



AUSTRALIAN RECORDING
INDUSTRY ASSOCIATION

ARIA and PPCA joint submission on the Live Performance Federal Insurance Guarantee Fund Bill 2021

15 September 2021



Executive summary

The Australian Recording Industry Association (**ARIA**) and the Phonographic Performance Company of Australia (**PPCA**) (together **we, us, our**) thank the Senate Standing Committees on Environment and Communications (the **Committee**) for the opportunity to make a submission on the Live Performance Federal Insurance Guarantee Fund Bill 2021 (the **Bill**).

In summary:

- Prior to COVID-19, the Australian recorded music industry experienced resurgent growth.
- The music industry, and in particular, the live performance industry, is a key contributor to the economy in Australia, generating revenue and creating employment and business opportunities.
- Live music is a critical part of the overall music ecosystem with artists making the majority of their income from live touring.
- COVID-19 has had unprecedented impacts on the music industry in the past 18 months and these impacts have been vastly exacerbated by the current COVID Delta outbreak.
- Uncertainty caused by COVID-19 restrictions has seen repeated cancellations and postponements of thousands of music events, crippling the industry and undermining confidence in recovery.
- The music business is a national industry with tours and events normally occurring in all parts of the country. An insurance scheme akin to that of other territories such as the UK should be adopted by State and Territory Governments and the Federal Government to underwrite the ongoing risk of staging events, establish confidence, and allow the industry to get back on its feet in 2022.

ARIA and PPCA support the Bill.

About Us

ARIA is the peak trade body for the recorded music industry in Australia. ARIA is a not for profit, national industry association that proactively represents the interests of its members. ARIA has more than 100 members ranging from small "boutique" labels typically run by 1-5 people, to medium sized businesses and very large companies with international affiliates.

PPCA is a national non-government, non-profit Australian copyright collecting society which was established in 1969. PPCA operates on a non-exclusive basis and grants licences for the broadcast, communication or public playing of recorded music and music videos. PPCA represents the interests of over 2,500 licensors and 4,000 registered Australian recording artists.

Live music contribution to the economy prior to COVID-19

Music, particularly contemporary music, continues to play a vital role in the economic vitality of Australia. We have set out some figures for attendance and revenue for live contemporary music and contemporary music festivals below.

In 2018, over 10 million Australians attended contemporary music performances with revenue of over \$1 billion. This represents a growth from 2017 of 32% and 19% for attendance and revenue respectively. The total revenue and attendance in 2018 for the live performance sector was \$2.16 billion and over 26 million respectively.¹

2018 also generated the highest attendance and revenue figures for live performance since Live Performance Australia began publishing data in 2004. The live performance industry generated more attendances than the Australian Football, Rugby League, Cricket, Soccer, Basketball, Rugby Union, Tennis, Netball and Baseball combined. Contemporary music was again the biggest contributor in the live performance industry, generating 51% of nationwide revenue and 38% of nationwide attendance.²

At a State level, using New South Wales and Victoria as examples, in 2018, the two states combined generated 68.5% of the national market share in revenue (31.2% and 37.3%) and 64.9% of national attendance (31.7% and 33.2%) in 2018 in contemporary music. Contemporary music revenue and attendance is the greatest contributor in New South Wales at 45.2% and 38.9%. Victoria records an even larger contribution by contemporary music, with revenue and attendance at 58.2% and 41.8% respectively.³ These figures are important when recognising the impact of COVID-19 and the fact that these States have endured the longest period of lockdowns than all other States and Territories combined.

For the contemporary music festivals nationwide, in 2018 they generated \$100 million in revenue and attendance of over 975,000 people.⁴

The music and performing arts industry employed over 50,000 people in 2019.⁵ The benefits spread to the rest of the community at large. By way of example, in 2016, Sydney enabled at least \$353 million worth of

¹ *Live Performance Industry Australia in Australia 2018 Ticket Attendance and Revenue Report*, Live Performance Australia, 2 December 2019.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Australian Industry and Skills Committee, <https://nationalindustryinsights.aisc.net.au/industries/arts-culture-entertainment-and-design>.

valuable outputs across the community and producers and consumers of live music spent over \$757 million in ancillary sectors such as accommodation, internet and telecommunications, heritage, museums and the arts, retail trade and road transport.⁶ The arts (including music), contributes to the well-being and happiness of the nation,⁷ leading to improved productivity. Live music provides a positive environment where people of all ages and backgrounds can share in their mutual love of music.

Need for live music opportunities

Australian performing and recording artists have demonstrated their world standing in recent years, with local artists such as Flume, DMA's, Gang of Youths, Client Liaison, The Kid Laroi, Alison Wonderland, The Pretures and Rufus Du Sol all enjoying international sales, critical acclaim and chart success. Such export success not only benefits the Australian economy, but helps to position Australia on the world stage.

In order for artists to flourish it is necessary to have live music opportunities catering to a range of audience sizes. Artists derive most of their income from touring and it is vital for promoting their work to live audiences. The pathways that live music provides are also vital for the industry as a whole, as a primary function of the music business is centered around the development of artistic careers. Live performances (and licence fees earned from such performances) also provide an additional revenue stream for emerging artists and for many artists the ability to perform live is an essential part of their livelihoods.

