused on the next 12 months, which is actually really critical, because right now for our industry there are two challenges that are the biggest. There is access to capital. Everybody is cash-poor and nobody has the reserves to see a long-term closure period, so we very much need the capital investment that the government's providing. Beyond that 12 months, we've got some significant challenges with respect to ongoing investment, particularly in the commercial theatre sector. The average musical in Australia is \$10 million or \$15 million—and some of them are \$20 million—to capitalise. Once they go to stage, the weekly operating costs are \$500,000 to a million dollars a week. They're extremely big shows and they employ a lot of people. The investment pipeline across the globe has been completely destroyed. If you look at what's happening on Broadway and in the West End, all of those markets are absolutely devastated by COVID. The thing that a lot of people don't understand is that a lot of the investment coming into Australia for our major theatre productions comes from offshore, and many of the investors are the same investors who are investing in New York and

London. When we bring those products down and we look at that pipeline, 12 to 18 months out, those investors have all been burnt up through COVID right around the globe, and they're now being asked to choose to reinvest in shows—either to remount them or to stage new ones. Unless our producers have some incentive to attract that investment down here, we will be last in the line. We've had this on the agenda for some time, but there's never been a more important time for government to provide tax incentives, in the same way that they do for the screen industry, to ensure that theatrical production can continue, particularly over the next five years, because, without that investment, we will struggle even to get the shows up that we're looking at now, and particularly when we look two or three years out. Bearing in mind the lead time that is required for a licensed property, we really need to know that we've got those incentives fairly soon, or else we're looking at very empty venues in about 18 months time.

The second of the two largest challenges I mentioned is the situation where a show has to close over the next 18 months, whether it's for a period of 24 hours, two days or two weeks. In the film industry, they've got that insurance underwriting. We're exactly the same; there is not a producer or promoter in the country who can afford a shutdown period, if there is a COVID incident for a limited time. If it's a subsidised company, the show may never reopen. If it's a longer-running show, they may not be able to reschedule. As I said, if their operating costs are around half a million dollars or a million dollars a week, that's a million dollars they're losing and they're not capitalising on the investment that they've already put in.

Ms Robinson: The main feedback that we're getting from our members is quite simple: they just need to be able to operate safely and also to have a product to sell, which has been mentioned a couple of times. I think there could be lots of different things included in the package, but the main feedback I'm getting is just to have the green light to go ahead. Then that will also trickle down and help the suppliers that are really hurting at the moment. As I mentioned in my opening statement, we also have members that are suppliers—there's the infrastructure, the toilet providers, the ticketing services, the security agents and all the things that prop up this industry, and they just don't have a pipeline. So, whilst we welcomed everything that's in that package, what I'm hearing is mainly just that roadmap and the way forward to open.

Senator WATT: Thanks.

CHAIR: Mr Rosen, do you want to add anything?

Mr Rosen: I don't think it's specific to the package but I know something for our sector and others, post-September, October, when JobKeeper is scheduled to end, is how companies and businesses and sole traders in our sector can continue. I know that is something that the Prime Minister put on the table in the press conference on Thursday when asked about the arts. I know it's something the government is looking into. There are many people in our industry where it is not a 30 per cent reduction in revenue but an 80 to 97 to 100 per cent reduction in revenue. If restrictions remain in place, the likelihood is that will continue post-September, October. I know it is on the agenda but I'd just reiterate that that is something of great importance to many of the businesses and sole traders. Many of our artists are set up effectively as sole traders and are getting JobKeeper to help them through this period where they can't earn a living. That will be super important.

Senator WATT: I was going to ask about JobKeeper. I'm interested to know from each of you how well structured you think JobKeeper is at the moment. There has obviously been a lot of feedback that, particularly in the arts and entertainment industry because of the nature of the work, many people are excluded from JobKeeper. So I'm interested to know how well you think it is structured as it currently stands and also, on the point you were just making, Mr Rosen, what would be the impact on the industry if JobKeeper is not extended beyond September?

Mr Rosen: Again, it is helping a lot of people in our industry. We can focus on the people that it is not helping, but it is helping a lot. From a recording artist perspective, a lot of artists are set up as sole traders with ABN and have been able to apply [inaudible] everybody in our industry, but it has certainly been helping a lot, and a lot of small businesses, small labels, management companies, agencies. I also want to commend the government, which put, when JobKeeper and jobseeker came out, \$10 million to a music charity called Support Act, which helps artists and crew that fall on hard times. That has now been extended for all creative industries, so that has been helping as well.

On the second part of your question, it comes down a little bit to where we are in October. The truth is we don't know where we'll be then in terms of the ability to earn a living and to get shows back on the road. If we are where we are now then it's going to be very important that JobKeeper or a similar style program is available. As I said, it's a 30 per cent threshold. I think you could increase the threshold remarkably and still the majority of people in our business would qualify for it. It's hard to sit here in June, but I would say that's something that needs to be put on the table, definitely. I'll pass over to Julia.

Ms Robinson: I'm going to echo Dan's comments. At the moment, quite a vast array of our members are using JobKeeper for their staff, to keep them on the books. What's important with that particular part is that we are a bit like a trade or an apprenticeship. It's not something you can learn in a classroom. You really need to be on-ground learning these skills, and every day that they're not on-ground, we don't want them to lose those skills. So keeping our industry and those suppliers and those crew and all of those people—the manpower that prop it all up—keeping them on the books is really important. Yes, I would echo that if we're still here in October or the end of September and we don't have a full, open industry, then we'd be looking at some large losses.

Ms Richardson: I would support the comments made by my colleagues. We think JobKeeper has been of benefit to the industry. We know there are many of our companies and many of LPA's members who have accessed and are using JobKeeper, including LPA, I might add.

Having said that, we do know there are gaps in the programming—and we've raised those—particularly for arts centres and regional venues and council owned venues across the country [inaudible] quite large employers who haven't been able to access it. And of course there are freelancers and casuals and so on who've also been excluded. Beyond September, if we're able to get our theatres and things—some parts of the industry—reactivated, that's really our goal. But it's not like we can just switch the lights back on and come back all at once. So there is going to be a runway. We hope we can get [inaudible] some of our live music venues happening sooner, but obviously concerts and festivals will come after that. There are lots of different moving parts to our industry, and, if we were looking at a 12-month reactivation period, which is likely—possibly longer—then we are going to need support for many of those companies who won't be fully operational, certainly not come September. We'd certainly be looking at at least a six-month extension, going into 2021.

Senator WATT: This is a question specifically for ARIA. What is the impact of copyright breaches on artists during this time? By all means, others can answer it, but I think it's probably most relevant for ARIA. And for all of you: what do you think will be the likely uptake of the loans that have been included in the package? And what are your views on the adequacy of the grants component of the package?

Mr Rosen: I think it's a really interesting thing around copyright, and thank goodness [inaudible] both Labor and Liberal governments, when they've been in power, have understood that in order for us to grow a digital economy we need to protect copyright. And, Senator Hanson-Young, the Greens have been very supportive as well. Ten years ago, people said that all the future is live, and, on copyright, you don't need to make money from your recordings or publishing anymore. Thank goodness we didn't fall for that argument, because there would be zero money in the business at the moment. We are very, very fortunate that we have robust, strong, protected copyright that made sure that money goes back to the artists, the labels, the publishers and those that invest in them. So thank you to everyone who has been in government in Australia over the last 10 years who has helped in that.

