

COVID-19 Response Inquiry

Submission from Live Performance Australia

1. ABOUT LIVE PERFORMANCE AUSTRALIA

LPA is the peak body for Australia's live arts and entertainment industry. Established over 100 years ago in 1917 and registered as an employers' organisation under the *Fair Work (Registered Organisations) Act 2009*, LPA has nearly 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. INTRODUCTION

LPA welcomes the opportunity to inform recommendations to improve Australia's preparedness for future pandemics. Our submission relates to the following focus areas in the Terms of Reference:

- **broader health supports** for people impacted by COVID-19 and/or lockdowns (mental health)
- **support for industry and businesses** (labour shortages and support for specific industries).

The live performance industry was among the first to be impacted by the introduction of public health restrictions. Commonwealth, state and territory governments ordered against holding non-essential, organised public gatherings of more than 500 people from Monday 16 March 2020. Over the following two years, public health orders and travel restrictions caused the cancellation of thousands of live performances and events, festivals and concert tours.

It is important that policy makers consider medium to longer-term consequences when imposing restrictions or lockdowns, particularly on the live performance industry. As many live performance companies operate across state borders, **nationally consistent government measures** (e.g. consistent definitions of essential workers, density rules) would reduce the administrative and compliance burden for organisations. In addition, early certainty of government's plans would help business reactivation plans. Unlike other businesses, live events cannot be put on stage as soon as business activity restrictions are lifted. There are lengthy lead times (typically 4-8 weeks for shows 'in market' and longer for shows that are planned but not yet on stage) to put on a performance. Productions may also need to adapt their practices to respond to public health advice. As such, businesses would benefit from advanced insight into government's plans for reactivation.

LPA's prior submission to the *Select Committee on the COVID-19 Pandemic* (June 2020) is provided in **Attachment 1**. This contains further details on the key issues, proposals and industry statistics presented by LPA to the Australian Government throughout the pandemic.

EY's assessment of COVID-19's impact on the industry (December 2020) is provided in **Attachment 2**.

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

Closures and cancellations led to sunk costs, lost revenue and job losses

The shutdown of events and venues led to **significant and unrecoverable sunk costs** for producers, promoters, artists and live performance venues. These include those relating to content development, programming, national and international touring, marketing and promotion, visa fees, deposits for artists and production services, security fees and ticketing.

Lost revenue was widespread in the independent, not-for-profit and commercial sectors. For the live performance industry, 6 months of closure equated to more than a \$1b loss in ticket revenue.¹ This decimated the financial reserves of many companies and continues to hinder their efforts to rebuild.

Job loss was significant across the industry. The Australian Bureau of Statistics reported that arts and recreation services businesses had the second-highest number of job losses, with a 19% decline in payroll jobs in the week ending 2 May 2020.² Although the JobKeeper program provided more than \$76 million to the creative and performing arts sector in April 2020, both **JobKeeper and JobSeeker** excluded much of the live performance workforce due to unique employment arrangements, including casuals and freelancers.

The industry is experiencing 'long-covid' impacts

In 2021, the Australian live performance industry generated total ticket sales revenue of almost \$0.7b, an increase of 12% from 2020. Approximately 10.9m tickets were issued, a 40.1% growth from 2020. However, these results are noticeably lower than pre-pandemic, with a 65% decrease in revenue and 54% decrease in attendance from 2019 to 2021.

Although some sectors of the industry have returned strongly, different audience segments and parts of the industry are recovering at differing speeds. They are also grappling with significant inflationary factors (operating costs are now 30-50% higher), employment costs, skills shortages and rising cost of living pressures for audiences. Many organisations remain financially vulnerable; government COVID-support programs have been discontinued, and organisations have run down their financial reserves due to not being able to generate income during the pandemic. It is important that companies rebuild their reserves to both weather future black swan events and continue to play their significant role as employers and content creators/producers.

Skill shortages and worker burnout are critical issues

Uncertainty and job losses during the pandemic have **exacerbated skill shortages**. Many professionals left the industry for better job security or have moved internationally to pursue opportunities. Prior to COVID-19, the industry consistently raised concerns over a shortage of technical workers (sound and lighting), particularly in regional areas. In 2022, LPA Member surveys confirmed that shortages had expanded to include crew (audio, visual, lighting, stage and set construction), production (company, stage and event management, wardrobe and design) and front of house roles in both metropolitan and regional areas. The latest [National Skills Priority List](#) confirms a national shortage of sound and lighting technicians.

The resulting worker burnout means that poor mental health presents the highest risk in workplaces today. 'Job stress and other work-related psychosocial hazards are emerging as the

¹ [LPA Ticket Attendance and Revenue Report 2019 and 2020 \(liveperformance.com.au\)](#)

² Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey Week Commencing 30 March 2020*, 7 April 2020

leading contributors to the burden of occupational disease and injury'.³ The costs of mental health are substantial, including lower economic participation and lost productivity.⁴

Compared to the general population, workers in the live arts and entertainment industry are 4x more likely to experience psychological distress, and 4.5x more likely to have suicidal thoughts, with 1/10 acting upon these thoughts.⁵ Despite this, mental health support is limited to a minority of workplaces. While many large companies offer their workers access to support programs such as an Employee Assistance Program, these resources do not exist for independent workers and workers at small to medium companies due to cost barriers.

LPA acknowledges the value of the Federal Government’s funding for [Support Act](#) services during the pandemic.⁶ Support Act offers crisis relief, mental health and wellbeing support to workers across the music industry. It is vital that the Government continue to invest in such services, including for live performance more broadly, to improve the wellbeing and future resilience of the industry.

4. KEY RECOMMENDATIONS TO IMPROVE AUSTRALIA’S PREPAREDNESS

IMPLEMENT NOW	
Industry-led traineeships	Many LPA Members are willing to employ trainees or provide practical training but are constrained financially from doing so. LPA urges the Government to fund 12-month industry-led traineeships that address skills and employment shortages and help rebuild Australia’s arts and entertainment industry (\$3.5m pa for 3 years, for 100 traineeships annually). It would be supported by a grants program for industry-led initiatives to attract, retrain and retain skilled workers (\$500,000 over 18 months).
Employee Assistance Program	Establish an industry-specific Employee Assistance Program (\$2-3m pa for 3 years) to allow arts and entertainment workers to access mental health and wellbeing support. This would complement Support Act but have broader reach.
Reserves Rebuild Fund	Establish a Reserves Rebuild Fund (\$25m over two years). The fund could be matched by state and territory governments to total \$50m and would enable companies to move quickly to sustainable financial settings.
IMPLEMENT IN FUTURE CRISIS EVENT	
JobSeeker Coverage	Extend JobSeeker Coverage. As noted, JobSeeker excluded much of the live performance workforce that were also ineligible for JobKeeper due to unique employment arrangements (casuals and freelancers). An Industry Advisory Group (below) could inform this work.
Reactivation and Recovery Grants Program	Establish a \$100m grants program to support business reactivation and recovery in the 18-months following a crisis event. Grants could be used to offset the production and operational costs, as well as the costs of freight, travel, marketing, insurance and staffing. Grants could be made available to live music businesses, commercial theatre producers, not-for-profit companies and service providers (such as specialist audio, visual and lighting production companies).
Industry Advisory Group	LPA recommends that a Live Arts and Entertainment Industry Advisory Group be established to provide expert advice to Government throughout any future pandemics / Black Swan events.

