

ARCHITECTS *of* ENTERTAINMENT

15th September 2021

To the members of the Senate Environment and Communications Legislations Committee;

We make this submission in support of the Live Performance Federal Insurance Guarantee Fund Bill. We believe Australia needs a legislative instrument for the establishment, governance and operation of a fund to underwrite insurance against COVID-related disruptions to the live performance industry.

Our view is that a coordinated nation-wide package, at the State and Federal level, for live performance event disruption insurance covering COVID-related disruptions will give the live performance industry the certainty it needs to commence planning live events in 2022 and beyond. We would also support a sustainability package that ensures the stabilisation and capacity of the industry, with targeted wage subsidies or support packages as a priority.

Our Background

Our business, Architects of Entertainment, operates in the live music performance space. The majority of our clients are live music promoters. We manage and operate their events while they book bands and sell tickets. Increasingly, our daily work is in finding ways for our clients to produce viable, COVID Safe events in difficult, fluctuating conditions.

Impacts of COVID-19

Our business has been severely and directly impacted by disruptions to live music events since the ban on mass gatherings was announced on 13th March 2021. These impacts include:

- The termination of four contracts worth approximately \$300,000 immediately following the announcement of the ban;
- The cancellation of a number of future events we were anticipating being contracted for;
- A 23% shortfall in revenue projections for 2019-20
- A year-on-year revenue decrease of 62% between FY19-20 and FY20-21;
- The loss of 2.5 FTE staff (from a total of 6.5 FTE);
- The loss of our office and warehouse facilities in order to cover a shortfall in revenue;
- Major difficulties securing new clients and contracts due to the uncertainty surrounding live music events; and
- An increased workload on the contracts we do secure due to fluctuating COVID-19 operating environments.



The inability for promoters to insure their events is a serious problem for our industry. The stop-start nature of getting a show off the ground has made engaging clients new and old incredibly difficult. Now, as some promoters become willing to brave the uncertainty of operating an uninsured event, our company is faced with difficult choices.

If a show is required to postpone due to a change in COVID-related restrictions, do we terminate our contract and abandon the event entirely, or do we remain flexible and move with the show? If we abandon the event, will the event be able to survive without us? And will we be able to find other contracts to cover the loss? If we move along with the show, will the event be able to pay us more? If not, are we then committing more resources for less, or no, profit?

The Cumulative Effect of Disruptions

Postponements have a cumulative impact. More promoters begin vying for the same venues at the same time, artist exclusivity deals impede the assembly of a marketable line-up, hire infrastructure and services such as staging, fencing and security become scarce, cancellation fees and sunk costs begin to play havoc with a promoter's profit-and-loss, and we as contractors lose the opportunity to take new work because we are tied up with shows to which we're already committed.

Cancellations, of course, mean the loss of our contracts, the loss of our income, frayed relationships between our suppliers and our clients, and the potential end to our client's business, which means the loss of future opportunities.


The Benefits of an Insurance Guarantee

The Live Performance Federal Insurance Guarantee Fund Bill would be incredibly beneficial to a business like ours. Without an insurance guarantee, our revenue projections will not reach pre-COVID levels until 2024.

Event disruption insurance would create a sense of certainty for the events we service. It will reduce the impacts that disruptions will have on both our business and on our suppliers and subcontractors. It will create the certainty that when we commit to a show, our business and employees are able to survive should there be a cancellation due to COVID.

Sincerely,

Haydn Johnston
Director, Architects of Entertainment


Nathaniel Holmes
Director, Architects of Entertainment