To your point around what's happening now, there's no doubt that we need to continue to protect it. There's been an explosion of live streaming—artists doing shows on platforms live—so there has been a little bit of an uptick in piracy in terms of people ripping those streams and then putting them up on pirate sites. That's something we need to work with the government on, around changing authorisation provisions to ensure that that doesn't happen on platforms. We're also seeing a bit of an explosion of pirated merchandise. Merch is still a very important way, particularly now, for artists to make some money selling directly to fans. So we need to be extra vigilant in terms of protecting copyright in the digital era. As now everything is shifting online, we need to be really, really cognisant of that. It really has become a bipartisan issue in Canberra, understanding that the protection of copyright ensures that Australian voices will continue to be heard, so I thank all the people sitting around this virtual table for their support in that.

CHAIR: Just on the second part of Murray's three-part question—when he was only allowed one part!—Ms Robinson and Ms Richardson, I'll give you both the opportunity to answer that.

Ms Richardson: The question with respect to—

CHAIR: It was about the likely uptake of the loans and the adequacy of the grants in the package that was announced last week.

Ms Richardson: Obviously, Live Performance Australia put up a range of measures that we believe would be helpful to the industry in terms of reactivating and rebuilding over the short and medium term.

This is a package with grants; it's a mixture of grants and loans. With respect to the loans, we expect there will be some parts of the industry that will be able to access those. Generally, banks don't look on the arts and entertainment industry very positively; they don't generally have an appetite to invest in and support us right across the sector. Many of our not-for-profits and so on aren't geared to carry debt and they may not want to

access the loans scheme, but there are other parts of the sector that will. There are also companies who may look to use it as a cashflow facility; that would include some subsidised companies. Again, these are mechanisms through the bank that they don't generally get access to. What the uptake will be remains to be seen, but because the government is providing a 100 per cent guarantee, underwriting those loans, we would hope to see the banks step up. We would certainly want to see those companies that want to access loans or lines of credit be able to do that.

Ms Robinson: The initial report I got back from members on the loan wasn't that the uptake would be strong. I think, without seeing the rest of the detail, maybe that will change. It may also change depending on how long we're closed for, but initially the feedback was that the uptake on a loan would be relatively low. Largely, the festival members tend to need to operate on the basis that they have all the capital ready to go to put on a show, because income comes in once the show has successfully taken place. There are certainly outliers to that.

To the second part of the question, to the adequacy of the funding: I would point out that a lot of the feedback is around being able to operate safely and having a product to sell. There will definitely be some uptake on the funding, but with it being capped and having to go across a vast number of businesses in the live entertainment and arts industry, it may not stretch as far as it needs to go. Given the time frame as well, if it's 12 months and we are not fully operational—I understand we'll be partially operational, certainly coming into certain states—from the whole country-touring perspective, then the uptake might be relatively low.

CHAIR: Thank you very much, Ms Robinson.

Senator DAVEY: Thank you all for appearing today. I'll just declare: I'm as tentative as all of you, because I can't wait to find out whether the **Deniliquin Ute Muster** is going to go ahead on the October long weekend! I appreciate your comments, Ms Richardson, about the importance of reopening borders so that people can travel and come to these festivals that occur throughout the country. They are a very important part of our society. So a little plug there for the ute muster!

On that note: Ms Robinson, you mentioned the need to operate in a COVID safe way. We've heard in this inquiry previously from the unions that they have been working with Safe Work Australia to develop information packages and guidelines so that people can restart and reopen workplaces in a COVID safe way. Has there been that level of conversation with organisations such as all three of yours?

Ms Richardson: I can respond to that. Live Performance Australia has been working to develop the national framework for the development of guides and protocols for venues, festivals and events but particularly for theatre, because we're working on that road map for reopening theatres. **We've drafted guidelines for rehearsals, auditions, performances, theatre venues and touring, and just today we've shared them with our colleagues at the union, for them to review. We will also be talking with medical experts about what we've drafted.**

It's very important for all of us that our people and our audiences are safe. We have worked on a draft baseline protocol. Obviously we are living in a very rapidly changing environment too. We would expect that we would be talking with, obviously, all governments fairly soon about the way in which we can come back and bring our theatres back without the social distancing restrictions. We looked at theatres being safe places. We know everybody who is in the theatre. We can quickly trace it. We think we can put in place the health and hygiene measures that will give audiences and our people confidence. But, obviously, we need to, as in our draft form, work through this with our workers and the union on places as we go forward.

The industry has also established a Live Entertainment Industry Forum. Julia, Dan and I are all part of that executive. That's very much focused on events at scale—that is, the concerts, festivals and large events that the industry delivers everywhere, right across the country. There are a number of working teams right now working through those guidelines and those health and safety issues so that we can then talk with governments about how we bring those events back, notwithstanding the challenges of looking at what we can do with bringing in international artists and creators, which we very much want to do when we're able to.

Senator DAVEY: Anyone else before I move on to the next question?

Ms Robinson: I might just jump in as well to echo and build on some of the things that Evelyn has said. The AFA has been hosting some forums with festival promoters and our members with various state health departments to just work through some of the questions and feedback on what is top of mind for some of our members and some of the festival organisers in the industry. We are working through on the basis that a lot of the mainstream festivals that you would think about, which may or may not include the muster, would largely need to operate in a space where there is no social distancing, as with Evelyn's comment about the theatres. There are some specific additional challenges with younger people getting together in front of a stage that certainly pose a lot of issues, but we are working through those.

We're working through the Live Entertainment Industry Forum, which has the acronym LEIF. We do recognise that industry have to come forward with these strategies as opposed to waiting for government to come to us. Being the last to open, we have the benefit of watching how everything else works in other sectors and drawing on what works and not focusing too much on where it has not worked. We have certainly watched closely the code that was developed in New Zealand for this industry, which largely focused on track-and-trace elements as well as good hygiene practices in that space. Obviously case numbers are at zero, so we're just echoing those points and working through that process in a methodical way with as many experts as we can get on board.

Senator DAVEY: You mentioned before the importance of being able to have some certainty if there is an emergency shutdown. I can imagine it takes months to prepare for festivals and live performances and, if all of a sudden we have the second wave that people are talking about and you've got to shut down, you need that certainty. **We heard earlier that the guidelines for the temporary interruption funding are still being developed. Are you happy with the level of consultation?** Do you have a line of sight into the development of those guidelines? Are you able to provide input?

Ms Robinson: I don't have a line of sight into that, but I'm not sure if the Live Entertainment Industry Forum have been working on that level. We've got an update happening on Friday, but certainly we would be very happy to draw into those conversations.

Ms Richardson: With respect to the package that's been announced, we haven't been advised of any further detail other than the outlook we'd expect, talking with the government about that. The interrupted production funding is specifically for screen. **At this point in time there hasn't been any funding provided for shows in the live performance sector that might get interrupted.** And that was that point I was making earlier about that being something we will want to talk to governments—plural—about. Clearly, with the size and scale of some of our shows, and even the smaller ones, to shut down for 24 hours to two days—and certainly if there was a 14-day closure—producers are particularly concerned about that right now and really weighing up whether they are prepared to take the risk and even go ahead with the show.