³ M Marmot, J Siegrist, and T Theorelle. (2008) "Health and the Psychological Environment at Work." In *Social Determinants of Health*, (Oxford: Oxford University Press), pp. 97–130.

⁴ <https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health-actions-findings.pdf>

⁵ <https://supportact.org.au/mental-health-survey/>

⁶ [The Australian government has announced \\$10 million in funding for Support Act \(mixdownmag.com.au\)](https://www.mixdownmag.com.au/news/the-australian-government-has-announced-10-million-in-funding-for-support-act)

ATTACHMENT 1

LPA SUBMISSION TO THE *SELECT COMMITTEE ON THE COVID-19 PANDEMIC*
(JUNE 2020)

5 June 2020

Committee Secretary
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

By email: covid.sen@aph.gov.au

Dear Committee,

Select Committee on COVID-19

Live Performance Australia (LPA) welcomes the opportunity to make a submission to the Select Committee on the Australian Government's response to the COVID-19 pandemic and its impact on the live performance industry.

ABOUT LPA

LPA is the peak body for Australia's \$4 billion live performance industry. Established more than 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 (e.g. 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.

LPA has a clear mandate to advocate for and support policy decisions that benefit the sustainability and growth of the live performance industry.

THE LIVE PERFORMANCE INDUSTRY IN AUSTRALIA

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.^{1,2}

The broader creative industries generate valuable economic activity and contributed \$111.7 billion, or a 6.4% share of Australia's GDP, to the national economy in 2016-17.³

¹ Ernst and Young (2019), *2018 Ticket Attendance and Revenue Report*, Report for Live Performance Australia, December 2019

² Stadiums Australia (2018), *Australian Sporting Attendances, 2018*

³ Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17* (Working Paper), October 2018

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.^{4,5}

Our industry comprises a diverse range of art forms including ballet, cabaret, circus/physical theatre, classical music, comedy, contemporary music, dance, festivals, musical theatre, opera, and theatre.

The industry 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. An infographic outlining the value of the cultural and creative industries in Australia is attached at Appendix 1.

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

The shutdown of events and venues has already cost the jobs of tens of thousands of performers, artists, creatives, technical and production crew in the industry and \$500 million in lost income. The longer-term sustainability of most arts companies and commercial businesses is now in serious jeopardy.

The live performance industry requires more tailored support which reflects its unique structure and operation. This is urgently required to prevent a complete and permanent industry shutdown, costing thousands of jobs and forcing the closure of performing arts and commercial companies and venues for good. The flow on impact of a decimated live arts and entertainment industry will be felt across many other industries that depend on our content to generate business activity, most obviously hospitality, tourism, and transport sectors.

Sunk costs (unrecoverable)

Hundreds of arts and entertainment companies and venues were forced to immediately cease operations in mid-late March, and either reschedule or cancel programmed shows, festivals, and events for the remainder of 2020. The associated sunk costs are significant for producers,

⁴ Bureau of Communications and Arts Research (2018), *Cultural and creative activity in Australia 2008-09 to 2016-17* (Working Paper), October 2018

⁵ Queensland University of Technology (2018), *The Creative Economy in Australia: Cultural production, creative services and income – Fact sheet*, March 2018

promoters, artists, and live performance venues. These costs are not recoverable.

The production and staging of shows, festivals and events is intensive and reliant on multiple, functioning components. Costs are considerable and supplier and artist contracts are often finalised and paid for months in advance of an event. Sunk costs include those related to content development, programming, national and international touring, marketing and promotion, visa fees, payment of deposits for artists and production services, security fees, and ticketing.

Producers have already lost millions of dollars in income and the industry pipeline has been severely disrupted. Loss of box office revenue, coupled with the burden of sunk costs, presents a genuine and ongoing threat to the survival of many individuals and businesses in the live performance industry. Given this scenario, there are significant challenges in accessing capital and reactivating, and producers are risk-averse going forward, particularly given the potential risk of a second wave of COVID-19.

Lost revenue

LPA has received consistent feedback from its Members that lost revenue and job losses are widespread in the subsidised and commercial sectors due to COVID-19. A six-month closure will see our industry lose more than \$1 billion dollars in ticket revenue. For every subsequent month of closure, the industry will lose over \$180 million dollars per month in ticket revenue.

The situation will worsen the longer restrictions are in place and have a profound impact on Australia's live performance industry and adjacent sectors, including tourism and hospitality. According to the Australian Bureau of Statistics, 67% of arts and recreations services businesses reported that trading restrictions are expected to impact them to a great extent over the next two months.⁶

Individuals and businesses in the live performance industry fundamentally rely on box office income for cashflow. Venue closures, border closures and the rescheduling and cancellation of shows, festivals and events has resulted in over a billion dollars in lost revenue and decimated the financial reserves of many companies. Indeed, many companies do not have the financial reserves to sustain operations for the remainder of this year. This presents an additional barrier for individuals and businesses in the live performance industry to access capital, reactivate and rebuild once government restrictions are lifted.

Digital content can develop valuable industry expertise and support exposure, as well as build and maintain audience engagement, however, digital delivery does not ensure sufficient financial liquidity for Australia's live performance industry. While companies and artists are presenting product and performances online, they are mostly unpaid and there are challenges in monetising digital content.

⁶ Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey May 2020*, 28 May 2020

Job losses

According to the Australian Bureau of Statistics, arts and recreation services businesses have recorded the second-highest number of job losses after accommodation and food services with a 19 per cent decline in payroll jobs in the week ending 2 May 2020.⁷ This decline in employment is not surprising given 53% of arts and recreation services businesses have closed their doors, more than any other sector.⁸

Data collected through [I Lost My Gig Australia](#), which has been surveying those who work in live performance, shows that more than 12,000 respondents have reported income loss of almost \$340 million since March 2020, impacting almost 660,000 industry participants.⁹

I Lost my Gig Australia has also surveyed 1430 people about the effectiveness of government assistance and respondents' status since first registering losses in March 2020. Key findings include:

- **96%** of sole traders and small businesses expect financial losses beyond September
- **55%** of respondents say they will require additional financial assistance beyond September with **39%** saying it's too soon to tell
- **59%** of people who applied for JobSeeker were successful
- **30%** of people who applied for JobKeeper were successful, with **57%** unsure of their outcome at the time of surveying.¹⁰

The tenuous financial position of the live performance industry in Australia has had an adverse impact on its workers. Again, the situation will worsen the longer restrictions are in place and, without certainty as to when venues can reopen to full capacity, limit the ability of companies to retain or rehire workers.

