ALMBC Australian Live Music Business Council

Parliamentary Inquiry into Australia's creative and cultural industries and institutions

Committee Terms of Reference - The Committee will consider:

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

1. Background

a. About the ALMBC

The ALMBC is a national music industry association led by Australian business owners to benefit the long-term sustainability and value of Australian contemporary music.

The ALMBC is the voice of Australia's vibrant *live* music industry, working to advance and promote the many employment, economic, social, and cultural benefits that the live music sector creates.

The ALMBC provides focused advocacy for thousands of Australian owned small businesses and sole traders that support Australian music in public performance places and creates tens of thousands of Australian jobs.

ALMBC Membership is open to concert and festival promoters, event presenters, venues, booking agents, artists, DJs, technical crew, show crew, show labour, venue staff, ticketing companies, merchandise companies, catering companies, venue workers... indeed anyone whose primary vocation is in servicing the live music sector.

Since launching in July this year, the Council has achieved a number of significant milestones:

- Over 600 members registered
- Representing 30,000 combined employees
- Collects annual turnover of over $300,000,000
- Representative of over 25 different components of the live music supply chain
- Delivered a National Gig Ready Dashboard

b. About the Live Music supply Chain

Live Music plays a critical role in delivering a material source of revenue for the music industry, artists and practitioners alike. It also plays a key role in incubating and exposing emerging artists while also providing the training ground for emerging industry workers to learn their trade and become experts in their field. With live music all but shut down through 2020 have had a material interruption in the upstream supply and development of talent that will be felt by the industry for some time to come. As evidenced by leading music and media industry research company Midia Research who have written on the impact on the entire music industry based simply on the struggle of smaller venues:

> *The plight of these smaller venues has had a fair amount of media attention, but the long-term impact of their potential demise will send shockwaves that will reverberate through the entire music business. Without this testing ground for emerging artists, an artist development gap is going to appear. One that could hold back the careers of the next generation of artists, affecting not just their live business but the entire spread of their careers – with clear implications for labels and publishers.*

The impact of the pandemic has laid to bear the unique and symbiotic nature of the live music industry ecosystem and how reliant each member of the supply chain is upon the other. At the centre of the ecosystem, almost conjoined, are the artist and their audience with everyone else reliant on each other to be able to bring those two elements together on a regular basis.

c. Unique Impact of COVID 19 on live music businesses

The ALMBC conducted an online anonymised member survey in September 2020. Key findings from the survey include:

- **70% of business members surveyed are predicting closure within the next six months** based on cashflow projections and current government support measures. This represents **over 400 businesses and an estimated 18,000 jobs in the sector** across the ALMBC's membership alone, adding to the growing number of live music businesses that have already closed this year.
- **73% of members reported a revenue downturn of 75-100%** in the past six months, with many reporting a 100% loss of income since March with no recovery in sight.
- Many businesses have been **overlooked by the existing government support with only 17% of members expecting to benefit from the Federal Government's RISE package**, with a large proportion falling outside the eligibility criteria. **Only 4.4% of members expect to take up a Show Starter Loan**. Neither package provides the immediate assistance and business confidence the sector desperately needs to operate.
- **Overheads such as rent are a key challenge** facing ALMBC business members – with 69% of businesses with rental commitments not receiving any form of rent relief, and 76% of businesses carrying commercial debt facilities have had no form of loan deferral.
- **Economic uncertainty has impacted the mental health of 88.6% of members**, with 32.9% of members already accessing professional mental health support.

Allied industry body, the Live Entertainment Industry Forum (LEIF) also conducted a comprehensive survey with Ernst & Young on the Economic Cost of COVID-19 on Australia's Live Entertainment Industry (inclusive of the sporting, stadium and large promoted concert industries). Their preliminary key findings highlighted the following:

- the sector supported **122,000 full-time equivalent jobs** in 2019, and forecast that in 2020 this **will fall two-thirds – or 79,000 – to just 43,000** full-time equivalent jobs if current restrictions on gatherings remain in place until the end of December this year
- the total economic output of live entertainment in Australia was valued at an estimated $36.4 billion in total contribution in 2019 with an estimated fall of 65% in the economic output of the industry to $12.8bn in 2020 if restrictions remain in place until the end of year. This equates to **$23.6bn in lost economic output**.
- the total value added by live entertainment is predicted to fall by 65% from $16.6 billion in 2019 to $5.9 billion in 2020, a fall of $10.7 billion.

