

Premier's Economic and Social Recovery Advisory Council Submission from Live Performance Australia

1. INTRODUCTION

As the peak body for Australia's \$4 billion¹ live performance industry, Live Performance Australia (LPA) welcomes the opportunity to make a submission to the Premier's Economic and Social Recovery Advisory Council (PESRAC) and offer ideas and initiatives for the next phase of the PESRAC's recommendations.

LPA is the peak body for Australia's live performance industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has over 400 Members nationally. We represent commercial and independent producers, music promoters, performing arts companies, venues (performing arts centres, commercial theatres, stadiums and arenas), arts festivals, music festivals and service providers (such as ticketing companies and technical suppliers). Our membership spans from small-medium and not-for-profit organisations to large commercial entities.

2. CONTEXT

The value of the live performance industry

In 2018, Australia's live performance industry generated \$2.2 billion in ticket sales, and attracted more than 26 million people to shows in capital cities, regional centres and country towns – which is more than the combined attendance at events of our major sporting codes.^{2,3}

Our industry is a significant economic and social contributor and a direct driver of economic activity, jobs, and cultural tourism. The broader creative industries generate valuable economic activity and contributed \$111.7 billion, or a 6.4 percent share of Australia's GDP, to the national economy in 2016-17.⁴ In 2016-17, the live performance industry alone contributed \$4.1 billion to the Australian economy and directly employed almost 40,000 workers, plus tens of thousands of freelancers, sole traders and casuals.^{5,6} Our industry comprises a diverse range of art forms and supports more than 500 performing arts companies around Australia and a range of businesses (i.e. producers, promoters, ticketing companies, technical suppliers, venues, and other service providers). Business of all sizes (i.e. freelancers, sole traders, small to medium businesses, not-for-profit companies, and commercial entities) form an interdependent industry where all parts of the industry are needed to thrive.

¹ Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17* (Working Paper)

² Ernst and Young (2019), *2018 Ticket Attendance and Revenue Report*, Report for Live Performance Australia

³ Stadiums Australia (2018), *Australian Sporting Attendances*, 2018

⁴ A New Approach (2019), *The Big Picture: public expenditure on artistic, cultural and creative activity in Australia*

⁵ Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17* (Working Paper)

⁶ Queensland University of Technology (2018), *The Creative Economy in Australia: Cultural production, creative services and income – Fact sheet*

The creative industries have significant economic, social, and cultural value, deliver substantial benefits and are integral to a 21st century global economy. Arts and culture have positive impacts on health, wellbeing, and education. A strong arts and cultural sector can connect individuals and promote social cohesion, as well as support equality and greater tolerance and understanding in proudly diverse and multicultural communities. Creativity, a key feature of the arts, is an important economic driver. Indeed, research suggests that creativity is a critical skill valued within a 21st century workforce.⁷

LPA notes that the Tasmanian Government has accepted all 64 recommendations in the PESRAC Interim Report. Funding announced in Tasmania's 2020-21 Budget for Recommendation 39 – *"The State Government should implement and fund the Community Arts and Cultural Development strategy"* – is integral to meaningful and long-term social and economic recovery from COVID-19. LPA's objective is to ensure Australia continues to present and establish live arts and entertainment events that create jobs; foster innovation and creative talent; engage local and interstate audiences and attract international audiences; increase patronage; and benefit all Australians.

Tasmania's cultural and creative industries

Tasmania has built a strong reputation as an attractive cultural destination and is celebrated for its popular and unique offerings, such as the annual Dark MOFO and MONA FOMA music and arts festivals, and summer's beloved Falls Music & Arts Festival. Tasmania's rich music and theatre community includes everything from the world-class Tasmanian Symphony Orchestra, to the internationally renowned Terrapin Puppet Theatre, to a thriving amateur musical theatre scene and cutting-edge underground acts and performance art.

LPA research confirms Tasmania's standing as a growing contender in the live performance industry. In 2018, Tasmania:

- recorded the highest year-on-year growth (67.1%) in national live performance attendance, with 0.7 million attendances;
- recorded the third-highest year-on-year growth in national live performance revenue (17.0%), earning \$19.0 million;
- recorded an increase of 484.5% in revenue and an increase of 342.1% in attendance for comedy; and
- recorded an increase of 253.2% in revenue and an increase of 97.8% in attendance for children's/family events.⁸

LPA research also shows that festivals (multi-category) and contemporary music are the top two categories in live performance revenue and attendance in Tasmania, welcoming over 600,000 patrons and contributing over \$12 million to the economy. Tasmania makes a valuable contribution to the national cultural landscape and delivers social and cultural benefit to locals and visitors alike.