Consumer sentiment

Feedback from LPA Members reflects considerable concern that Australian consumers may lack confidence in purchasing tickets and may not feel safe unless some physical distancing and hygiene measures are in place.

The Patternmakers and Wolf Brown research (COVID-19 Audience Outlook Monitor), which collected data from 23,000 respondents across Australia in early-mid May 2020, reinforces this sentiment. The COVID-19 Audience Outlook Monitor shows that 96% of those surveyed will take venue safety measures into account when deciding whether to attend an arts or cultural event.¹¹ Only 7% of those surveyed would feel 'very comfortable' at venues with a capacity of 1000+ and only 14% were actively making plans to attend live shows or performances in the future.¹²

⁷ Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey Week Commencing 30 March 2020*, 7 April 2020

⁸ Australian Bureau of Statistics (2020), *Business Impacts of COVID-19 Survey April 2020*, 4 May 2020

⁹ I Lost My Gig Australia (2020), *2nd Survey Reveals Extension of Financial Assistance Needed*, 20 May 2020

¹⁰ *ibid.*

¹¹ Patternmakers and WolfBrown (2020), *COVID-19 Audience Outlook Monitor – Australia Snapshot Report*, May 2020

¹² Patternmakers and WolfBrown (2020), *COVID-19 Audience Outlook Monitor – Australia Snapshot Report*, May 2020

A lack of consumer confidence, coupled with weakened economic conditions and expenditure in the aftermath of the COVID-19 pandemic, presents a unique challenge to the financial viability of Australia's live performance industry. It is possible that consumer confidence will improve once restrictions are eased and the economy improves, as overwhelmingly, audiences plan to return to arts and culture events in the future.

AUSTRALIAN GOVERNMENT RESPONSE

The live performance industry will be one of the last industries to re-emerge when government restrictions are lifted. At the onset of the COVID-19 pandemic, LPA wrote to the Prime Minister and Treasurer seeking support for an immediate targeted emergency package, to ensure the survival of Australia's live performance industry. LPA has continued to advocate to the Federal Government and put forward a comprehensive emergency funding package that outlines the key strategic investments and support that will be required for our industry to reactivate and rebuild over the next two years.

To date, the Federal Government's response to the needs of individuals and businesses in the live performance industry has been disappointing. On 9 April 2020, the Federal Government announced \$27 million of funding for the arts sector:

- \$10 million to help regional artists and organisations develop new work and explore new delivery models. The funding will be delivered through Regional Arts Australia's Regional Arts Fund
- \$7 million to support Indigenous artists and arts centres. The funding will be delivered under the Indigenous Visual Arts Industry Support program
- \$10 million to Support Act to provide mental health services.

The Federal Government's JobKeeper Program has benefited the live performance industry, and it is estimated the JobKeeper Program provided more than \$76 million in payments to the creative and performing arts sector in April 2020. However, the JobKeeper Program has excluded too many people who work in the industry due to the unique nature of their employment arrangements. These include casuals, freelancers, workers employed on short-term contracts or workers employed by cultural organisations (arts centres and regional venues) affiliated with local or state governments. These people are among the most vulnerable workforce in Australia, particularly given the complete shutdown of the industry and lack of certainty about when it can resume operations and run at full capacity.

Live Performance Australia welcomes the JobKeeper Payment, which has been a lifeline for many companies in both the commercial and subsidised sectors. The additional funding provided to Support Act offers vital crisis support, noting that Support Act continues to experience unprecedented demand. However, Australia's live performance industry requires targeted and strategic investment by the Federal Government to rebuild and recover.

LIVE PERFORMANCE INDUSTRY - \$345 MILLION REBUILD AND RECOVERY PACKAGE

The live performance industry will be an important driver of economic activity, jobs, and cultural tourism recovery. LPA has proposed the Federal Government provide funding for an immediate and targeted \$345 million industry package to support the hundreds of performing arts and production companies and tens of thousands of people in the live performance industry who have been impacted by COVID-19. The \$345 million industry package is attached at Appendix 2.

Workers

There is no guarantee as to when companies can resume operations and when venues can reopen to full capacity. Our industry will reopen gradually as venues reopen and productions are developed and delivered over a six-twelve month period. We believe this justifies targeted support for workers in the live performance industry who have been significantly affected by the COVID-19 pandemic.

LPA is urging the Federal Government to:

- **Extend JobKeeper for an additional 6 months (October 2020 – March 2021)** for those businesses that continue to be impacted by COVID-19 during the reactivation phase. With continued loss of earnings potential (i.e. no box office income, no income from contracts), live performance businesses will face challenges retaining core staff
- **Guarantee a 6 month phase out period for JobKeeper (April – September 2021)** once venues are open and as productions/events reactivate, allowing the industry to move to increased operational capacity
- **Extend JobSeeker for an additional 6 months** for those (e.g. freelancers, casuals) who can demonstrate they are unemployed because of loss of industry work due to COVID-19. The number and types of productions that will be able to return as restrictions ease will be limited. And therefore, employment opportunities will be limited.

Investment

Many individuals and businesses have had to take on significant debt to survive in 2020 and, without clarity from government, continue to face an uncertain business future. To be a part of the economic recovery, the live performance industry requires targeted investment to enable reactivation. The biggest challenge to the industry in order to reactivate is access to capital.

