

A New Approach (ANA)

19 April 2024

Standing Committee on Communications and the Arts
House of Representatives, Parliament of Australia
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Inquiry into the challenges and opportunities within the Australian live music industry

A New Approach (ANA) welcomes this opportunity to make a submission to this Inquiry. ANA also notes the recent establishment of Music Australia within Creative Australia under the National Cultural Policy *Revive*.

ANA is Australia's national arts and culture think tank. Through credible and independent public leadership, ANA helps build an ambitious and innovative policy and investment environment for arts, culture and creativity. We work to ensure Australia can be a great place for creators and audiences, whoever they are and wherever they live.

ANA's research shows that live music is an integral part of the arts and cultural life in Australia which delivers a range of benefits for all Australians. ANA's national focus group research shows that middle Australians think arts and culture are embedded in and inseparable from daily life, including many examples in music and live performances.ⁱ Our Insight Report *Transformative* showed the wide range of benefits that arts and cultural participation can bring, including mental health, wellbeing and social cohesion.ⁱⁱ

On the following pages, we provide information and perspectives to assist the Inquiry:

- Goods and service sales form the lion's share of revenue in both the broad cultural and creative industries and for not-for-profits with a cultural purpose. Government investment and philanthropic support play important enabling and stabilising roles.
- Clearly articulated policy problems should inform the Inquiry's recommendations
- There is a need for current evidence
- ANA supports ongoing transparency for music licence fees

We confirm that this submission can be made public. In our role as a philanthropically funded, independent think tank, ANA is ready to provide further information about the response in this submission and would welcome the opportunity to discuss or give evidence.

Warm regards,



Kate Fielding, CEO, A New Approach (ANA)

Information and perspectives to assist the inquiry

Goods and service sales form the lion's share of revenue in both the broad cultural and creative industries and for not-for-profits with a cultural purpose, with government investment and philanthropic support playing important enabling and stabilising roles.

ANA's recent Insight Report *To Scale* dispels the myth that Australian cultural and creative industries are predominantly financed through government assistance.

In the broad cultural and creative industries, 87% of income, the largest proportion, was from 'sales and services' in 2020-21.ⁱⁱⁱ Non-COVID-19 expenditure of governments and COVID-19 expenditure of governments each accounted for 5% of income.^{iv}

Sales and services revenue has also been the largest source of income for not-for-profit entities with a cultural purpose.^v Goods and services comprised 47% of revenue, with 30% from government grants and 12% from donations in 2017-18.^{vi} Considerable pandemic-related disruption to revenue sources is apparent in more recent figures from 2019-2020 (41% government grants, 27% goods and services, 23% donations).^{vii}

Government grants are a small proportion of music festival revenue, but more information is required to understand the bigger picture for live music generally. According to recent Creative Australia research, almost half (46%) of music festivals in 2022-23 received government grants with average grants equivalent to less than 4% of average revenue.^{viii}

Clearly articulated policy problems should inform the Inquiry's recommendations

Targeted responses to policy problems identified through current, relevant evidence are essential. They can help to sustain and grow the live music industry to deliver positive cultural impacts for music participants and the wider Australian community.

While ANA acknowledges a recent call from music festival organisers for additional public funding, ANA notes this is one of several potential policy levers.^{ix} The table below illustrates a wide range of potential scenarios and potential responses. Picking the right response is more likely to conserve scarce resources of organisations involved in live music, provide value for money for government investments and deliver impact for philanthropic support.

Potential scenario in live music	Examples of a potential response
Unpredictable revenue loss from interruptions outside of organisers' control (e.g. extreme weather, public health orders)	<ul style="list-style-type: none"> ● Event or business interruption insurance, to reduce variation in revenue across years^x
High regulatory barriers and regulatory costs for touring music events	<ul style="list-style-type: none"> ● Making regulation uniform across states and territories^{xi} ● Making regulatory arrangements and costs more transparent^{xii}
Power imbalances between large and small firms involved in live music events	<ul style="list-style-type: none"> ● Enforcement against misuse of market power under federal competition law^{xiii}
Loss-making (or not sufficiently profitable) live music events	<ul style="list-style-type: none"> ● Short-term funding without repayment such as grants from government^{xiv}
Workers facing financial hardship from loss of employment	<ul style="list-style-type: none"> ● Grants from industry^{xv} ● Income support payments^{xvi}
Cost increases from economy-wide factors (e.g. inflation, exchange rates)	<ul style="list-style-type: none"> ● Monetary policy responses from the central bank

There is a need for current evidence

Since COVID-19, significant changes in cultural and creative industries, including in live music, has heightened the challenge of making informed decisions. Delays from cultural and creative activities to data reporting are not new. However, the speed and scale of change since COVID-19 makes up-to-date information more important when making decisions impacting live music activity, and cultural and creative activity more broadly.