3. THE IMPACT OF COVID-19 ON THE LIVE PERFORMANCE INDUSTRY

In the fortnight following the Prime Minister's first announcement on 13 March 2020 to ban public gatherings of more than 500 people, Australia's live performance industry was swiftly shut down. Government directives to close entertainment venues and restrict public gatherings to no more

⁷ Bureau of Communications and Arts Research (2019), *Creative skills for the future economy*

⁸ EY (2018), *Live performance industry in Australia, 2017 Ticket Attendance and Revenue report*, prepared for Live Performance Australia

than two people had an immediate and catastrophic impact on the industry. The repercussions of this are wide-ranging and include loss of revenue, industry capability and jobs; compromised community arts access; and reduced diversity of Australian works.

LPA has received feedback from its Tasmanian Members that lost revenue and job losses are widespread in both the subsidised and commercial sectors due to COVID-19. LPA estimates a six-month closure has resulted in the industry losing more than \$1 billion dollars in ticket revenue nationally. For every subsequent month of closure, nationally the industry will lose over \$180 million dollars per month in ticket revenue. Without the ability to operate at full capacity and generate revenue, the longer-term sustainability of most arts companies and commercial businesses remains in serious jeopardy.

Preliminary findings from *The Economic Cost of COVID-19 on Australia's Live Entertainment Industry* report prepared by EY quantify the total economic output of live entertainment in Australia, at an **estimated \$36.4 billion in total contribution in 2019**. EY estimates that COVID-19 has led to a fall of 65 percent in the economic output of the industry to \$12.8 billion in 2020 if restrictions remain in place until the end of year. This equates to \$23.6 billion in lost economic output. Likewise, the total value added by live entertainment is predicted to fall by 65 percent from \$16.6 billion in 2019 to \$5.9 billion in 2020, a fall of \$10.7 billion.⁹

A continued industry shutdown or density restrictions will further damage consumer confidence, cost thousands of jobs and force the closure of many performing arts and commercial companies and venues for good. The flow on impact of a decimated live arts and entertainment industry is being felt across many other industries that depend on our content to generate business activity, most obviously the hospitality, tourism, and transport sectors.

We are keen to collaborate with the Tasmanian Government on the reactivation of its cultural and creative industries. We understand the Premier's Economic and Social Recovery Advisory Council is committed to providing advice to the Tasmanian Government on strategies and initiatives to support the short to medium, and the longer-term recovery from the COVID-19 pandemic. Our submission offers ideas and initiatives for how the live performance industry can support these objectives in Tasmania.

4. PROPOSALS

4.1 Business Interruption

Capacity for risk is very low and, in reactivating the industry, the most significant challenge is business interruption. The industry understands the rationale for government restrictions, such as physical distancing restrictions, to curb the spread of COVID-19 within the community. However, these restrictions have a significant bearing on the lead-time and commercial viability to program and present events, which is exacerbated by the potential for venue and event closures or reimposition of restrictions to deal with further outbreaks of COVID-19.

The Western Australian Government announced a \$15 million '[Getting the Show back on the Road](#)'¹⁰ shared risk package in August 2020. The package includes venue hire waivers for local performing arts companies for free access to state government venues, and up to \$9 million to help

⁹ EY (2020), *The Economic Cost of COVID-19 on Australia's Live Entertainment Industry*, commissioned by the Live Entertainment Industry Forum

¹⁰ <https://www.dlgsc.wa.gov.au/funding/arts-funding/getting-the-show-back-on-the-road>

underwrite COVID-19 related financial risks for live music and performance. LPA notes that Western Australia is currently the only Australian jurisdiction that is providing funding of this nature.

The Austrian Government has recently acknowledged the risks of reactivating events by committing €300 million (approximately AU\$830 million) to cover costs if an event is cancelled due to new rules or reduction in capacity limits. While full details of the scheme are yet to be released, it is envisaged the scheme will cover costs such as hotel rooms, crew wages and event technology.

There is significant commercial risk involved with confidently restarting or scheduling new events. A Live Entertainment Business Interruption Fund (BIF), like the shared risk package in Western Australia, would increase industry confidence to reactivate live events. The BIF would do this by providing indemnification for costs if, due to COVID-19 related issues, a live event in Tasmania is cancelled, postponed or negatively affected by the re-introduction of government restrictions (i.e. venue capacity, border closures, or someone involved in the production, concert, festival or tour tests positive for COVID-19 leading to the event shutting down).