LPA is urging the Federal Government to:

- **Establish a \$90 million Business Reactivation Fund from July 2020 – December 2021** to enable businesses to create jobs and to:
 - **(\$50 million)** invest capital to restart and market productions and tours (theatre producers, promoters, music and multi-art form festivals)
 - **(\$10 million)** ensure supply chain viability through service providers (e.g. crewing companies and production houses)
 - **(\$10 million)** ensure COVID safe compliance (e.g. staff training, WHS measures and tools, hand sanitising stations, infrastructure adjustments, etc.)
 - **(\$20 million)** Australian Music Recovery Fund to catalyse Australian music nationally

and ensure sustainability of venues and music businesses

- **Establish a \$25 million Community Engagement Fund from October 2020 – June 2021** to support presenters and regional and outer metropolitan venues to engage local communities and bring patrons back to their venues. Funding will assist regional touring, development and/or restaging work, marketing support and a guarantee against loss for key tours
- **Extend tax incentives from 1 July 2021 to:**
 - pre-production costs for live productions (commercial theatre and subsidised companies). An explanation of the tax incentives model for live productions and benefits of investment incentives is attached at Appendix 3
 - live music venues. This incentive would be a combination of a cash offset for new live music venues and offset against expenses for existing live music venues
- **Establish an Arts and Entertainment Loan Scheme for 2 years** that provides low interest loans to enable co-investment in commercial product (e.g. musicals, theatre, music festivals) and provide service providers access to loans or lines of credit for infrastructure and operating costs
- **Waive subclass 408 (entertainment activities) visa fees for 24 months** after international travel bans are lifted (**\$5 million**)
- **Establish a \$50 million Events Contingency Reserve** to provide emergency support funding if venues are closed and productions/festivals are cancelled/postponed due to another outbreak of COVID-19

Innovation

The live performance industry in Australia is renowned for its world-class shows, festivals, and events. To maintain its standing as it emerges from the COVID-19 pandemic, the industry requires additional support to strengthen capability to develop high-quality digital content, build audience engagement, and showcase creative talent.

LPA is urging the Federal Government to:

- **Finance a \$20 million Digital Innovation Fund over 2 years** to support creation of digital content, drive new business opportunities (marketing, education programs linked to school curricula), extend audience reach (e.g. education programs, regional, people with disability), and support a First Nations digital platform
- **Provide \$10 million in funding for technology innovation over 6 months** to enable companies to develop and implement new COVIDSafe technology solutions and business practices (e.g. reconfiguring ticketing systems)

The Australia Council for the Arts

The Australia Council for the Arts (Australia Council) is the principal agency through which the Federal Government funds and supports arts and cultural activity in Australia. In recent years, funding to the Australia Council has been significantly reduced, and therefore limited its capacity to

support creativity and sector development. The reduction of funding has also severely impacted the ability of the Australia Council to deliver its Strategic Plan.

LPA is urging the Federal Government to provide additional funding to the Australia Council to:

- **Establish a \$20 million business stabilisation and recovery grant** that provides capital grants for business continuity and recovery
- **Establish a \$30 million reserves incentive scheme** that comprises matched funding to support rebuilding and future resilience of major performing arts companies
- **Extend the Resilience Fund** for companies and artists to create work and jobs (**\$10 million**)
- **Establish a \$10 million Sector Development Fund** for content creation, audience development and capacity building

Consumers

Consumer confidence is critical to the survival of the live performance industry. Australia is now in a recession and the next two years will be challenging for many households. The industry needs assurance that audiences will have access to disposable income and demonstrate a willingness to engage with the live performance industry. Insufficient consumer demand will only further threaten the financial viability of the live performance industry.

LPA is urging the Federal Government to:

- **Launch a \$15 million national marketing campaign** to give consumers confidence to attend live events as part of broader Cultural Tourism Strategy
- **Fund ‘See It Live’ e-vouchers from September 2020 – June 2021** to stimulate Australians to attend live events (**\$55 million**)
- **Fund ‘See It Live’ international travel incentive program from January 2021 – June 2022** to provide entertainment vouchers to attract international visitors to attend live events in Australia (**\$5 million**)

In addition, LPA support calls from our First Nations people for a self-determined approach to COVID-19. It is important First Nations people are empowered to use their cultural knowledge and build on their unique strengths to find the right solutions that work for their communities.

SUMMARY

Our industry is a significant economic and social contributor and a direct driver of economic activity, jobs, and cultural tourism. We have presented a targeted package to Federal Government to ensure our industry can rebuild beyond the COVID-19 pandemic and play an important part in our nation’s economic and social recovery.

LPA’s objective is to ensure that Australia’s live performance industry survives the COVID-19 pandemic and is in the strongest position to reactivate and rebuild as we move through the crisis phase. This is an economic, social, and cultural emergency that demands strategic investment

commensurate with the value that our industry delivers. The Federal Government needs to recognise and harness the capacity of the live performance industry to stimulate the economy, create jobs, and strengthen the social and cultural vibrancy of Australia. Arts and entertainment are part of our cultural DNA; our industry is always at the frontline supporting the country through difficult times, most notably during the recent bushfires. We stand ready to play our part in Australia's economic and social recovery.

We urge the Select Committee to give consideration to our proposals that will enable our industry to recover from the devastation wrought by COVID-19, and ensure that all Australians who work in and engage with the live performance industry are included in the COVID-19 Government response.

Thank you for the opportunity to present this submission for consideration. Should the Select Committee have any queries regarding our submission, or would like to discuss these issues further, please do not hesitate to contact us at any time.

Yours sincerely,



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\$111.7 billion

Overall contribution of the creative and cultural industries to Australia's GDP in 2016-17



\$85.7 billion

Gross value add from cultural and creative industries in 2016-17



Almost 600,000

People working in the creative economy in 2016



\$4.1 billion

Performing arts industry contribution to Australia's GDP in 2016-17



\$1.8 billion

Gross value add from performing arts industry in 2016-17



\$2.2 billion

Ticket sales revenue generated by the live performance industry in 2018



Approximately 1%

Proportion of public funds committed to arts and culture across all levels of government in 2017-18



\$608 million

Estimated total private sector support (cash, in-kind, donations, sponsorships, bequests, fundraising events) for the arts in Australia in 2017

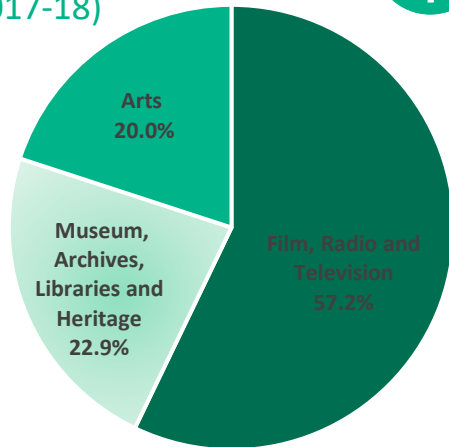


9.5%

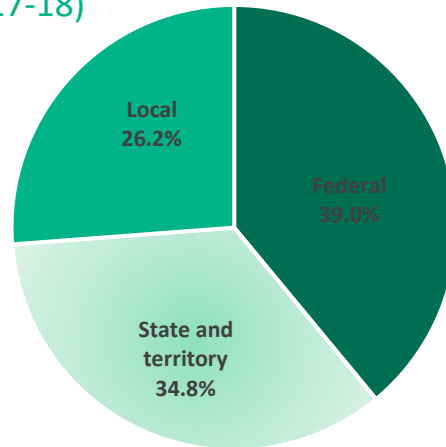
Workers employed in Australia who hold a 'creative' qualification as their highest level of qualification in 2016