ANA notes that most of the latest available data covers periods ending at the end of 2022 and in the middle of 2023. However, live activities have continued since these periods. Some areas where the Inquiry could seek more current data include:

- **How many people work in live music?**
 - There were 33,400 to 48,600 live music workers in 2019–20, based on a working paper analysis of 'administrative grants data related to live music'.^{xvii} ANA is not aware of more up-to-date, public information for live music employment.
 - The working paper also noted 'creative and performing arts activities' employment in 2022 was above pre-COVID-19 2020 levels, despite significant falls in 2020 and 2021, according to single touch payroll data.^{xviii} ANA has reviewed the latest single touch payroll data for the week ending 16 March 2024, and can confirm 'creative and performing arts activities' employment remains above pre-COVID-19 2020 levels.^{xix}

- **What were live music revenue and audience attendance since 2022?**
 - Revenue and attendance in several live music event categories were higher in 2022 than 2019, according to a recurring report commissioned by Live Performance Australia.^{xx} It is unclear whether these rises continued beyond 2022, but ANA expects a further report will provide 2023 data when released in late 2024.
- **What were music festival ticket sales, revenue and profits since 2022-23?**
 - Music festival ticket sales were higher in 2022-23 than 2018-19, according to recent Creative Australia research.^{xxi} In statements to a federal parliamentary inquiry in April 2024, the Australian Festivals Association and festival organisers described music festivals as being in 'crisis', with large numbers of cancellations in recent months.^{xxii} This suggests that ticket sales in 2022-23 are no longer rising in 2023-24, costs of production are rising faster than the rise of income from ticket sales, or both.
 - 2022-23 music festival revenue averaged \$5 million with a median of \$3.1 million.^{xxiii}
 - Because there is not more recent aggregated data on music festival ticket sales generally, the sales trends from 2023-24 onwards are not yet clear. ANA is aware of numerous one-off and permanent cancellations of music festivals and festivals with music events.^{xxiv} Some of these festivals were primary drivers of live performance revenue in 2022.^{xxv} ANA is also aware of new and returning music festivals that could add ticket sales.^{xxvi}
 - In 2022-23, most music festivals that reported financial data were profitable, and profits tended to be greater than deficits, according to Creative Australia research.^{xxvii} It is not yet clear how profitable (or loss-making) music festivals still proceeding in 2023-24 have been.

ANA supports Creative Australia's efforts to undertake an economic analysis of the Australian music industry, which would include live music.^{xxviii} ANA considers this economic analysis is likely to improve the evidence base for this Inquiry.

ANA supports ongoing transparency for music licence fees

Copyright collecting societies provide an important financial inflow into cultural and creative industries, including to live music entities. As ANA's Insight Report *To Scale* showed, licence fees collected by copyright collecting societies amounted to \$849 million in 2021-22.^{xxix} ANA welcomes ongoing federal and industry efforts to ensure transparency about how collecting societies negotiate and collect licence fees and distribute them to copyright owners, including:

- Compliance activities fulfilling transparency conditions applying to the Australian Performing Right Association (APRA).^{xxx} APRA collects licence fees for live performance, broadcast and public playing of copyrighted music compositions in live music.
- Annual compliance under, and triennial reviews of, the code of conduct for copyright collecting societies.^{xxxi}

References

ⁱ See Kate Fielding and Jodie-Lee Trembath, “A View from Middle Australia: Perceptions of Arts, Culture and Creativity,” Insight Series (Canberra: A New Approach and the Australian Academy of the Humanities, May 2020), <https://newapproach.org.au/wp-content/uploads/2021/07/3-ANA-InsightReportThree-FullReport.pdf>; Jodie-Lee Trembath and Kate Fielding, “The next Generation of Voters: Young Middle Australians Talk Arts, Culture and Creativity,” Insight Series (Canberra: A New Approach, August 2021), <https://newapproach.org.au/wp-content/uploads/2021/08/ANA-InsightReportSix-Fullreport-6.pdf>.