Senator DAVEY: Just finally, on the development of the package that was announced last week, including the loans, it was said on *Q+A* last night that the package was announced without consultation with the industry, yet the minister has actually said previously that he had consulted with Live Performance Australia and also, specifically, that the idea of having the concessional loans actually came from industry. Would you agree with that? Or do you agree with the assertion on *Q+A* that no consultation occurred?

Ms Richardson: We put a package to government, a \$345 million package. It's the package that's in our submission. That's in the public domain, and everybody that took an interest knows what Live Performance Australia presented on behalf of the industry, because we consulted across not just our own members but all our alliance partners in the live music sector and the theatre sector and we put that proposal to government, and we certainly provided additional information to them. We proposed a range of measures. In terms of grants, we proposed consideration of a loans scheme, but we also proposed business reactivation grants and a whole range of other measures. So the government has shaped the package in the way that they've done based on consultation with a range of organisations and companies across the sector, that fits within the framework that, obviously, they feel is appropriate in this context. We didn't put any number against our loan proposal, but we certainly saw that there was the need for a range of measures, and that's what we put up in our submission.

Mr Rosen: Yes—to reiterate Evelyn's comments, I think there was significant consultation. We would take as many meetings as we could get with anyone who would listen, given that we were trying to advocate for our stakeholders, and that was with government, that was with opposition and that was with other senators as well. But, certainly, I think the minister, the minister's office and his department were trying to get their heads around what the challenges are for our sector, and we tried as much as possible to give them an understanding of what the challenges were and what some suitable solutions would be. And I think, together with Live Performance Australia, APRA AMCOS, the Australian Festival Association and others, we tried to present a package that we thought could help. And a lot of that was listened to.

Senator DAVEY: I do acknowledge you didn't get everything you asked for, but there are certainly elements of your submission that do appear. I also acknowledge, though, that this is a one-year package that we've announced and the issues facing the industry are not limited to a one-year time frame.

Senator HANSON-YOUNG: You've answered some questions in relation to the grant program. How much do you think an extension, or an uncapping of that would go towards helping to give certainty beyond the next six to 12 months? We've heard from other witnesses that it's really difficult not knowing what will happen come September or October—and I see Daniel Andrews has just announced stage 3 COVID-19 restrictions again in certain places in Victoria. So we are well and truly not out of the woods yet. The fact is that this is currently

capped at a lower amount than has been given to other industry sectors and it is within a 12-month period. Would you like to see that expanded and extended?

Mr Rosen: First of all, I want to thank the senator, because Senator Hanson-Young has been a huge supporter of the arts for a long period and certainly over this period. So thank you for your ongoing support and patronage. It's very much appreciated and definitely helps us keep this issue alive in the corridors of Canberra, and on the Zoom calls or Cisco calls of Canberra—whatever we're on today.

There's no doubt that more money is always better than less money. We did go to government to try to get us through the next six to 12 months. We hope that in 12 months we'll be out of this crisis, but, as you pointed out, we don't know. I think what it did show is that, where we have opened a dialogue, we're not seeing this as an endgame. We hope we'll be out of this in 12 months time but, if we're not, I think that this shows that there's a willingness and an understanding that our industry matters and contributes to the economic and cultural growth of this country. So we're hopeful that, if we did have to go back to government and request more, at least they'd be open to it. But, until then, this is a really important start and recognition, and we look forward to getting the money out there quickly and getting it to who needs it.

Senator HANSON-YOUNG: Ms Robinson, do you have anything to add to that?

Ms Robinson: No, I think Dan's hit the nail on the head. But, again, I just keep on reiterating that the funding's really great but, if we're not operating, that's obviously not going to go very far. I'm not saying, obviously, that we need to push to reopen before it's safe to do so. It's just that that's the reality of our situation. Extra funding would be great, but safely operating would be the preference.

Senator HANSON-YOUNG: Can I pick up—I think it was Evelyn who mentioned this, and I'd just like to unpack it a little bit—the element in relation to getting investment from offshore or internationally. You said that is similar to the screen industry. I just want to be clear. Are you talking about a type of incentive that would be similar to the location offset? Is that the type of scheme you envisage?

Ms Richardson: I was talking about something more like the producer offset. That's a tax incentive scheme. It is very similar to the UK theatre tax relief scheme, which they have had in place for six years now. It's been very successful. In the UK, they have a number of tax incentives across film, TV, games, theatre, orchestras, museums and galleries. It's very substantial. In the theatre space, it's allowed those companies to attract investment and also reinvest. They've been very successful.

The big issue, as I said earlier, is that, given the scale of some of these shows, there is just not local investment within Australia to get those shows up, particularly for a commercial theatrical production. A musical can range from \$10 million to \$15 million to \$20 million. Particularly when our producers are competing against other territories, and the investment pool is a global investment pool, if we've got nothing to bring them down here then we won't be able to sustain production in the medium term. So that's really what I was trying to explain.

Senator HANSON-YOUNG: In relation to the current package with the insurance element that has been put on the table for screen producers, are you suggesting that live production doesn't have access to that and you'd like access to that? Do you think that's a gap?

Ms Richardson: There's the grants element of this package that our companies have access to, but the \$50 million for interrupted production is for screen; it's not for live. The issue is that we have the same issues as the screen production. We're shut down. There's not a show that can get insured right now for COVID. So no matter what scale you are, whether you're a subsidised theatre company or a large commercial production, if you have to wait for a clean for 24 hours or two days, particularly if it's 14 days for a self-isolation scenario, it's very risk averse. No producer in the country—or probably on the planet—can afford that kind of shutdown. The operating and pre-investment costs have already been put in and there's no way of clawing that back.

Senator HANSON-YOUNG: So that scheme, for the screen production, is an insurer as a last resort. You're proposing that that could be expanded to include live production as well. I get the argument. It's exactly the same, particularly if you're getting talent in and you're hiring a venue for that set amount of time, those types of elements.

Mr Rosen, if I could go to you, you mentioned the element of how Australia has gotten through the COVID crisis—putting aside the terrible news that's coming out of Victoria, at the moment; I think, overall, we still are doing very well—that Australia is leading the way and using that as a marketing element to the rest of the world. You mentioned New Zealand. Have you done a direct pitch to government for the trans-Tasman bubble?

Mr Rosen: Not a direct pitch but in conversations. We're certainly very supportive of it, if we could get that up and running, particularly for local and international talent, to be able to create a touring circuit of Australia and

New Zealand. It would be our summertime, which is the wintertime over in the Northern Hemisphere—certainly we'd like to be spending more time at the beach than in the snow, and it's a good opportunity for us to market that!

We know musicians are the most followed people on the planet. Seven of the top 10 most followed people on Twitter or Facebook are musicians, and 19 of the top most viewed videos on YouTube are music videos. These are really influential people, and we can tap into that—if we're able to create [inaudible] program to get both Australian artists who are currently based overseas and international artists into Australia to have COVID-safe gigs going on that makes sense for promoters, whether it's working with this package and getting the commercial sector up and running. I think it's a great opportunity not just to kickstart the economy here but to showcase to the world that we can do this stuff and we're putting it on and it's not going to be happening anywhere else in the world. I think it's a great opportunity. It's not as close to theatre and film, but I think similar opportunities exist in those areas.