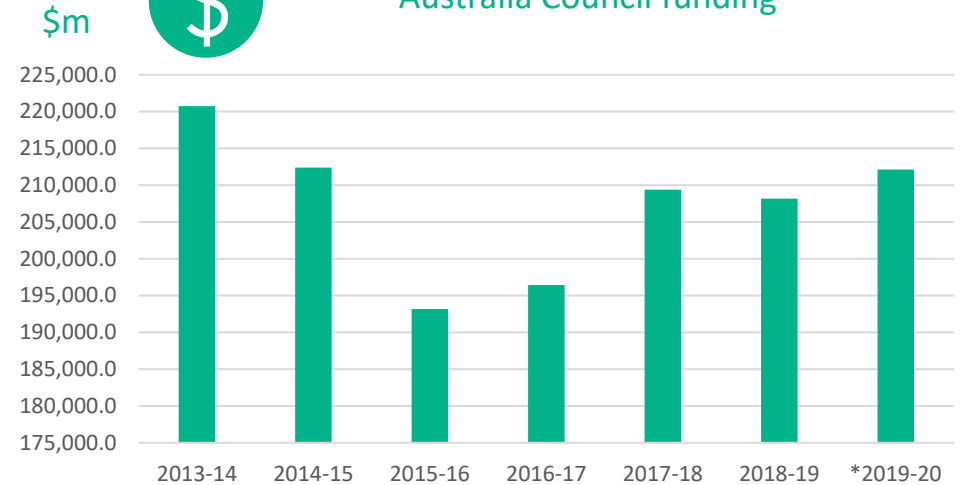
Federal government expenditure on culture (2017-18)



Proportion of cultural funding by different levels of government (2017-18)



Australia Council funding



THE CREATIVE AND CULTURAL INDUSTRIES IN AUSTRALIA

Australians are engaged in arts and entertainment



98%

Australians engage with the arts in some way



8 in 10

Australians engage with the arts online



82%

Proportion of Australians (15 years +) that attend at least one cultural venue or event each year



54%

Proportion of Australians (15 years +) that attend music events



53%

Proportion of Australians (15 years +) that attend dance/theatre events



26.2 million

People attended live performance events in Australia in 2018

That's almost double the amount that attend at least one sporting event each year (43%)

That's more than the combined attendances at AFL, NRL, Cricket, Soccer, Basketball, Rugby Union, Tennis, Netball and Baseball in 2018



First Nations arts and entertainment

44,700

First Nations people (or 1 in 10) performed Indigenous music, dance or theatre

7,300

First Nations people earned income from arranging or participating in cultural dances or performances

7 million

Australians experienced First Nations arts in 2016

Participation has grown over time from 24% in 2013 to 35% in 2016



Domestic cultural tourism

13.4 million

Overnight trips within Australia that included an 'arts' activity in 2018

\$14.3 million

Overnight domestic arts tourist spend within Australia in 2018



International cultural tourism

\$17 billion

International arts tourist spend in Australia in 2017

55%

Increase in international arts tourist spend in Australia between 2013-2017

3.5 million

International visitors engaged with the arts while in Australia in 2017

1.04 million

International tourists who attended festivals, fairs and cultural events in Australia in 2017

More international tourists engage with the arts than visit wineries or casinos, or attend organised sports events

COVID-19: Live Performance Industry Rebuild & Recovery Package



APPENDIX 2

**Total package
\$345m**



*Investment in arts and entertainment industry
=
Direct driver of economic activity, jobs and
cultural tourism recovery*

What's needed to restart and rebuild ...

Workers

- **Extend JobKeeper for an additional 6 months** (Oct 2020 – Mar 2021) – for those businesses that continue to be impacted by COVID-19 during reactivation phase
- **Guarantee a 6 month phase out period for JobKeeper** (Apr – Sept 2021) once venues are open and as productions/events reactivate, allowing the industry to move to increased operational capacity
- **Extend JobSeeker for an additional 6 months** – for those (e.g. freelancers, casuals) who can demonstrate they are unemployed because of loss of industry work due to COVID-19

Investment (\$170m)

- **Business Reactivation Fund (\$90m)** (July 2020 – Dec 2021) – to enable businesses to create jobs and to:
 - (\$50m) invest capital to restart and market productions and tours (theatre producers, music and multi-art form festivals, promoters)
 - (\$10m) ensure supply chain viability through service providers (e.g. crewing companies and production houses)
 - (\$10m) ensure COVID safe compliance (e.g. staff training, WHS measures and tools, hand sanitising stations, etc)
 - (\$20m) Australian Music Recovery Fund to catalyse Australian music nationally and ensure sustainability of venues and music businesses
- **Community Engagement Fund (\$25m)** (Oct 2020 – June 2021) – support regional venues to engage local communities and bring patrons back to their venues – including development and/or restaging work, marketing support and a guarantee against loss for key tours
- **Tax incentives** (from 1 July 2021) – extend tax incentives to pre-production costs for live productions (commercial theatre and subsidised companies) and live music venues
- **Arts and Entertainment Loan Scheme (2 years)** – Low interest loans to enable co-investment in commercial product (e.g. musicals, theatre, music festivals, service providers)
- **Waive subclass 408 (entertainment activities) visa fees (\$5m) for 24 months** after international travel bans are lifted
- **Events Contingency Reserve (\$50m)** – emergency support funding if venues are closed and productions/festivals are cancelled/postponed due to another outbreak of COVID-19

Innovation (\$30m)

- **Digital Innovation Fund (\$20m)** (2 years) – funding to support creation of digital content, drive new business opportunities (marketing, education programs linked to school curricula) and extend audience reach (e.g. education programs, regional, people with disability, etc); First Nations digital platform
- **Technology Innovation Fund (\$10m)** (6 months) – to enable companies to develop and implement new COVIDSafe technology solutions and business practices (e.g. reconfiguring ticketing systems)

Australia Council (\$70m)

- **Business stabilisation and recovery grant (\$20m)** – capital grants for business continuity and recovery
- **Reserves incentive scheme (\$30m)** – matched funding; support rebuilding and future resilience of major performing arts companies
- **Extend Resilience Fund (\$10m)** – for small to medium companies, groups and individual artists to create work and jobs
- **Sector Development Fund (\$10m)** – for content creation, audience development, capacity building

Consumers (\$75m)

- **Marketing campaign (\$15m)** – launch a national marketing campaign to give consumers confidence to attend live events; part of broader Cultural Tourism Strategy
- **'See It Live' e-voucher (\$55m)** (Sept 2020 – June 2021) – e-vouchers to stimulate Australians to attend live events
- **'See it Live' international travel incentive program (\$5m)** (Jan 2021 – June 2022) – entertainment vouchers to attract international visitors to attend live events in Australia

INVESTMENT SUPPORT FOR THE LIVE PERFORMANCE INDUSTRY: Tax incentive proposal

Rationale

The live performance industry contributes over \$2.5 billion annually to the Australian economy. It employs over 34,000 people nationally, supports more than 500 performing arts companies around Australia plus hundreds of venues, producers and music promoters. It also attracts more than 18 million people to shows in capital cities, regional centres and country towns. However, it is becoming increasingly more difficult for Australian producers to stage new productions due to the high costs of pre-production and difficulties in attracting the required level of investment.

