



**Australian
Live Music
Business Council**

Senate Inquiry - Live Performance Federal Insurance Guarantee Fund Bill 2021

Overview of the Bill

Due to the ongoing impacts of the COVID-19 pandemic including border closures, lockdowns, social distancing requirements and reduced crowd capacities, it is impossible to get insurance for an event that may need to be cancelled due to COVID-19.

The arts and entertainment industry is worth \$112 billion to the Australian economy and employs hundreds of thousands of workers. This industry has been decimated by the impacts of the pandemic and will be unable to get back on their feet until live events are possible again. An insurance guarantee is an important step in providing the industry with the certainty they need to plan live events. This Bill establishes the Live Performance Federal Insurance Guarantee Fund.

The Bill places an obligation on the Treasurer to make a legislative instrument for the establishment, governance and operation of the fund. The purpose of the fund is to underwrite insurance for the live performance industry to deal with the market failure that exists within the insurance industry.

LEADING STATEMENT

The music business is structured so that when the event happens, everyone gets paid. Up until that time the band plays, everyone is working “on-spec” – knowing they will get paid when the show happens.

“We don’t get paid until a show happens. That’s been our biggest issue since all of this began. We don’t get paid until a show happens. If shows can’t happen or get moved then no one is getting paid. We don’t get paid until a show happens”

Member quote

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 2020, 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 since 2020 there has been 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 has 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 regularly.

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 cash flow 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.
- **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 the 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 before 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 that 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 Australians in terms of permanent, part-time work and a massive contributor to the casual and contract-based workforce.

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 on 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 millennia. 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 the 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 be 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. What role can Government play?

- a. The industry is seeking a coordinated nationwide package from State and Federal Governments for event disruption insurance that covers against COVID lockdown disruption, in order to give the industry certainty to commence planning live events in 2022. Without prescribing the specifics of the package, it would need to include phased points of access that would provide coverage of (but not limited to)::
- i. Artist Fees
 - ii. Marketing Costs (with caps on costs relative to gross event costs)
 - iii. Production and infrastructure costs
 - iv. Artist and crew isolation costs where required pending lockdown notices

- b.** The industry is also seeking a sustainability package to ensure the stabilisation and capacity of the industry, with a focus on a targeted wage subsidy or support package. Any support package must address the needs of the many businesses that operate in the live sector that under normal circumstances are able to operate as sustainable enterprises while carrying extremely high overheads. These companies, and there are many, are asset rich without a market to operate in and are unable to sell off assets or attract investment due to the state of the economic market.