Senator HANSON-YOUNG: That also would require, perhaps, some negotiation around visa entry. There have been certain visa relaxations given to sportspeople to come and play in Australia. We've got the rugby and others. There's talk about the tennis for summer, even though we're being told international borders probably won't open until July. You're suggesting that artists, whether they're musicians or actors, at the top of their craft should be considered for those types of exemptions, if it can be done safely.

Mr Rosen: Yes, I think it's encouraging to see that it's happening in other areas. I know they're talking about international students, international businesspeople and international sportspeople. The same rules should apply, and whatever the hoops are we're willing to work with government to jump through them. I think the earlier you can set those things up, knowing this is the process that hopefully can exist—November, December, January, February—then promoters, the agents and venues can start working on those tours. That would be a great conversation to have.

CHAIR: I think that's it for questions. So on behalf of the committee, Ms Richardson, Ms Robinson and Mr Rosen, thank you very much for appearing today. Your evidence has been really helpful in assisting the committee with its work and we appreciate the time and effort you put in to your appearance and submissions to the committee's inquiry. We wish you all the best and look forward to continuing to engage with you.

Proceedings suspended from 15:55 to 16:06

ARNOTT, Dr Stephen, First Assistant Secretary, Office for the Arts, Department of Infrastructure, Transport, Regional Development and Communications

COLLETTE, Mr Adrian, AM, Chief Executive Officer, Australia Council for the Arts

CURNOW, Ms Justine, Assistant Secretary, Arts COVID Recovery and Response, Office for the Arts, Department of Infrastructure, Transport, Regional Development and Communications

FULTON, Ms Caroline, Assistant Secretary, Creative Industries, Office for the Arts, Department of Infrastructure, Transport, Regional Development and Communications

WERE, Dr Wendy, Executive Director Advocacy and Development, Australia Council for the Arts

Evidence from Mr Collette and Dr Were was taken via teleconference—

CHAIR: I welcome Mr Collette and Dr Were from the Australia Council. Thanks for joining us. We also have Dr Stephen Arnott and representatives of the Office for the Arts. I understand there is an opening statement from the Australia Council. Mr Collette, would you like to give your introductory remarks? Office for the Arts, do you have an opening statement?

Dr Arnott: No.

CHAIR: I will hand over to you, Mr Collette. We have some technical issues there. We might come back to you and we will get some assistance. I might just start by asking some questions and then I will check in with you to see whether we have you on the phone or have fixed your microphone.

Dr Arnott, can I ask about the package that was announced. We have been hearing from witnesses about it. It was announced last week under the title of the JobMaker program. What further details can you provide to the committee, particularly in terms of guidelines, how it will be administered and when money will go out the door?

Dr Arnott: Certainly. As you know, there are four key components to the JobMaker creative economy package. There's the \$75 million Restart Investment to Sustain and Expand Fund, the RISE fund, which will be grants to arts and entertainment businesses across festivals, concerts, tours and events.

CHAIR: Is that July to June—1 July to 30 June?

Dr Arnott: Yes. The funding will be in the 2020-21 financial year. There's the supporting sustainability of sector-significant organisations, which is \$35 million, which is intended, obviously, to support organisations across theatre, dance, music, circus et cetera through this difficult period where their revenue is significantly affected by the COVID health restrictions in place. There's the \$50 million Temporary Interruption Fund for the screen industry, which we can talk to you a little bit more about; and there's what we're calling the show starter loans, \$90 million in concessional loans, with a 100 per cent government guarantee. All these funds will require guidelines of some sort, as required by Commonwealth grant rules, and we are working on those now.

CHAIR: When do you expect those will be finished? There will be different guidelines because there are slightly different programs and eligibility, presumably.

Dr Arnott: Yes, exactly. They've all got slightly different objectives and different eligibility arrangements. Obviously we hope to get the guidelines done as soon as possible. We know that there's great demand out there to restart productions, to help with financial support and to get access to loans, but, as you know, we have to go through the government processes of getting guidelines written, assessed as compliant with the grant rules, approved by the necessary approvers and then released publicly. So I can't give you an exact time. All I can say is we are working extremely hard to get those done as quickly as possible, because we understand the demand that is there.

CHAIR: Yes, I can imagine you would be. But the money is essentially due to flow from 1 July. That won't be happening. What's your best estimate of when money will actually be getting out the door? Presumably, once the guidelines are settled, you then have to go through an applications process and then an assessment process.

Dr Arnott: That's right. I would say that several months from now until the first payments will actually start to flow is probably a reasonable time frame, given some weeks for grant guidelines to be developed and approved, some weeks to have applications open and some weeks to have assessments done, decisions made and then, obviously, contracts signed with the successful organisations.

CHAIR: So it's unlikely you would have money out in the first quarter of this financial year.

Dr Arnott: We will do our very best, but it would be towards the end.

CHAIR: You said months and months.

Dr Arnott: Yes, it would be towards the end.

CHAIR: In terms of consulting on the guidelines, how would that work? Are you going to be talking to the sector about the guidelines, or will they be developed inside the bureaucracy and then sent out?

Dr Arnott: We've consulted extensively with the sector on the COVID situation. Adrian Colette and I have been doing fortnightly roundtable discussions with the representatives of the peak organisations. So we do have a lot of detail. I am very mindful of not holding these up for longer than necessary. I want to move them on. But, ultimately, it's a matter for the minister—how he decides to handle the guidelines process.

CHAIR: Who is going to be the decision-maker on the different measures in the package?

Senator HANSON-YOUNG: Do you mean in terms of approvals?

CHAIR: Yes. Who will do the approvals once you've gone through your process?

Dr Arnott: The likely scenario is that, for the RISE Fund and the sustainability program, the minister for the arts will be the decision-maker—

CHAIR: On recommendations from you?

Dr Arnott: from the Office for the Arts; that's correct—working closely with the Australia Council in both instances. The minister has made the commitment publicly that we will work together with the Australia Council in terms of how those programs are rolled out. I think, in the case of the show starter loans, it will be commercial banks that will decide who to let loans to, once that scheme is up and running. But we will provide advice to the Treasury, who will be administering the loans, on organisations that are seeking loan support. For the Temporary Interruption Fund, in the screen sector, I think Screen Australia will be deciding which productions are able to receive that support.

CHAIR: Sorry, who's going to be deciding that one?

Dr Arnott: Screen Australia.

CHAIR: Presumably they will have to go through a process too?

Dr Arnott: That's right.

CHAIR: Do you have a definition of 'sector-significant organisations'?

Dr Arnott: They need to be organisations that are Commonwealth funded and are facing threats to their viability, so they need to have a track record of funding from the Australian government to be eligible.

CHAIR: A long-term relationship of funding?

Dr Arnott: I don't know that we've set a period of time, but you would imagine that, if they're significant, they would be supported.

Senator HANSON-YOUNG: Through the Australia Council or something like that?

Dr Arnott: Through the Australia Council or the Office for the Arts.

CHAIR: They basically have to prove they're on the brink or that things are very challenging, and then they may qualify?

Dr Arnott: Yes.