Australian producers are now competing for investors in international jurisdictions that offer significant tax incentives (e.g. UK and USA). Within Australia, live performance producers compete against other industries, notably film and TV, where a 40% producer tax offset for film and 20% tax offset for tv production exists. These tax incentives allow producers to offset pre-production costs on qualifying expenditure. There is an urgent need for live performance producers to access tax incentives to attract the level of investment required to produce and stage world-class shows, support more jobs and drive industry growth.

Benefits of investment incentives



Economic impact of investment incentives

Investment incentives will stimulate economic activity. The level of economic activity generated increases as the level of investment incentive increases.



Incremental to base case	10% tax incentive	25% tax incentive	40% tax incentive
New productions	22	347	555
Industry output (industry turnover)	\$229.5m	\$760.6m	\$1,216.9m
Industry value add (wealth generation)	\$100.1m	\$337.2m	\$540.1m
Employment (FTE)	863	2,906	4,650

Source: EY (2016), Investment support for the live performance industry, Report for Live Performance Australia, August 2016

Government return on investment – cost neutral

There is a small net positive return on investment to government by providing investment incentives on pre-production costs for live productions.

	10% tax incentive	25% tax incentive	40% tax incentive
Investment incentive outlay by government (Incentives provided to producers)	\$37.7m	\$94.3m	\$150.9m
Additional tax revenue received by government	\$28.5m	\$95.9m	\$153.4m
Net (cost)/revenue to government	(\$9.3m)	\$1.6m	\$2.5m

Source: EY (2016), Investment support for the live performance industry, Report for Live Performance Australia, August 2016

Tax incentive schemes



UK Theatre Tax Relief

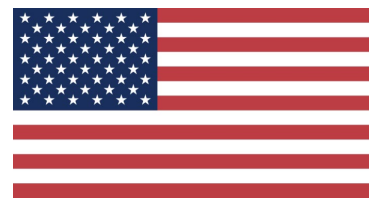
20%

Tax relief for non-touring productions

25%

Tax relief for touring productions

- Following the economic and cultural success of creative sector tax relief in the UK, particularly in film, TV and video games, the Theatre Tax Relief (TTR) scheme was introduced as part of the Finance Act 2014 ("Act") and came into effect on 1 September 2014.
- The TTR is intended to encourage and support investment in the production and touring of UK live dramatic works (including plays, operas, musicals, ballets and circus), with the objective of maintaining the sustainability of live performance in the UK.
- This model provides a clear policy precedent for the extension of tax-based incentives into the live performance industry.
- The TTR entitles production companies to claim 20% of its total qualifying pre-production costs for non-touring productions, and 25% for touring productions.
- Both commercial and publicly-funded (subsidised) productions are eligible and can benefit from the scheme, as trading subsidiary arrangements effectively enable not-for-profit organisations to access the scheme.
- Return on costs can be re-invested into new works, or passed on to investors.
- Almost 8,000 live productions have benefited from the TTR scheme since its introduction, saving a total of £208 million so far to June 2019.



USA Tax Relief for live theatrical productions

100%

Federal deduction for investment

20 – 35%

State based tax relief

- The UK Government is not the only country to have recognised the need to remain globally competitive. The US has a legacy of state-based tax incentives for theatrical productions. These apply in Illinois, Louisiana, New York State (not including New York City), and Rhode Island.
- The provisions range from 20% - 35% tax credits for qualifying expenditure by production companies.
- The common purpose of these incentives is primarily to increase jobs and economic outputs by increasing the State's competitive position for incentivising theatrical producers to bring productions to their state.
- In December 2015, the US government passed federal legislation that establishes equal tax treatment for live theatrical productions as is provided for film and TV.
- It allows a 100% deduction for investment in live performance by the investor from their income in the year of the investment.
- The legislation allows investors to immediately recoup their investments prior to taxes being assessed on profits earned. This is intended to deepen the pool of interested investors in commercial theatrical productions.



Film and TV Producer Offset

40%

Tax relief for feature films

20%

Tax relief for non-feature films
(TV, mini-series, documentaries)

- In 2007 the Producer Offset was introduced as part of the Australian Screen Production Incentive (ASPI), a package of measures to boost support for the Australian film and television industry.
- It provides a refundable tax offset (rebate) for producers of Australian feature films, television and other projects.
- Feature films are eligible for a 40% rebate of qualifying expenditure, and other programs such as TV, mini-series and documentaries are eligible for a 20% rebate.
- Screen Australia conducted a review of the Producer Offset in 2017, ten years after it was introduced. The report found that the Producer Offset "unquestionably" provided critical financial support for addressing the challenges of raising revenue to meet production budgets.
- Additionally, the report found that the Producer Offset improved the equity share retained by producers in their film and television projects.
- Improved equity share has allowed producers enhanced leverage to attract private investment from new and existing sources. This directly supports producers building sustainable production businesses.

ATTACHMENT 2

EY: *THE ECONOMIC CONTRIBUTION OF AUSTRALIA'S LIVE ENTERTAINMENT INDUSTRY* (DECEMBER 2020)



The economic contribution of Australia's Live Entertainment Industry

How has COVID-19 impacted the industry?

December 2020



EY

Building a better
working world

RELEASE NOTICE

Ernst & Young was engaged on the instructions of the Live Entertainment Industry Forum ("Client") to estimate the economic contribution of Australia's live entertainment industry, in accordance with the terms of our engagement agreement.

The results of Ernst & Young's work, including the assumptions and qualifications made in preparing the report, are set out in Ernst & Young's report dated 16 December 2020 ("Report"). The Report should be read in its entirety including this notice, the transmittal letter, the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report.

Our work commenced on 01 September 2020 and was completed on 11 November 2020. Therefore, our Report does not take account events or circumstances arising after 11 November 2020. No further work has been undertaken by EY since 11 November 2020 to update it. Therefore, our Report does not take account of events or circumstances arising after 11 November 2020 and we have no responsibility to update the Report for such events or circumstances.