Impact of COVID-19 on live music

As the pandemic is ongoing, the true impact on the industry will not be known for quite some time. But as at the time of writing, we would like to draw the Committee's attention to the following:

- Industry surveys from March and May 2020 showed COVID-19 cancellations and restrictions caused income losses of over \$339 million, with 660,000 jobs impacted and 290,000 opportunities lost.⁸
- 32,000 gigs cancelled, \$94 million in revenue lost, since 1 July 2021 and as at 31 August 2021.⁹
- The Australian live music market was estimated at \$862 million prior to COVID-19. As a result of COVID-19, the live music market shed 90% of its revenue to a mere \$86 million as of 2020.¹⁰
- Recorded music and streaming was unable to help pull the market out of the decline, with the combined streaming and live music market still declining a total of 39% in 2020 from the previous year.¹¹
- 70% of live music businesses have seen their revenue decrease by 75%-100% since lockdowns started.¹²
- 77% of business expect to close within the next 6 months if conditions do not improve.¹³

⁶ 'The Economic and Cultural Contributions of Live Music Venues in the City of Sydney, University of Tasmania, 2016, p11 https://www.cityofsydney.nsw.gov.au/_data/assets/pdf_file/0007/280996/Valuing-Live-Music-Venues-accessible.pdf.

⁷ According to the Australia Council survey, *Connecting Australians: Results of the National Arts Participation Survey June 2017*, at page 31, in 2016, 60% of Australians believed the arts impacted their sense of wellbeing and happiness. This is an increase from 52% in 2013.

⁸ | Lost My Gig Industry Survey, May 2020, www.ilostmygig.net.au.

⁹ | Lost My Gig Industry Survey, July 2021, <https://ilostmygig.net.au/latest-news/f/losses-continue>.

¹⁰ Australian Entertainment & Media Outlook 2021-2025, PWC, November 2020.

¹¹ Ibid.

¹² Australian Live Music Business Council Survey, 2021, <https://almbc.org.au/news/live-music-industry-asks-to-be-able-to-get-back-to-business>.

¹³ Ibid.

- 93% of live music business owners and workers have had their mental health negatively impacted due to the uncertainty caused.¹⁴
- Employment in the creative and performing arts industry dropped from over 50,000 in 2019 to 39,000 in 2020.¹⁵ It is expected that this number will be even lower in 2021.

There are serious concerns that the next generation of Australian artists coming through the ranks who hope to have a similar career path to those before them, are currently not afforded those same opportunities. Survey data suggests over 60% of musicians and industry workers feel that they have no choice but to leave the industry altogether,¹⁶ representing a heartbreaking loss to the future of Australia's music industry which is dependent upon new talent.

The live music industry was the first industry to be impacted by COVID-19 by way of lockdowns, venue capacity and social distancing restrictions and border closures. It will no doubt be the last industry to recover from such impacts and there is increased uncertainty and hesitancy, and a severe decrease in confidence, amongst the industry and consumers in events going forward. The Bill would alleviate some of these concerns.

The importance of insurance policies for post COVID-19 recovery

The insurance scheme proposed by the Bill is not without precedent. In August 2021, the UK announced the Live Events Reinsurance Scheme. The Scheme is a partnership between the UK Government and Lloyd's of London insurers, with the government guaranteeing policies issued by commercial insurers to live events that are open to the general public, including festivals and business events. The announcement of the scheme follows similar government-backed insurance and business interruption funds established for the live music and entertainment sectors in Germany, Austria, Netherlands, Belgium, Norway, Denmark and Estonia.

Australia's live music and entertainment sector is not just vital for the economy and jobs, it provides the beating heart of city-centres and regional areas as the nation recovers from the latest lockdowns. It will rejuvenate CBD's and town centres and get people back to the experiences that have been so sorely missed during the COVID-19 pandemic.

The UK Government-backed scheme is a template for Australia's State, Territory and Commonwealth Governments to provide much-needed confidence to our live music industry following waves of cancellations and lost revenue. The industry is in dire need of the confidence that such a scheme provides. Without it, there may be irreparable loss and damage sustained to the industry of which a full recovery would be impossible.

We appreciate that in the past 18 months, the importance of industry support through this crisis has been recognised at local, State, and Federal levels, and through initiatives such as the RISE Fund at a Federal level and the Rescue and Restart Package at the State level (NSW). However, there is further work to be done.

¹⁴ Ibid.

¹⁵ Australian Industry and Skills Committee, <https://nationalindustryinsights.aisc.net.au/industries/arts-culture-entertainment-and-design>

¹⁶ I Lost My Gig Survey, July 2021 <https://ilostmygig.net.au/latest-news/f/how-long-can-we-last-64m-in-live-revenue-lost-since-july-1>.

A government backed insurance scheme is essential if the Australian music industry is to recover as soon as possible from the devastating impacts of COVID-19. Funding of events is only effective when the events themselves can either proceed with such COVID-19 safety measures as necessary or be postponed where commercially viable to do so. After serial postponements and cancellations of gigs, tours and major festivals such as Bluesfest and Splendour In The Grass, the impact on the industry and the livelihoods of performing artists is unprecedented.¹⁷

The Bill represents an important step in providing some certainty, in what has been an extremely uncertain period, to event organisers who face business disruptions due to COVID-19 restrictions. It will allow events to have the support needed to cover some or all of the loss of revenue arising out of postponements and cancellations. Although we hold the view such insurance schemes and event postponement and cancellation support must be led by the States and Territories in the first instance, we acknowledge that the music industry is a national industry and therefore coverage must also be afforded at the Federal level.

The result of inaction on the issues the Bill seeks to address cannot be understated. If Australia fails to have a vibrant and successful music industry, of which live music plays a crucial part, this will have serious economic and social ramifications.

We again thank the Committee for providing us with the opportunity to participate in providing our insight into the industry and our support for the Bill.

¹⁷ 'Coronavirus outbreak: Which Australian festivals and concerts have been affected?', Karen Gwee, NME, www.nme.com, 6 April 2021.