CHAIR: Do we know how much they're going to be eligible for? It says 'up to \$35 million', so what will the individual grants be?

Dr Arnott: We're intending to assess it on a case-by-case basis. There's no limit to individual interventions.

CHAIR: And the minister holds the pen on that one; is that right?

Dr Arnott: He is the ultimate decision-maker, yes.

CHAIR: So they could be quite small or quite large; there isn't going to be a set maximum or minimum limit?

Dr Arnott: That's right.

CHAIR: So it could go to just a few organisations, potentially?

Dr Arnott: That's right.

CHAIR: Do you have a number in mind?

Dr Arnott: Well, the Australia Council funds 150-odd organisations on a regular basis, and the Office for the Arts funds quite a few organisations as well, so there are quite a few organisations that would potentially be eligible, if they can demonstrate that they require the funding to keep operating.

CHAIR: Who's going to be on the Creative Economy Taskforce?

Dr Arnott: That's not yet been announced.

CHAIR: Fair enough; I think the media release says the minister is going to work it out. But are different sectors going to be represented?

Senator HANSON-YOUNG: Is it just an internal thing? Is it bureaucrats or members of the minister's staff? Is it agency heads?

Dr Arnott: I believe the intention is for it to be people with expertise in the creative economy. It wouldn't be bureaucrats.

CHAIR: Of course, some bureaucrats would have—

Dr Arnott: Well, it wouldn't be humble public servants like me!

CHAIR: We just had a witness raise with us the issue of the representation of First Nations people on the Creative Economy Taskforce. Is that something that the minister would consider?

Dr Arnott: I'm not able to speak for the minister.

CHAIR: Can you undertake to provide that?

Dr Arnott: I'm sure he will consider the membership carefully.

Senator HANSON-YOUNG: You haven't been given any direction, at this point, to find somebody that would fit that?

Dr Arnott: No.

CHAIR: What about how big it would be, or anything like that?

Dr Arnott: Not at this stage.

CHAIR: That's all yet to be determined?

Dr Arnott: Yes.

CHAIR: So there's an announcement but no detail. Okay. I think you've covered most of my questions about the package. In terms of workers in the arts sector, a number of the witnesses today—from both sides—have talked about how, for those that are eligible, JobKeeper has been very useful, but that many parts of the creative arts and entertainment sector haven't been eligible. There's nothing in this package that goes directly to keeping people employed or connected to the industry through their employment relationship. Is there going to be a response for that, or is there anything in here—the RISE fund or anything—that's going to require organisations to keep staff on or to use it to support staff?

Dr Arnott: Yes. We obviously envisage that the RISE fund will create employment in the sector because, obviously, if companies are seeking funding to start to prepare productions, events, festivals and so on, they will need to employ people to do that. So we anticipate that the RISE fund will support significant employment in the arts and entertainment sectors. Likewise, on the sustainability of sector-significant organisations, clearly, if we can keep companies operating, they can continue to employ people or have people on JobKeeper, so that will also support employment, as will the loans. The loans may well be used to finance large-scale productions—music festivals, commercial theatre productions or whatever—and obviously companies will use that funding to employ the skilled people that they need working on those productions.

CHAIR: Will the guidelines go to that? Will they specify the responsibility to basically support workers in the sector as part of being successful in applying for these grants?

Dr Arnott: Again, I'd love to be able to answer you, but the guidelines are still being worked out. But, given what the Prime Minister and the minister have said about the purpose of this package and the fact that they've called it the JobMaker plan, I would imagine the guidelines will include requirements in terms of employment opportunities.

CHAIR: You would hope so, wouldn't you? But, then again, we're used to the slogans without the detail. It says in the minister's media release:

Thousands of jobs across Australia's arts industry will be backed with a new \$250 million targeted package ...

Do you have the modelling that supports that statement, or can you give us an indication of what 'thousands of jobs' means? There's another figure I think the minister uses, saying it will support more than 600,000 Australians. Is that the figure that the modelling is based on?

Dr Arnott: There are two slightly separate things. When we talk about the cultural and creative sector, it's a very broad sector that includes all kinds of businesses across arts, entertainment, fashion, design and architecture. That sector employs 645,000 people, so that's what the '600,000' is referring to. In terms of estimates of

employment for this fund, yes, we have done some estimates of what we think, based on the proportion of funding that would be spent. I don't have the details with me here, but Caroline might be able to help you with at least the screen component.

Ms Fulton: I can probably expand on the job numbers that we expect with the temporary interruption fund. We estimate, following discussions and modelling with Screen Australia, that that \$50 million fund would be able to support 50 Australian productions commencing over the course of the 12 months. From feedback from state and territory film agencies, we have what average employment across film and television production is. For a film, average employment is about 140 people. TV averages about 280 people. With the estimate of about 50 productions, we think that in the area of 11,000 jobs, or employment opportunities, could be created through the temporary interruption fund, just from productions starting again.

Senator HANSON-YOUNG: Sorry, what was that final figure?

Ms Fulton: About 11,000. We won't know until the course of the 12 months. But, from looking at average figures for a film or television production, it is about 11,000.

CHAIR: What about the other elements of the package—not the loans but the other parts of the \$160 million? We've got the seed investment and the RISE fund and the sector-significant organisations, in particular. They would be the two others outside of the loans, so that's \$110 million there. What do you reckon?

Dr Arnott: Obviously, as I said before, we expect the \$75 million to create significant employment opportunities—certainly in the tens of thousands. While we've done some preliminary modelling, I don't have all the detail, but I'd be happy to provide that to the committee afterwards.

CHAIR: That would be useful if you can't provide it to us now.

Dr Arnott: On the sustainability of sector organisations, obviously what that will do is keep people employed who might not otherwise be able to be employed if an organisation is—

CHAIR: Equally valid at the moment.

Dr Arnott: Yes.

CHAIR: Do you have numbers for that as well?

Dr Arnott: That's going to completely depend on what—

CHAIR: On the application, so we won't know that for a few months.

Dr Arnott: That's true.

CHAIR: You said that the Australia Council, I think, is going to assist with the assessment of the grants on the RISE and sector-significant organisations. Why would you have a different process for this money and not use the expertise of the Australia Council, which seems to do that job pretty well if it's given the money?

Dr Arnott: The government made the decision to provide the funding to the department, and obviously the Office for the Arts is also very competent at delivering a large amount of grant funding. In this special circumstance, where we're looking at probably a broader range of the sector than the Australia Council might be responsible for—we are looking potentially at companies in the commercial sector, at museums or galleries or other parts of the sector, where the Australia Council may not have a role—it probably makes sense to have the department, which has broader coverage, obviously working closely with the Australia Council, deliver.

CHAIR: Is that decision based on advice from the department?

Dr Arnott: It was a decision of government through the budget process.

CHAIR: So you were told that this is the way it's going to run. Has there ever been a case where a minister would be signing off on \$110 million worth of arts funding in grants?

Dr Arnott: The current amount of grants that are in the Office for the Arts which fall within the Commonwealth grant rules and ministerial decisions is of the order of \$250 million per annum.

CHAIR: This would be on top of those?

Dr Arnott: Yes.

CHAIR: Is that annually?

Dr Arnott: Yes.

CHAIR: So the minister signs off, currently, on about \$260 million of grant applications.