ⁱⁱ Kate Fielding, Iva Glisic, and Jodie-Lee Trembath, “Transformative: Impacts of Culture and Creativity,” Insight Series (Canberra: A New Approach and The Australian Academy of Humanities, November 2019), <https://newapproach.org.au/wp-content/uploads/2021/07/2-ANA-InsightReportTwo-FullReport.pdf>.

ⁱⁱⁱ Kate Fielding, Angela Vivian, and Sari Rossi, “To Scale: Mapping Financial Inflows in Australian Arts, Culture and Creativity,” Insight Report (Canberra: A New Approach, 2023), 5, https://newapproach.org.au/wp-content/uploads/2023/08/ANA-64088-To-Scale-Report_Combined_AW.pdf.

^{iv} In 2020–21, ‘Sales and services’ comprised 92% of income in 2017–18. Fielding, Vivian, and Rossi, 5.

^v These are not-for-profits of the ‘advancing culture’ subtype.

^{vi} Fielding, Vivian, and Rossi, “To Scale,” 20.

^{vii} Additional revenue sources include Investment (2%) and Other (7%). Fielding, Vivian, and Rossi, 20.

^{viii} On average, government grants accounted for \$177,000 of revenue, equivalent to 3.5% of average revenue of \$5 million and to 5.7% of median revenue of \$3.1 million. “Soundcheck - Insights into Australia’s Music Festival Sector,” April 9, 2024, 38, <https://creative.gov.au/advocacy-and-research/soundcheck-insights-into-australias-music-festival-sector/>.

^{ix} Creative Australia found that ‘the most identified need [by music festival organisations] for the musical industry is additional public funding and/or grants’. “Soundcheck,” 6.

^x Examples include Victoria’s COVID-19 Event Insurance and the federal Temporary Interruption Fund. See <https://creative.vic.gov.au/news/2021/victoria-introduces-australias-first-government-backed-covid-19-event-insurance> and <https://www.screenaustralia.gov.au/funding-and-support/covid-19-support/temporary-interruption-fund>.

^{xi} For example, there are model work health and safety laws applying to live music events implemented in all states and territories other than Victoria. See <https://www.safeworkaustralia.gov.au/law-and-regulation/model-whs-laws>.

^{xii} For example, states and territories publish the costs of policing services for major or special events, including live music events, to varying levels of details. See, for example:

- ACT: <https://www.police.act.gov.au/safety-and-security/major-event-planning>
- NSW: www.police.nsw.gov.au/_data/assets/pdf_file/0005/846590/USER_CHARGES_2023-24_for_external_publication.pdf
- WA: <https://www.police.wa.gov.au/Our-Community/Policing-Major-Events>

^{xiii} A court ordered a \$2.5 million penalty against Ticketek for misuse of market power, specifically deterring or preventing a promoter of last-minute discounted tickets. See <https://www.accc.gov.au/media-release/ticketek-pty-ltd-penalised-25-million-for-misusing-its-market-power> and *Australian Competition and Consumer Commission v Ticketek Pty Ltd [2011] FCA 1489* (22 December 2011)

^{xiv} For example, federal *Live Music Australia* grants are providing \$20 million over four years. See <https://www.arts.gov.au/funding-and-support/live-music-australia>. Victoria's *Live Music Festivals Fund* and *10,000 Gigs: The Victorian Gig Fund* commit \$10 million over four years. See <https://creative.vic.gov.au/news/2025/grants-to-back-more-gigs-and-amp-up-music-festivals>

^{xv} Support Act provides one example. See <https://supportact.org.au/get-help/crisis-relief-grants/>

^{xvi} This includes Centrelink and Department of Veterans' Affairs payments. See <https://www.servicesaustralia.gov.au/income-support-payment?context=60271>

^{xvii} Bureau of Communications, Arts and Regional Research, "Australia's Live Music Sector: An Occupation-Based Analysis - Working Paper," March 2023, 27, <https://www.infrastructure.gov.au/sites/default/files/documents/Australia%27s%20live%20music%20Osector%20-%20an%20occupation-based%20analysis%20-%20March%202023%20-%20PDF.pdf>.

