



30 April 2024

SUBMISSION BY TEG TO STANDING COMMITTEE ON COMMUNICATIONS AND THE ARTS INQUIRE INTO AND REPORT ON THE CHALLENGES AND OPPORTUNITIES WITHIN THE AUSTRALIAN LIVE MUSIC INDUSTRY.

About TEG

TEG is a global leader in live entertainment, ticketing, digital and data which sits at the heart of the live event experience for millions of fans. Headquartered in Sydney, TEG operates globally and includes TEG Live, TEG Sport, TEG Experiences, TEG Dainty, TEG Van Egmond, Laneway Festival, Handsome Tours, TEG Europe, TEG Asia, TEG USA, Qudos Bank Arena, Ticketek, Ovation and SXSW Sydney.

For more information, policy makers can see: www.teg.com.au

TEG includes Tour Promoters TEG Live, TEG Dainty & TEG Van Egmond, who have brought some of the world's biggest acts and productions to Australia for performances in all shapes and sizes within venues including Clubs, Theatres, Arenas and Stadiums. TEG plays a major part in energising the live entertainment industry in Australia through offering content for a diverse range of audiences. TEG has toured global acts such as Guns 'N Roses, Eminem, ACDC, Bon Jovi, Queen & Adam Lambert, Kiss, Prince, Bruno Mars, Katy Perry, Keith Urban, The Kid Laroi, Cirque Du Soleil and One Direction as well as local stars such as Amy Shark, Delta Goodrem, Tina Arena, Guy Sebastian and Hilltop Hoods.

TEG also owns Handsome Tours who specialise in discovering new talent and nurturing them from small club rooms to sold-out theatres and arenas. Handsome Tours, with 20+ years' experience, have been instrumental in breaking Australian artists in our region and have fostered the careers of international artists such as Bon Iver, Phoebe Bridgers, Fred again.., Stormzy, the XX and Sampha.

TEG also owns Laneway Festival, which has been operating since 2005 and has now expanded into five cities around Australia, as well as Auckland, New Zealand. Laneway has become a summer staple and taste maker as it has been a launching pad for artists such as Tame Impala, Billie Eilish, Flume and most recently Fred again.., who managed to sell over 230,000 tickets across Australia and New Zealand on his most recent tour, which was promoted in conjunction with TEG Live and Handsome Tours.

Introduction

TEG welcomes the opportunity to provide feedback to the Standing Committee on Communications and the Arts on the challenges and opportunities within the Australian live music industry. This submission will touch on issues affecting TEG's Tour Promoters, and its observations of the live music industry. TEG is aware that there isn't a one-size-fits-all approach that works, which is why we believe it is important for the Government to understand the nuances across the broader live music ecosystem to ensure that the support is well-structured and effectively utilised across a local, state and federal level.

Summary of Challenges / Opportunities

1. **Barriers to growth in the Australian live music industry** - the exorbitant cost of operating live music events and creating a risk / return imbalance.
2. **Audience Development and Consumer Behaviours** – licensing regulations, barriers to all ages shows, the influence of social media and changes in ticket purchasing behaviour.
3. **Building sustainability in the industry** – what is creating higher ticket prices, the influence of a weak AUD, promoting international acts, and the benefits of investing in the Live Entertainment sector.
4. **Suitability of the Government responses so far** – optimising funding and support programs, research projects and advisory bodies.

Explanation of Challenges / Opportunities

1. Barriers to growth of the Australian live music industry

The current economic landscape, with intense cost-of-living pressures, is not conducive to growth in the Australian live music industry, particularly as it relies on discretionary income to sustain market demand for tickets. Australian audiences have come to expect world-class talent, but the reality is, with a weak AUD, and the increased post-covid operating costs, promoters are struggling to afford international artists that will appeal to their audiences.

Over the last three years, the live music industry has seen increased costs of 30 - 40% across production equipment, venues, site infrastructure, and labour, but with the cost-of-living pressures faced by audiences, promoters are reluctant to increase ticket prices to commensurately. Cancellation insurance in particular, has become out of reach for many promoters due to the exorbitant premiums. In 2020, cancellation insurance for Laneway Festival was approximately \$138,000. In 2024, that cost had increased to \$526,000. The result of these increasing costs has meant that the breakeven on our events has increased exponentially.

Another major barrier for growth is that there is a severe shortage of greenfield sites that are approved for major events across Australia. Currently, it is a challenge to find a suitable, affordable, and scalable location to host an in-venue live music event or Festival across the country. Greenfield sites are integral for many festivals to operate as they provide the flexibility with both site design, and the opportunity to generate important and vital non-ticketing revenue streams such as food, bars and merchandise which are largely unavailable in permanent venues such as stadiums and arenas.

Compared with other Australian states and territories, promoters face extreme user-pays policing expenses in NSW, which on average are upwards of 300% higher than other states. Coupled with navigating the limited major event spaces, this makes staging festivals in NSW extremely high-risk as it is not financially viable to run an event for less than 25,000 sales which is not an easy target in the current market.

2. Audience Development and Consumer Behaviours

At TEG, we recognise the influence of social media platforms in reshaping how live entertainment fans engage with artists. The accessibility of these platforms has undoubtedly expanded the reach of music, presenting promising avenues for artists discovery. With the popularity of social media and new music distribution platforms creating newfound potential for artist exposure, the industry requires bolstered support to effectively harness these opportunities, while connecting emerging and established acts with their audiences.

Social media and TikTok are creating a massive and growing generation of U18 young music fans. The most engaged music consumers are getting younger and younger, but unfortunately, regulatory hurdles such as licensing constraints pose formidable obstacles in channelling young music fans towards live entertainment experiences. With logistical challenges surrounding the organisation of all-ages shows in Australia, many venues across the country are unable to accommodate mixed-age crowds.