Dr Arnott: Yes. There are not always decisions to be made every year on particular grants, but there are \$260 million worth of grants that come through the office.

CHAIR: Is that recurrent funding to organisations?

Dr Arnott: Some of it is, so some of it might be funding to the arts training institutions, but some of it's things like the Indigenous languages program, the Indigenous Visual Arts Industry Support program, Visions of Australia and Festivals Australia.

CHAIR: But always up for competitive allocation.

Dr Arnott: Yes.

CHAIR: So now, instead of \$260 million, there is \$110 on top of that, so there is \$370 million worth of letter-signing of grant applications from the minister?

Dr Arnott: As I said, not all of it is grants in that sense, where you have to apply every year. Some of it does fund multiyear funded organisations, but a lot of it is grant programs, yes.

CHAIR: Will the guidelines be published and stuck to?

Dr Arnott: Yes.

CHAIR: I should bring in the Australia Council because we lost them briefly. Mr Collette, do we have you here with us?

Mr Collette: I sincerely hope so. Can you hear us?

CHAIR: Yes, we can hear you loud and clear, which is better than watching you mime your presentation, which is what was happening before.

Mr Collette: Thanks for your patience.

CHAIR: Could we have perhaps a shortened version of your opening statement, considering where we are in the evidence-giving? Is that okay?

Mr Collette: Yes. I'm happy to take this statement as read, if that would help.

CHAIR: Yes, I think so. We've all got it in front of us and it's been agreed to by the committee for publication. Are there any introductory remarks you would like to make based off that, to draw anything to our attention?

Mr Collette: I would stress, as is in our submission, that I think the Australia Council was very quick to respond to this crisis. Obviously, as you've heard many times before from sector organisations and from our companies, the sector we represent was very much first into this crisis and will be very likely the last out, with a couple of other industries, like tourism and hospitality, to which we have a very direct link. The first thing we did was to create the Resilience Fund, by repurposing grants that were clearly not going to be enacted in the circumstances. It's important to know that, in 12 weeks, that fund has now attracted 6,600 applications, and we will be able to invest about \$6.4 million against those applications as we get to year end. I stress this because about 70 per cent of the applicants who put in applications had never applied to the Australia Council before, so we can learn a lot from this. To give you some sense of the pressure the Australia Council has been working under: think about receiving, evaluating and processing 6,600 grants at breakneck speed.

We also launched the Cherish Fund. Having had 15 round tables with First Nations colleagues and sector leaders, it became very clear that there were specific needs, which we did our best to respond to by repurposing grants within council. We have had 173 applications and 350 inquiries. It was done in a very short time frame, because, frankly, we have to have the money out by year end for budget purposes. I'm happy to say that we will be launching a 'Cherish 2 Fund' in August, and we will have a respectful time frame for applications to be made.

There has been a remarkable amount of research and webinars to upskill the industry both in digital delivery and how to keep businesses going at this time; we have had something like 9,000 interactions with the webinars that we have held to date. Let me say that we really do welcome the \$27 million package that the federal government injected into the sector and warmly welcome the \$250 million package that was announced last week. I will leave it there.

CHAIR: Thank you very much, Mr Collette. Thank you for bearing with us, with our challenges today. It's very good to have you, and we can hear you nice and clear.

Senator DAVEY: I want to follow up with the Office for the Arts on a couple of points that have been raised. On the sector-significant organisations, you said that they have to be organisations that have a history of a relationship with the Commonwealth; is that correct?

Dr Arnott: That's what I said, yes.

Senator DAVEY: So that would include the major performing arts organisations that get automatic funding year in, year out under the major performing arts framework without having to go to tender. It would also include organisations that got four-year funding from the Australia Council. Is that the sort of relationship you're talking about?

Dr Arnott: Yes, that's correct.

Senator DAVEY: Where does that put small to medium enterprises and independent artists who only get the opportunity to apply for funding on a project-by-project, round-by-round basis such as through the Catalyst program or other government grants and initiatives? They don't have an ongoing relationship, even though they may have been funded through these individual project rounds over many years. How do they access some of this funding?

Dr Arnott: I might just make a couple of points. The sustainability funding is specifically designed to assist organisations that are struggling during the COVID crisis because their revenue has declined. Those organisations do employ artists, backstage staff and technicians, and so on. If that funding can save those companies, there are benefits for the people they employ. In terms of the Australia Council's normal programs: individual artists, small artist groups and smaller companies are all supported through the Australia Council. The Australia Council's appropriation remains the same—\$212 million this year and, I think, \$215 million next year. So that's the place where those people go to get the support they need through the Commonwealth government.

Senator DAVEY: So, basically, the support and sustainability portion of the announcement last week is not available to smaller arts companies who haven't got that access to the ongoing funding streams?

Dr Arnott: Once we have the guidelines developed and approved, we'll be able to see how that's going to work in practice. At the moment, what the government has said in the public material is that it is for significant Commonwealth funded arts organisations.

Senator DAVEY: My understanding is that those organisations have not lost any of their existing government income, so MPAs are still getting their four-year funding program. While there have been adjustments made to allow them to adjust how they spend their money due to COVID, they've still got that money and they've still got the security of the four-year program. It has been put to me that the small companies may have access to JobKeeper because they may have a permanent employee, but that's all they've got access to. They've lost the opportunity to apply for future grant rounds because the Australia Council has quite rightly repurposed funds towards the Resilience Fund, so there is no line of sight for those smaller organisations to see a way into the future through this funding unless they are successful under the RISE. Would they have an opportunity to apply for the RISE funding as well?

Dr Arnott: Yes, as long as they comply with whatever the guidelines turn out to be. Under the RISE fund, there isn't that requirement about Commonwealth funded organisations. The Australia Council might want to answer this, but they will roll out their usual funding programs over the course of the next period.

Mr Collette: Do you mind if I jump in for a reply, just to provide some context? I would say two things to that. Exactly as Dr Arnott was saying, we will have our next round of arts projects for individuals in July this year, so we've brought that as far forward as we could in the new financial year. Also, that \$6.4 million in the Resilience Fund was entirely for individual artists and small groups, and the vast majority went to individual artists. So it's not everything, but it was a strong funding connection with individual artists at the most critical time of the crisis, and we will follow up very shortly, within weeks, with the launch of our project fund for individual artists.

Senator DAVEY: Thank you, and thanks for stepping in. That now brings me to you. I commend you on how you put that Resilience Fund together very quickly, and I also commend you on your flexibility with grants that were already rolled out the door and working with grant recipients on adjusting the terms of those funds in light of COVID. I think that flexibility was absolutely required.

You've said you're going to bring forward the next round of grants, so would it be safe to say that we are going back to the more standardised arts council funding rounds into the future so that people can apply—noting that there will be different requirements under COVID going forward—and artists can look into the future and say, 'Well, there's still that money that will be available to us'? You've only repurposed for this financial year—is that right, or are you looking at adjusting the program going forward to enable more resilience funding type scenarios?

Mr Collette: We will be announcing tomorrow the planned funding programs, and your first assumption is generally correct: we will be returning to a fairly stable grants round program as the months go on. We will be repurposing an amount of First Nations funding that can't be delivered on to launch Cherish 2, which is much needed, obviously—noting the time frame. As with all things, in the next six months I suppose the biggest nuance

will be to look at the kinds of KPIs and what we're asking artists and organisations, as we will have to show—as I trust we have been showing—a great deal of flexibility about what people are able to deliver at this time.