By comparison to other industries such as aviation and tourism, the businesses relying on the live music industry are in a continually worsening situation. The vast majority of ALMBC members are now navigating an industry that is at $0 (zero) revenue with mounting operating costs and the potential for an imminent supply chain collapse. They are businesses that were doing exceedingly well prior to COVID-19, operating in a very healthy buoyant industry that has proven time and again to be largely recession proof.

Furthermore, it was the live music industry both locally and globally that has sustained the losses felt from the recording sector as a result of long years of disruption. It was the live music industry in Australia that responded swiftly to the needs of bushfire affected communities, at their own expense, depleting what are now much needed reserves in a time of crisis.

2. Benefits of Live Music to Australian Economy & Community

Australia has many large companies operating in the live music industry who are significant contributors to the Australian economy. Their pre-pandemic revenues were well in excess of AUD $10M and were responsible for large scale equipment purchasing, GST revenue flow to the economy while employing thousands of Australian in terms of permanent, part-time work and a massive contributor to the casual and contract based work force.

a. Economic and Employment Impacts

i. Direct contribution

- Surveying the ALMBC membership has revealed in excess of $300,000,000 in annual turnover and over 30,000 jobs can be attributed to the ALMBC's members
- A recent survey by the Live Entertainment Industry Forum (LEIF) attributed over 122,000 jobs were connected to the live entertainment industry with an economic contribution of $36.4B. These are 2019 figures with projected losses of 79,000 jobs and $23.6B in revenue.
- A previous survey conducted by the Live Music Office (LMO) and the University of Tasmania (UTAS) in 2014 stated the live music industry was valued at $15.4B and more than 65,000 jobs were connected to live music.

ii. Indirect Contribution

- Results from the LEIF survey estimated that in 2019, $16.6B in secondary economic impact was delivered to the Australian economy but projects a $10.7B loss in 2020

- The LMO / UTAS survey also confirmed that for every $1 spent in live music a further $3 was generated into the economy.

b. Mental Health Benefits

i. Music Participation

The positive impact of music on mental health and cognitive function has long been the subject of researchers for many decades now. Studies regularly cite the positive impact of music listening, playing and participation. It is an innate aspect of the human condition and has been part of the human make for millenia. Attending live music shows has a profoundly positive impact on people and this can be evidenced. A recent Australian led study on Emotional Response to Music demonstrated that people participating and listening to music of their choice had a profoundly positive impact on the study subjects. Further studies out of the US by Professor Michael Bordieri on the Impact of LIve Music on Overall Psychological Well-Being
found that individuals who attend and frequent live music performances, concerts, tend to be happier, have greater social connectedness, and more psychologically adjusted in the world. Specifically, Borderi points to the difference between the impact of live compared to a recording:

> *"Some research has looked at what people experience when they listen to music on a recording vs. listening to it live. What they find is that there seems to be indicators of different brainwave activity and different emotional experiences among individuals exposed to live music compared to listening to a recording. All music can be beneficial; there's plenty of evidence there. But something about live [music] is special. It adds...increased engagement, stronger emotional expression, and associated stronger brain activation in those same regions. Which kind of makes sense. There's more happening live. There's something more to the experience that can be there."*

ii. Broader creative community

The Australia Council for the Arts released Creating Our Future - its 4th Annual National Arts Participation Survey in August this year. The report provides critical evidence concerning the pivotal role arts and creativity play to Australian society, culture and social well being. Importantly, the results demonstrate that Live Music is the most commonly accessed Arts and Cultural activity by Australians and is critically important to younger Australians. Importantly, nearly half of all Australians (48%) accessed Live Music in 2019 representing an increase of 5% since the survey started and 66% of young Australians access live music in order to *'improve their wellbeing, understanding of other perspectives and culture, connect with the community and participate in the arts'.* Overwhelmingly, 76% of young Australians feel that *'First Nations' arts are an important part of Australian culture' .*

c. **Skills - Knowledge Loss, Retention and Development**
The live music industry has a very highly skilled and specialised workforce. Given the industry has been unable to trade for over 6 months, with a further 6 months likely until people "may" be able to return to work, the industry is losing its best people at an alarming rate to other industries. While many live music workers are able to transfer their skills to other sectors, the same cannot be said in reverse; and leaving businesses in a position where they will not have the skilled worker on hand to deliver live music events as and when (and if) the doors re-open. It's like losing one of the legs off a four legged table.