LPA has submitted a proposal to the Federal Office of the Arts for a \$100-\$500 million BIF (Attachment 1) that is currently under consideration. LPA has also compiled case studies on the financial impact on the live entertainment industry that can be provided on a commercial-in-confidence basis to the Tasmanian Government.

LPA proposes that the Tasmanian government consider, in partnership with the Commonwealth Government and industry, establishing a Live Entertainment Business Interruption Fund. All levels of the industry could contribute a percentage of cost exposure to a centralised fund – and governments should provide underwriting. The fund should be managed by an independent and auditable body and would be specifically designed to assist with the cost of business interruption caused by COVID-19. Alternatively, Tasmania could consider an initiative like that announced in WA.

Proposal 1: Establish a Live Entertainment Business Interruption Fund, in partnership with the Commonwealth Government and industry OR as a state-based fund similar to WA's scheme

4.2 Density Restrictions

Cultural and creative industries are currently experiencing a second wave of company restructures and job losses. Without the continuation of JobKeeper beyond 28 March 2021, there will be considerable further contraction across the industry, and targeted state and local government support is necessary to sustain Tasmania's cultural and creative industries.

LPA notes \$2.5 million of funding (over two years) recently announced in Tasmania's 2020-21 Budget for an Arts and Cultural Support Fund, which includes \$1 million for grants to support performers and artists, and \$1.5 million to support the arts and cultural sector to produce new work.

Our Tasmanian Members have indicated increased financial and resource strain across the sector in reactivating and creating, rehearsing, and staging live events. This is particularly evident in costs associated with venue rental and hire; induction of staff post-lockdown; and infrastructure and operating costs, such as COVIDSafe technology and business practices, WHS measures and tools, and site cleaning. There is understandably a reluctance to mitigate the impact of these costs by increasing ticket prices, which may act as a disincentive to consumer engagement.

Current venue density and format restrictions in Tasmania, where indoor venues are permitted one person per 2 square metres or 250 people per single undivided space, mean it is not viable to present events. For events to be financially feasible, live entertainment venues need to operate at full capacity, and LPA notes that indoor venues are purpose-built to specifically cater to large events and ensure crowd control. As a result of increased costs and current venue density and format restrictions, venues are nervous about low attendance, while producers, promoters, performers, and artists are reluctant to present at venues where there is a distinct risk of investing time and resources for little to no commercial gain.

LPA proposes that the Tasmanian Government reassess and revise venue density and format restrictions for purpose-built indoor venues as a matter of urgency.

LPA proposes the Tasmanian Government can provide further targeted investment through the Arts and Cultural Support Fund through measures such as:

- i) rental waivers or subsidies for presenting venues and producers to guarantee against loss in the short-term;*
- ii) 'funding the gap' between break-even and loss due to density restrictions;*
- iii) 'best practice' governance and business processes to ensure long-term viability;*
- iv) data analytics training to inform marketing and gain consumer insights*
- v) COVIDSafe technology solutions and business practices; and*
- vi) audience development, including support for COVID Safe communications and touring to regional venues.*

LPA notes that consultation with Tasmania's cultural and creative industries is required to provide greater clarity and lead-times and help determine key challenges and opportunities for industry survival.

Proposal 2: Reassess and revise venue density and format restrictions for purpose-built indoor venues as a matter of urgency

Proposal 3: Provide further targeted investment through the Arts and Cultural Support Fund with consideration to the measures proposed above

4.3 Community Engagement

Increased costs and venue density and format restrictions compromise valuable business opportunities to nurture local talent and re-engage with and expand audience reach, both of which are particularly crucial in the early stages of reactivation and in a depressed economy.

A Community Engagement Fund would support regional and outer metropolitan venues to capitalise on local audiences, assist in building resilience and bring patrons back to their venues. This could include funding or a subsidy for regional and outer metropolitan venues to support presenters (professional and amateur) to develop and/or restage work at local venues; marketing support to nimbly plan, program and communicate to a broader audience; and upgrading system

infrastructure to support the development and broadcast of digital content.

Access to active creative spaces is integral to the creative process and provides more opportunities for exposure and collaboration. As the industry reactivates, competition for performance spaces will also be fierce and established artists will have a significant competitive advantage over emerging and early career artists. Having the right infrastructure is important for emerging and early career artists to experiment and trial their work, gain performance experience and build new audiences post-COVID.