Senator DAVEY: Thank you very much. Again, I thank both organisations for their flexibility and level of understanding. I just strongly encourage everyone to consider the impact on the small to medium arts companies and enterprises out there who struggle to compete in a very, very competitive environment. Thank you. Chair, I will cede the rest of my time.

CHAIR: Thank you, Senator Davey. Senator Hanson-Young.

Senator HANSON-YOUNG: Dr Arnott, we were talking before about the process of administering these grants and their being approved by the minister. Under what administrative power will this occur? Is it going to need a new set of regulations? How is that going to work?

Dr Arnott: It will be under the usual Commonwealth grant arrangements, Senator. We have a set of Commonwealth grant rules and guidelines under the PGPA, the Public Governance, Performance and Accountability Act, which gives both ministers and public servants an authority in terms of approval of government expenditure. So it will be under the usual arrangements that the Commonwealth has for grant-giving.

Senator HANSON-YOUNG: How do we avoid a situation like the sports rorts?

Dr Arnott: Senator, we follow the grant rules—

CHAIR: That's a start!

Dr Arnott: and we create the program according to those rules, which the Office for the Arts invariably do.

Senator HANSON-YOUNG: And are the guidelines just internal?

Dr Arnott: No, they'll be published guidelines.

Senator HANSON-YOUNG: They'll be published guidelines. Will there be any type of review or appeal mechanism if somebody who is rejected believes and argues they shouldn't have been?

Dr Arnott: I'm assuming that the usual appeal processes that apply to Commonwealth government officials apply. The ANAO plays a role in terms of assessing government-grant-giving—

Senator HANSON-YOUNG: That's all after the fact.

Dr Arnott: and the Commonwealth Ombudsman is available to take complaints and so on.

Senator HANSON-YOUNG: Alright.

Dr Arnott: We obviously are accountable for following the proper processes for grant-giving.

Senator HANSON-YOUNG: Senator Davey was asking a question about the different types of organisations that have access to these grants. Was there any thought that perhaps an extension of or increase to Australia Council funding could deal with some groups that need support, and those that fell outside that could have a separate program, if that's what you were intending? I struggle to understand why you would want to set up a whole new process.

Dr Arnott: It's not necessarily setting up a whole new process. The Office for the Arts has officers that are very experienced in grants management, so for us it's business as usual to set up and run grants programs. As I said, the reasoning was that we wanted these programs to be as broad as possible, to reach right across the country into all art forms and the entertainment sector, and the screen within that, so it made sense to have it appropriated to the department and, obviously, to have the Australia Council closely involved.

Senator HANSON-YOUNG: Over the last four months, there's been more and more awareness of how hard hit the arts and entertainment sector has been, from individual workers to organisations to standalone projects to regular projects, season-by-season type events. If we already know that the Australia Council's four-year funding program and the project funding program are so oversubscribed, and now there's this resilience fund, I struggle to see how this money is going to go very far. We already know that there were 1,200 applications for the four-year funding program and it went to only 114 applicants, or 131 organisations. There are so many more people and organisations applying for these existing grants, and now we have more people out of work than ever before in this sector. How did we come up with the figure?

Dr Arnott: Obviously, the \$75 million program is intended to get productions, events, festivals and tours up and running again. It's a targeted investment by the government, over and above what those companies already get and over and above what the government has previously provided to the arts. It is for a specific purpose, and it was developed in consultation with the sector and some of the representatives that you've been meeting here today. I can't comment on the level of Commonwealth funding to the arts. There's \$750 million that goes through the Office for the Arts every year to support the arts sector, of which \$212 million to \$215 million is going to the

Australia Council, so it's not insignificant funding. I acknowledge that there are high levels of demand, and there are high levels of demand for the Office for the Arts' programs as well. But that's the nature of arts funding.

Senator HANSON-YOUNG: I understand that, in the previous work that the Office for the Arts has done, a lot of the energy is spent on managing the relationships; but don't you normally give that money to organisations and then they fund the projects? You've said you're quite experienced, the office has all the experience needed and we should just take you at your word on that. I just question whether the Office for the Arts is really going to get down to that nitty-gritty level of whether the folk festival at Batemans Bay is going to get funding over the folk festival at Bega.

Dr Arnott: The way it will work is that we will have approved guidelines that we work to which will enable us to assess the relative merits of particular projects and activities against those guidelines. Yes, it will be competitive. Yes, there will be some who are successful and some who are not. But we do have the expertise in the Office for the Arts to assess those grants.

Senator HANSON-YOUNG: Is there a cap on the funding for which certain organisations can apply, even if they have a variety of different projects?

Dr Arnott: The way that we envisage the RISE Fund working is that organisations would apply for a particular activity. Yes, they may have funding from multiple sources, but they need to be able to demonstrate that they require Commonwealth funding to enable that activity to occur.

Senator HANSON-YOUNG: Yes, but, if there is an activity in September and an activity in December and an activity in March, then can that organisation apply for three rounds, or do they have to choose?

Dr Arnott: That's something we'll have to work out in the guidelines.

Senator HANSON-YOUNG: At this point, you don't know whether there will be a limit on how much?

Dr Arnott: No.

Senator HANSON-YOUNG: Okay. There is a cap, of course, on activity.

Dr Arnott: There's an amount of \$75 million that can be spent. That's correct.

Senator HANSON-YOUNG: When do we think we'll have the time frames on the Creative Economy Taskforce?

Dr Arnott: It's a matter for the minister.

Senator HANSON-YOUNG: Is it envisaged that that's something that will be set up by the end of the year, or is this a forward planning thing?

Dr Arnott: I think those arrangements are still being worked through, so I would have to defer to the minister.

CHAIR: But you'd provide advice on that, wouldn't you?

Dr Arnott: We would provide advice on that, yes.

CHAIR: Is that done, or is that still being done?

Dr Arnott: It's underway.

Senator HANSON-YOUNG: It's not completed?

Dr Arnott: It's not completed.

Senator HANSON-YOUNG: Have you provided advice yet to the minister about an increase in funding to the Australia Council for October's budget?

Dr Arnott: No.

Senator HANSON-YOUNG: You haven't been asked to give any advice about the impact on the Australia Council come October?

Dr Arnott: We provide extensive advice to the minister on all matters across this portfolio. Obviously, I'm not at liberty to reveal the nature of that.

Senator HANSON-YOUNG: But you have a specific brief about the Australia Council.

Dr Arnott: We work regularly with the minister on all the issues that go across the arts portfolio.

Senator HANSON-YOUNG: Okay. Could I ask the Australia Council about the three programs I mentioned before—the projects fund administered in January, then the four-year funding grant in April and then this new Resilience Fund. Is it fair to say that these three projects were all well and truly oversubscribed?

Mr Collette: Yes, that would be fair to say. The demand is steadily increasing.

Senator HANSON-YOUNG: You said that you've actually had an influx of organisations that you've never really had contact with before.