For example, the next generation of Australian bands, influenced by TikTok, YouTube and other social media platforms, can't get in front of their audiences and develop their talent because their U18 audience can't get into most bandrooms. Running All Ages shows in Australia is an ever-growing issue, until the artist is able to play and sell out an arena sized show. Small venues where young artists are breaking (Oxford Art Factory in Sydney, and Night Cat and Northcote Social Club in Melbourne) are unable to have U18's and 18+ in the same room, while theatres such as The Enmore & Metro Theatres in Sydney can legally do mixed configurations on the provision that the crowd is split into separate areas of the room.

Regulations tailored to mixed-age gatherings are causing a decline in alcohol consumption among the 18 – 25 year demographic and further compromising financial viability. This shifting landscape, which is heightened by health consciousness and economic pressures which underscores the importance of offering financially accessible ticketing options for young audiences. A failure to address these barriers not only impedes the live entertainment experiences of younger audiences but also undermines regeneration of live music audiences and the long-term sustainability in the industry.

It is worth noting that in the USA and the UK, most small venues are 14+ and are able to permit minors and adults in mixed and licensed configurations using ID checks/wristbands. This should be considered at a Government level in order to ensure the viability of industry, and to ensure that artists have as many opportunities as possible to find new live audiences.

TEG promotes some of the world's highest calibre international and domestic acts to Australian audiences, however, if changes are not made to the current regulations to support the development of younger live entertainment audiences, Promoters will be less inclined to take on risks to the detriment of the entire industry.

3. Building sustainability in the industry

The current economic landscape, with intense cost-of-living pressures, is being felt throughout the live entertainment sector, as it relies on discretionary income to sustain market demand for tickets. Australian audiences have come to expect world-class talent, but the reality is, with a weak AUD, and increased post-covid operating costs, local promoters are unable to compete with international competitors without taking on excessive risk.

Importantly, the weak AUD has several impacts on Australian promoting including:

- I. Increased Costs for International Acts** – International artists often demand payment in their own currency, typically in USD or Euros. When the AUD is weak in comparison, local promoters need to pay more in local currency to secure these acts.
- II. Higher Ticket Prices** – To offset the increased costs associated with booking international acts, concert promoters are forced to raise ticket prices, higher tickets prices deterring some fans from attending concerts. This reduces attendance, adds risk to the Promoter and impacts the Tour's financial viability.

- III. Reduced Touring Frequency** – If the cost of touring in Australia becomes prohibitively expensive due to a weak AUD, some international artists may choose to tour less frequently or skip Australia altogether. This can result in fewer touring opportunities for Australian fans and significant hit to the economy.

The live entertainment industry plays a pivotal role in driving economic growth and its impact is felt across multiple sectors. This impact extends beyond the event itself, stimulating various industries such as hospitality, transportation, retail, tourism, marketing, infrastructure and technology.

Event-goers contribute to the economy by spending on accommodation, dining, transportation, and retail purchases. Moreover, live events significantly drive tourism and enhance a city's cultural reputation.

Infrastructure development and construction projects are spurred by the need for venues, stadiums and arenas, to most importantly generate jobs and stimulate economic activity in the construction sector.

Live entertainment supports local artists, production crews, and the many ancillary roles that contribute to the economy.

4. Suitability of the Government responses so far

We recognise that many of these issues and the responses to them are influenced by a combination of Local, State, and Federal Government policies and support. We believe the response so far has not addressed the underlying issues that have contributed to the current industry position. While financial support is appreciated, the funding available is either insufficient or is not adequately distributed.

If there is little appetite for additional grant funding, subsidising venue costs - particularly at Government-operated venues, as well as user pay charges (ie: Police, traffic management) would make a significant difference in securing the viability of live music events.

Supporting live music events also means providing the industry with the space to operate without conflicting services or resources in place. Australia has a bevy of talented independent promoters who invest millions of dollars into bringing creative projects into Australia. At the same time, as an example, the NSW Government funds a year-round internal music promoter at the Sydney Opera House that competes for shows against other promoters, which often drives up the price of artists. A better use of funds could be used to subsidise the high rental cost of the Sydney Opera House, so that a greater variety of promoters can place shows in there themselves.

Recommendations

Issue	Recommendation
Review into exorbitant user pay costs	Compared with other Australian states and territories, promoters face extreme user-pays policing expenses in NSW, which on average are upwards of 300% higher than other states. Coupled with navigating the limited major event spaces, this makes staging festivals in NSW extremely high-risk as it is not financially viable to run an event for less than 25,000 sales which is not an easy target in the current market.
Review into Government run venues	Subsidising venue costs - particularly at Government-operated venues, as well as user pay charges (ie: Police, traffic management) would make a significant difference in securing the viability of live music events.
Severe shortage of greenfield sites that are approved for major events across Australia	Greenfield sites are integral for many events to operate as they provide the flexibility with both site design, and the opportunity to generate important and vital non-ticketing revenue streams such as food, bars and merchandise which are largely unavailable in permanent venues such as stadiums and arenas.
With logistical challenges surrounding the organisation of all-ages shows in Australia, many venues across the country are unable to accommodate mixed-age crowds	Adopt a similar policy to that of the US and UK whereby small venues age restrictions should start at 14+ and are able to permit minors and adults in mixed and licensed configurations using ID checks/wristbands. This should be considered at a government level in order to ensure the viability of industry, and to ensure that artists have as many opportunities as possible to find new live audiences.

TEG welcomes the opportunity to engage in meaningful dialogue and collaboration with the Federal government to address the challenges faced by the live entertainment sector. TEG remains committed to creating effective solutions and strategies that ensure the longevity of Australia's vibrant live entertainment industry.