Ernst & Young has prepared the Report for the benefit of the Client and has considered only the interests of the Client. Ernst & Young has not been engaged to act, and has not acted, as advisor to any other party. Accordingly, Ernst & Young makes no representations as to the appropriateness, accuracy or completeness of the Report for any other party's purposes.

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In preparing this Report we have considered and relied upon information from a range of sources believed to be reliable and accurate. We have not been notified that any information supplied to us, or obtained from public sources, was false or that any material information has been withheld from us. Neither Ernst & Young nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of errors in this Report arising from incorrect or incomplete information provided by the Industry Survey or other information sources used.

We do not imply and it should not be construed that we have verified any of the information provided to us, or that our enquiries could have identified any matter that a more extensive examination might disclose.

Our conclusions are based, in part, on the assumptions stated and on information provided by the Client and other information sources used during the course of the engagement. The modelled outcomes are contingent on the collection of assumptions as agreed with the Client and no consideration of the collection of assumptions as agreed with the Client and no consideration of other market events, announcements or other changing circumstances are reflected in this Report.

We highlight that our analysis and Report do not constitute investment advice or a recommendation to you on a future course of action.



Matt Colston

Associate Partner

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Mr James Sutherland
Chair - Live Entertainment Industry Forum
info@leif.net.au

The economic contribution of Australia's Live Entertainment Industry

Dear James

We are pleased to present the Live Entertainment Industry Forum with our Final Report ("Report"), 'the economic contribution of Australia's Live Entertainment Industry', in relation to the procedures set out in our engagement agreement.

This Report may be relied upon by Live Entertainment Industry Forum only for the purpose of understanding the economic contribution of Australia's Live Entertainment Industry in 2019 and the estimated impact of COVID-19 on the Australian Live Entertainment Industry in 2020. It should not be relied upon for any other purpose or by any other parties.

Thank you to you and your team for assisting us during the delivery of our work. If you would like to clarify any aspect of this study or discuss other related matters then please do not hesitate to contact me on 0402 093 800.

Yours sincerely

Matt Colston
Associate Partner

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Executive Summary	5
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Economic contribution of the Live Entertainment Industry in Australia	21
Impact of COVID-19 on the industry	24
Live Entertainment Industry Support	29
Economic Outlook	31

About this report

The economic contribution of Australia's Live Entertainment Industry

EY was commissioned by the Live Entertainment Industry Forum to assess the economic contribution of the Live Entertainment Industry on Australia's economy and estimate the impact of COVID-19 on the industry.



Matt Colston
Associate Partner
EY - Sports, Events and
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1. Executive summary

The Live Entertainment Industry contributed an estimated \$36.5bn to Australia's economy in 2019. It is estimated that this contribution will fall by approximately 64% to \$12.8bn in 2020 as a result of COVID-19 restrictions.

The Live Entertainment Industry in Australia is defined as live entertainment events in the four key sectors of live performance; venue based live music; major event and major professional sports.

In 2019, the Live Entertainment Industry contributed an estimated \$36.5 billion to Australia's economy in direct and indirect output and supported an estimated 122,647 Full Time Equivalent (FTE) jobs. The industry also contributed an estimated \$16.7 billion in direct and indirect value add.¹

From March 2020, COVID-19 restrictions such as bans on mass gatherings, venue closures and patron limits caused significant disruption to the Live Entertainment Industry across Australia. A significant number of

major sporting events, concerts, music festivals and performances ranging from local acts to major international stadium concerts were cancelled or postponed. Unlike other industries, such as retail, the value created by the Live Entertainment Industry cannot easily be replicated online or through a socially-distanced setting.

In 2020, the economic contribution of the industry is estimated to constrict by approximately \$23.7bn (or 65%) due to COVID-19. Full Time Equivalent (FTE) jobs are projected to fall by over 79,500 and industry value added to reduce by \$10.8bn.²

	Value of the Live Entertainment Industry in 2019	Estimated value of the Live Entertainment Industry in 2020	Estimated Reduction 2019 to 2020
Economic Output	\$36.5bn	\$12.8bn	- \$23.7bn
Value Add	\$16.7bn	\$5.8bn	- \$10.8bn
Jobs (FTE)	122,647 jobs	43,129 jobs	- 79,519 jobs



¹ Findings as per this study

² Findings as per this study

1. Executive summary

Deeper dive – the impact on live music shows and events

To further demonstrate the impact of COVID-19 on the Live Entertainment Industry, LEIF requested a deeper dive into the impact on live music shows and events (a key sub-sector of the industry). Live music shows and events include:

- ▶ Live Performance: contemporary music and contemporary music festivals
- ▶ Venue Based Live Music: all venue based live music events

Extracting live music shows and events from our analysis found that these events represented an estimated 34% of the Live Entertainment Industry total economic output in 2019, contributing approximately **\$12.5bn** to the

Australian economy. Total jobs across the sector was estimated at approximately 42,066 in 2019, with total industry value add estimated at \$5.7bn.

Impact of COVID-19

The analysis found that the total economic output from live music shows and events is estimated to fall by \$10.8bn from 2019 to the end of 2020. Total jobs that could be lost is estimated at 36,194 by the end of 2020, with industry value add estimated to fall by \$4.9bn over the same period.

Estimated impact of COVID-19 on live music shows and events in 2020 (compared to 2019)

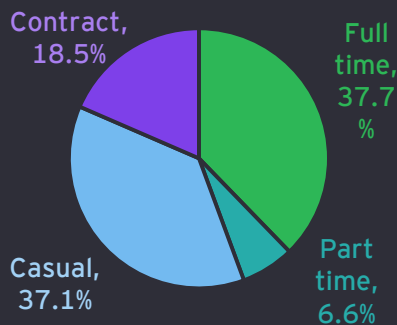
\$10.8bn fall in Economic Contribution	\$4.9bn fall in Value Add	86% fall from 2019
Over 36,194 total jobs lost	19,002 direct jobs lost and ...	17,191 indirect jobs lost

1. Executive summary

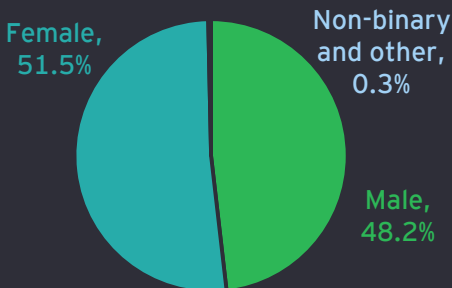
Industry workforce¹

The Live Entertainment Industry workforce is characterised by a greater number of contract, casual and part time workers (67% in total), a higher proportion of female workers (51%) and is heavily skewed towards employees under the age of 39 (65% of employees).