Mr Collette: Yes. Very interestingly for Resilience, which is the shortest turnaround fund we've ever run, I think up to 70 per cent, I can accurately say, of the applicants have never applied to the Australia Council before. We haven't had time, as we normally do, to analyse the applications as they have come in because we've been so busy evaluating and processing them to see what trends are there, but it's going to be very interesting post this to learn about the kinds of people and sectors and artists that are applying for that fund.

Senator HANSON-YOUNG: Would it be fair to say that more funding to the Australia Council would enable you to support more of these organisations that have applied for funding?

Mr Collette: Well, more funding to the Australia Council would always be very welcome, and, yes, by definition, it would.

Senator HANSON-YOUNG: Out of the increase in applications that you've had, are these varied across the country? Is there a trend in terms of regional versus metro, small versus medium?

Mr Collette: The Resilience Fund itself, which has 6,665 applications, was a direct response to COVID. We haven't been able to do all the analysis, but 93 per cent reported lost income, 91 per cent were impacted by cancellations, 80 per cent have been impacted by postponements, 56 per cent by venue closures and then another 56 per cent by domestic travel restrictions. Obviously a lot of them cited more than one cause.

To your broader question about competitive grants rounds and four-year funding, the geographic spread remains pretty steady. We were pleased to see in the last round that, as a percentage, there were more successful applicants from Queensland, which has been a challenge for the Australia Council and the state itself for some time.

Senator HANSON-YOUNG: Have you been consulted yet about the Creative Economy Taskforce?

Mr Collette: I've been advised about it. Dr Arnott and I have had discussions about it. I know the Australia Council will be very close to it. More than that I can't say. I do have to say that throughout this whole period we have been working very closely with both the Office for the Arts and the minister's office, and we've been attending many, many meetings with sector organisations so that we can all hear firsthand the nature of the challenges confronting the sector. So I'm confident that the Australia Council will be very close to the task force as it develops.

Senator HANSON-YOUNG: The Australia Council would, of course, be on this task force and be asked to recommend other players.

Mr Collette: We will be in discussions with the Office for the Arts in the coming week or so to offer our advice, as we readily do.

Senator HANSON-YOUNG: Mr Collette, will you be on the task force? Have you been offered a spot?

Mr Collette: It hasn't been announced yet, but we have had very close conversations with both the minister's office and, of course, the Office for the Arts. It hasn't been announced, so we'll see where we land.

Senator HANSON-YOUNG: It sounds like at least some decisions have been made about who's going to be on there?

Dr Arnott: I'm sure decisions will be made at the appropriate time.

CHAIR: We're all wondering why it's so top secret, to be honest.

Dr Arnott: Don't forget that the package was only announced by the Prime Minister last Thursday.

CHAIR: Yes, but usually when you announce a package you know where you're going—you're not going to announce it in a vacuum. I guess that's the point we're a bit surprised by.

Senator HANSON-YOUNG: Four months of waiting and then we don't actually have the details afterwards—not your fault, Dr Arnott; this isn't about you.

Dr Arnott: I understand.

Senator HANSON-YOUNG: This is not personal. Could I ask about the impact on the Australia Council of having to repurpose funds. I understand why you've done it, but what is the medium-term impact for the Australia Council when you're having to make decisions for recurrent funding, four-year funding, some extension of funding of 12 months? Do you feel that all of that is just put aside now and there will be pressure to restart things? What does that mean for your outlook?

Mr Collette: The repurposing, to date, came out on 30 June, last year's budget, so we can now get back to rounds of grants funding and investments that are more predictable to the sector. But a lot of that repurposing, it should be said, came out of repurposing money that could not be used—for example, our whole international investment. We couldn't proceed with that. We applied and we were allowed to repurpose the last round of Playing Australia and some of the music touring fund. These are government directed programs that obviously couldn't be delivered in the immediate time frame. So there was quite significant funding that simply would not have been used in this financial year if it hadn't been repurposed for what was an urgent need simply because of the changed circumstances around international travel and domestic travel and the ability to deliver on regional programs.

Senator HANSON-YOUNG: Dr Arnott, just changing tack a little bit, have you been in conversations with the department of immigration and Border Force about visa exemptions or ways to deal with visas for international artists over this next six- to 12-month period to help with these projects?

Dr Arnott: Yes, the Office for the Arts routinely deals with our colleagues in the department of immigration.

Senator HANSON-YOUNG: Yes, but I'm talking specifically in the context of COVID-19. There've been some visa exemptions made for sportspeople. Are you in active conversations with the immigration minister or Border Force minister's department in relation to that?

Dr Arnott: Yes, we do talk to them regularly and we take advice from them about what the appropriate process is for companies or others that might be interested in seeking visas to Australia and accompanying visa exemptions during COVID-19.

Senator HANSON-YOUNG: Have you given a briefing to the arts minister about what perhaps needs to be done to make sure artists are able to travel?

Dr Arnott: I think it's fair to say we've had conversations with the arts minister's office, as have stakeholders approached the arts minister's office and asked directly, inquiring about what might be possible.

Senator HANSON-YOUNG: Have you provided any modelling, analysis or briefing documents in relation to SVODs having regulations for Australian content?

Dr Arnott: In the Office for the Arts, we deal with the incentives for production and Screen Australia funding. Another part of the department deals with the quota arrangements and regulation on the screen sector. So, while I know a little bit about it, that advice doesn't come directly from the Office for the Arts.

Senator HANSON-YOUNG: It's more about communications?

Dr Arnott: Yes.

CHAIR: Would you be able to take that on notice for the committee? That would be helpful.

Dr Arnott: Yes.

CHAIR: I have one final question, which goes back to an earlier line of questioning that Senator Hanson-Young pursued as well. The difference with the arts package under the JobMaker umbrella, compared to some of the other programs and assistance, is that it's a capped scheme. So some people will miss out. How are you going to ensure fairness and transparency in the application process when you're going to have winners and losers in a highly contested environment? Those issues aren't present in other parts of the government's assistance on coronavirus?

Dr Arnott: It's obviously very usual for us to have grants programs of a particular size, in terms of how much expenditure is available. We design the criteria and the guidelines to ensure that we can look at things like geographic spread and art form diversity. We can look at a number of different characteristics to ensure that there is that spread and there is that equity across the board. But, yes, the nature of having a specific amount of money to spend means that it is likely to be competitive.

CHAIR: But this isn't like other grants rounds, is it? This is about having a job or not having a job, having an organisation or not having an organisation. With the situation we find ourselves in with COVID-19 and its impact on the arts sector, it is a more distressed state than perhaps applying for some extra funding on top of business as usual. This isn't business as usual. That's something that the committee will watch, but we would urge you, when you are putting together the guidelines and advice to the minister, to ensure that you're thinking about the actual effect on the sector of a capped scheme involving winners and losers—particularly if there isn't a lot of transparency or accountability about how those funds are awarded or approved. Take that as a comment from me.

Thank you to the witnesses today and to my colleagues on the committee. That concludes today's proceedings of the committee's inquiry into the Australian government's response to the COVID-19 pandemic. I thank the witnesses who have appeared today very much, particularly for persisting with us and dealing with some of the

technological challenges. We do appreciate it; it helps us do our job. Witnesses are reminded that the answers to questions taken on notice are due in 10 working days. The committee now stands adjourned.

Committee adjourned at 17:02