3. Improving policy between all layers of government

a. **Federal**
The live music industry and the creative and cultural industries more generally tend to have their needs addressed by the Arts portfolio at a policy level. While the Federal Arts portfolio plays an important role in supporting these industries, it is clear that a more holistic approach is required. There is a clear need to create a cross departmental / inter-agency approach to the entire creative and cultural sector, of which the live music industry is a vital and important economic driver. For example, the live music industry is relevant to a host of portfolios - not just the arts - given it's employment, export and economic impact, particularly in the SME sector.

The ALMBC in particular, addresses the needs of the music businesses that are intrinsic to the health and vitality of the live music industry and as such requires government investment at a strategic policy and investment level. A key and overarching feature that requires the attention of the Federal Government is the lack of current and relevant industry specific data sets for the music industry more broadly. The environment that has been created by the pandemic has most certainly highlighted the vacuum that exists with respect to the availability of useful quantifiable and qualitative data sets that underscore the economic, social and health benefits of the impact of music in Australia. It is our belief that this is paralleled in other creative and cultural industry sectors.

A further issue requiring investigation is the identification of those businesses operating in the creative and cultural industries cross referenced to businesses and activity identified through the Australian Bureau of Statistics.

It is highly problematic that the ABS does not accurately or adequately reflect the actual economic activity that is occurring in the creative and cultural sector. Specifically our industry cannot be segmented into the relevant verticals, such as identifying the spread of activity in the live music sector versus sport, as but one example.

This is not a new problem and has been raised by many other bodies previously over many years. We would highlight that this remains unresolved.

b. State

Critically, the nature of the relationship between State and Federal Governments has never been more acutely amplified than in the current pandemic environment. The uncertainty around border closures and variables around social distancing measures that have impacted the live music industry highlights but one of the many issues where there are significant differences between Federal and State based responses. These are not limited to a pandemic environment. The impact of state based legislation relating to the noise, security, harm reduction, and violence have had a lasting negative impact on the economy of live music and the confidence of businesses to present and promote live music use in the community, across both cities and regions. While accepting that the States act autonomously, a broader collegial approach to managing change and supporting live music industries across the State’s infrastructure would prove positive and beneficial.

c. Local

The important role Local Government plays in the development of the live music industry cannot be underestimated. Local areas are the fertile breeding ground for artists and industry practitioners alike. The relationship between the Local, state and Federal jurisdictions in the development and regeneration of the live music industry both now, during these uncertain times, and also in the future needs a dedicated and strategic approach to ensure targeted outcomes for the music industry where “playing local and staying local” has never been more important.

4. Increased access and opportunity through innovation and digital environments.

a. The live music industry continues to be reliant on the physical environments. Like many other industries, this reliance has provided opportunity to explore new modes of practice. Live streaming has been an active strategy in the music industry for many years prior to the pandemic but has now taken on a new found focus of development. Streaming has increased access opportunities for urban, regional, remote and international audiences to be exposed to Australian artists.

It must also be stated, for the avoidance of doubt, that for the best live streaming experiences to occur, artists, their management, publishers and record labels still require the expertise, skills and equipment of the live music industry professionals and companies to ensure quality consumer experiences are delivered.

b. Australians living with disabilities have been able to enjoy performances more readily without having to rely on venues and events to make them more accessible.

c. It must be stressed that streaming is not currently an economic replacement for the live music sector losses that have been incurred to date. There remain licensing and economic barriers that require resolution before the next technological leap that is bound to occur. Virtual Reality *IS* a reality and beyond 2D streaming opportunities, it will represent the next technological leap that has enormous potential to create economic revenue streams in addition to live music revenue when revenues return to normal.

d. While there are some inherent opportunities that are presented by the emergence of new technologies, there are a significant number of operators in the live music ecosystem who are unable to pivot to digital environments no matter how innovative they are with respect to responding to the changing landscape. Freight companies, food trucks, bar operators, waste providers, drivers, to name but a small number of operators will struggle to realise a benefit from a wholesale shift to digital environments and therefore, any proposed solutions to addressing these opportunities must be done with an understanding that they must co-exist with support for ongoing maintenance of a bricks and mortar approach to the live music industry.