A bold aspiration would be to explore the integration of live performance, specifically live music, into non-conventional performance spaces such as bookstores, restaurants and cafes. This would not only offer emerging and early career artists an invaluable professional opportunity and guaranteed income, but also support the regeneration of local economies and transcend geographical and financial barriers to address community connection and psychosocial recovery. *LPA proposes that the Tasmanian Government establish a Community Engagement Fund to support regional and outer metropolitan venues to capitalise on local audiences and bring patrons back to their venues. Measures could include:*

- i) funding or a subsidy for regional and outer metropolitan venues to support presenters (professional and amateur) to develop and/or restage work at local venues;*
- ii) marketing support to nimbly plan, program and communicate to a broader audience, including about COVIDSafe practice; and*
- iii) upgrading system infrastructure to support the development and broadcast of digital content.*

LPA proposes the Tasmanian Government explore the integration of live performance, specifically live music, into non-conventional performance spaces. The intent is to stimulate commercial and communal activity and encourage cultural engagement, recognition and support in Tasmania.

Proposal 4: Establish a Community Engagement Fund to support regional and outer metropolitan venues to capitalise on local audiences and bring patrons back to their venues

Proposal 5: Explore the integration of live performance, specifically live music, into non-conventional performance spaces

4.4 Consumer confidence

A lack of consumer confidence coupled with weakened economic conditions, and loss in income and expenditure in the aftermath of the COVID-19 pandemic, presents a unique challenge to the financial viability of the live performance industry. Tasmanian Members have indicated that there is interest and demand among consumers to attend arts and culture events, but audiences remain cautious, and this level of caution will rise once borders are open to all Australian states and territories. Therefore, while there may be an initial surge for arts and entertainment product, the risk remains that there will be a flattening of demand that means that ticket sales may be uneven during the reactivation period.

The industry needs assurance that audiences will have access to disposable income and demonstrate a willingness to attend live events. 'See it Live' vouchers are one form of consumer

stimulus that would support Tasmanians to afford and attend live events. Consistent with Recommendation 38 – “*The State Government should build on the current intrastate and interstate marketing campaign by developing additional cost-effective practical initiatives to drive spending*” – this could be part of a Broader Cultural Tourism Strategy aimed at instilling confidence in consumers to attend live events, initially at the domestic level, and then later expanded to attract international visitors. Other innovative consumer stimulus promotions and initiatives should also be explored.

Voucher schemes are proven to be a successful means to build consumer confidence and stimulate spending. The New South Wales Government recently announced \$500 million for the Out & About program¹¹, providing residents with \$100 worth of digital vouchers for use at eateries and on arts and tourism attractions across New South Wales. Tourism Tasmania’s \$7.5 million *Make Yourself at Home* voucher incentive scheme was sold-out (21,500 vouchers) within an hour of opening. Tasmanians could register for a voucher that would enable them to claim back money spent on live events and live entertainment experiences. A ‘See it Live’ voucher, like the one announced in New South Wales, would increase consumer confidence to attend live events.

The reactivation of live events and positive consumer sentiment are crucial to Australia’s economic recovery from COVID-19. Reactivating live events will also increase confidence in other parts of the live entertainment eco-system and allied industries such as tourism, hospitality and transport.

LPA proposes that the Tasmanian Government fund ‘See It Live’ e-vouchers to incentivise Tasmanians to attend live events. This could be part of a broader Cultural Tourism Strategy aimed at instilling confidence in consumers to attend live events. Initially, it could focus on the domestic economy and later be expanded to international visitors as part of a broader international Cultural Tourism Strategy. Other consumer stimulus promotions and initiatives should also be explored.

Proposal 6: Fund ‘See it Live’ e-vouchers to incentivise Tasmanians to attend live events

5. CONCLUSION

We acknowledge the Tasmanian Government’s targeted investment in its creative industries in the 2020-21 Budget. Tasmania needs to have a bold vision for short, medium, and longer-term recovery from COVID-19 that capitalises on existing strengths. Tasmania also needs to take advantage of opportunities to encourage cultural engagement, recognition and support, improve the liveability of communities and adequately support all parts of the arts ecosystem to ensure that it can remain sustainable and flourish. Our Tasmanian Members stand ready to work with the Tasmanian Government on implementing strategies and initiatives to reactivate its cultural and creative industries.

¹¹ <https://www.budget.nsw.gov.au/system/files/budget-2020-11/PERROTTET%20-%20NSW%20launches%20out%20%26%20about%20voucher%20scheme%20to%20help%20local%20businesses%20recover%20from%20COVID-19.pdf>