^{xviii} The creative and performing arts industry subdivision 'does not capture all live music activity, the subdivision contains essential live music activities related to performing arts operation, performing arts venue operation, and creative artists, musicians, writers and performers'. Bureau of Communications, Arts and Regional Research, 9, 22.

^{xix} The single touch payroll data index value for the week ending 14 March 2020 (when Australia recorded 100 COVID-19 case) is 100.0. The index value was

- 111.1 for the week ending 6 January 2024, up from 83.9 for the week ending 4 January 2020 (i.e. 83.9% the number of payroll jobs compared to the week ending 14 March 2020), and
- 126.6 for the week ending 16 March 2024, up from 100.0 for the week ending 14 March 2020.

See Australian Bureau of Statistics, "Weekly Payroll Jobs, Week Ending 16 March 2024," April 11, 2024, Table 6 (Industry subdivision-Payroll jobs indexes), Payroll jobs index-Subdivision Tab, Row 86, <https://www.abs.gov.au/statistics/labour/jobs/weekly-payroll-jobs/latest-release>.

^{xx} The categories include including contemporary music festivals, multi-category festivals and musical theatre. EY, "Live Performance Industry in Australia: 2022 Ticket Attendance and Revenue Report," 2023, <https://liveperformance.com.au/wp-content/uploads/2023/12/LPA-Ticket-Attendance-and-Revenue-Report-2022.pdf>.

^{xxi} This was true on both on a per festival and per customer basis. “Soundcheck,” 34.

^{xxii} Public hearing on the National Cultural Policy, 16 April 2024. See: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/NationalCultural47/Public_Hearings

^{xxiii} “Soundcheck - Insights into Australia’s Music Festival Sector,” April 9, 2024, 38, <https://creative.gov.au/advocacy-and-research/soundcheck-insights-into-australias-music-festival-sector/>.

^{xxiv} Examples include Caloundra Music Festival, Dark Mofo, Falls Festival, Fairbridge Folk Festival, Groovin' the Moo, NYE in the Park, Pitch, Splendour in the Grass and Valleyways.

^{xxv} EY, “Live Performance Industry in Australia: 2022 Ticket Attendance and Revenue Report.”

^{xxvi} Examples include Lookout, New Bloom Fest and One Night Stand. Music Australia confirmed that donations from tickets for One Night Stand will go to Support Act. Public hearing on the National Cultural Policy, 16 April 2024. See: https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/NationalCultural47/Public_Hearings

^{xxvii} More festivals reported a profit (56%) than a deficit (35%) and the median profit of \$731,579 exceeded the median deficit \$470,000. “Soundcheck,” 32.

^{xxviii} Creative Australia, “Request for Tender - Economic Analysis of the Australian Music Industry,” April 8, 2024, https://creative.gov.au/wp-content/uploads/2024/04/Request-for-Tender_Music-economic-study.pdf.

^{xxix} Fielding, Vivian, and Rossi, “To Scale,” 25.

^{xxx} The current Australian Competition and Consumer Commission (ACCC) authorisation for APRA ‘to continue its arrangements for the acquisition and licensing of performing rights in musical works’ includes transparency conditions. As the authorisation says, ‘Greater transparency about distribution arrangements is intended to assist in making APRA accountable to its members, making it more likely that APRA members are remunerated in proportion to the value of actual performance of their works.’ APRA will require a new authorisation when its current authorisation ends in August 2024. ACCC, “Determination - Application for Revocation of A91367 - A91375 and the Substitution of Authorisation AA1000433,” July 13, 2020, 2, 5, <https://assets.apraamcos.com.au/images/PDFs/About/ACCCfinal-determination-130720-pr-aa1000433-apra112442561.pdf>.

^{xxxi} The current code includes transparency improvements recommended in an independent review. 2019 review of collecting society arrangements. Bureau of Communication and Arts Research, “Review of Code of Conduct for Australian Copyright Collecting Societies - Final Report,” April 2019, https://www.infrastructure.gov.au/sites/default/files/review-of-code-of-conduct-for-copyright-collecting-societies_0.pdf.