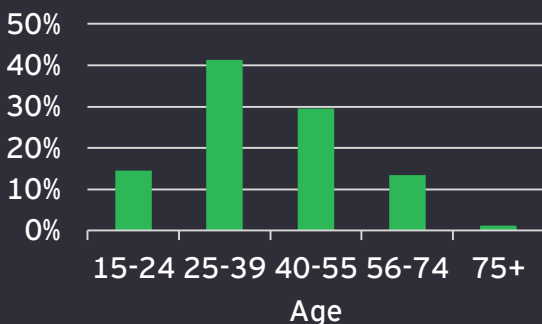
Employment type



Gender split



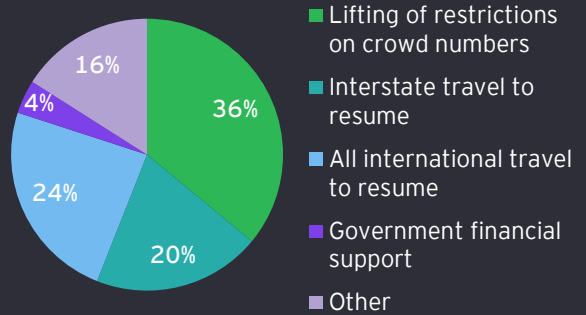
Age range



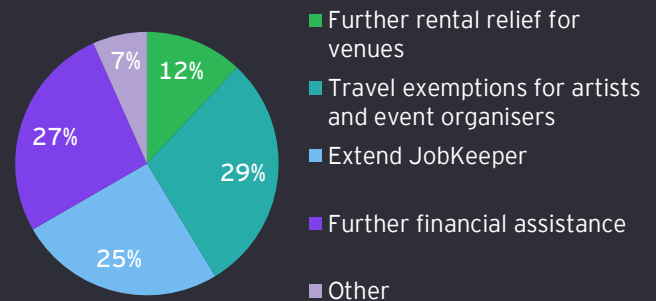
Industry support¹

The types of policy changes and support that would assist the Live Entertainment Industry to recover from the impacts of COVID-19 and commence the planning of events are depicted below.

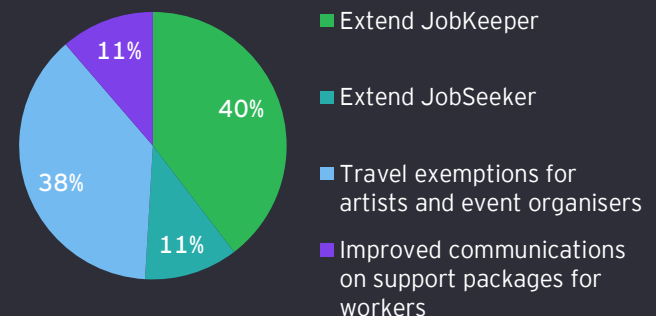
What conditions would need to change in order for you to plan events?



What support for businesses or changes would help the Live Entertainment Industry recovery from the impacts of COVID-19?



What support could be provided to industry workers to recovery from the impacts of COVID-19?



¹ LEIF, Live Entertainment Industry Survey, September 2020

2

Introduction



2. Introduction

Overview

Introduction

In September 2020, EY was commissioned by the Live Entertainment Industry Forum ('LEIF') to assess the economic contribution of the Live Entertainment Industry ('the industry') on Australia's economy and assess the impact of COVID-19 on the industry. This included an analysis of potential support that could assist the industry into recovery.

LEIF was established in 2020 to support the safe reactivation of events with live audiences across Australia as COVID-19 restrictions are eased. LEIF was formed by Australian promoters of entertainment and sport, venue managers and key peak bodies. LEIF works closely with governments, businesses and audiences to build confidence in the industry's preparedness to operate safely, flexibly and sustainably and explores how industry can be supported by the government in a gradual return.

The findings of this report are estimates only and are based on previous economic contribution assessments of the industry as well as data collated through an industry survey conducted in October 2020 by LEIF.

This report provides an overview of the study's scope, high level methodology and key findings. It proceeds as follows:

1. Introduction
2. Methodology
3. Economic contribution of the Live Entertainment Industry in Australia
4. Impact of COVID-19 on the industry
5. Industry support packages
6. General economic outlook
7. Appendix A - Notice and disclaimer

Australia's Live Entertainment Industry

The Live Entertainment Industry in Australia encompasses a vast, vibrant and diverse range of events that make up a significant part of Australia's cultural and sporting landscape. At its core, live entertainment consists of ticketed entertainment events with a live performance of sport, music, dance, and other forms of entertainment.

At every size and level, from live music in local pubs to major international sporting events, live entertainment has contributed invaluable to the Australian economy, and to the Australian way of life. The industry provides a platform to showcase Australian talent, encourages Australians to participate in sport and the performing arts, educates on Australian culture and attracts international visitors.

2. Introduction

Overview (continued)

Introduction

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¹ Information available at: <https://leif.net.au/>, accessed: 13.12.2020

² Live Entertainment Industry Forum, 2020

2. Introduction

Overview (continued)

Defining the industry

For the purposes of this report, and in collaboration with the Live Entertainment Industry Forum, the Live Entertainment Industry has been defined according to four key components:

- Live performance
- Venue based Live Music
- Major events
- Major professional sports.

By defining the Live Entertainment Industry, this study was able to capture and value the whole of the industry, as well as acknowledge both the similarities and differences in the needs and circumstances of all types of live entertainment.

The Live Entertainment Industry in Australia encompasses a vast, vibrant and diverse range of events. In defining the boundaries of the industry, it is important to note the areas that are outside of the industry's scope. For example, while major events calendars include art and cultural exhibitions, such events do not typically have a live performance element and as such are excluded from this definition.

Further, there are certain duplications across the sectors. For example, regular season AFL matches fall under the major professional sports category. However, the AFL grand final is also considered as part of the major events sector as it is part of the Victorian major events calendar. Duplications such as this have been identified and adjusted for in our analysis to avoid double counting.

The following provides a detailed description of each of the key components of the Live Entertainment Industry:

Live performance

Live performance includes all ticketed live performance events through ticketing companies, self-ticketing venues, event promoters and Australian Major Performing Arts Companies. It includes ballet and dance, children and family entertainment, circus and physical theatre, classical music, comedy, contemporary music, festivals, musical theatre, opera, special events and other theatre. This is consistent with Live Performance Australia's definition of the live performance industry.



Venue based live music

Live music includes events held at Australasian Performing Right Association (APRA) licenced venues. These venues typically include hotels, bars, clubs, restaurants, cafes and nightclubs. This is consistent with APRA definition of the venue based live music industry.



Major events

Major events are defined as live events that are typically supported by State/Territory's government funded major events organisations' calendar of major events. This excludes festivals (e.g. Melbourne Food and Wine Festival) and arts and cultural exhibitions without a live component.



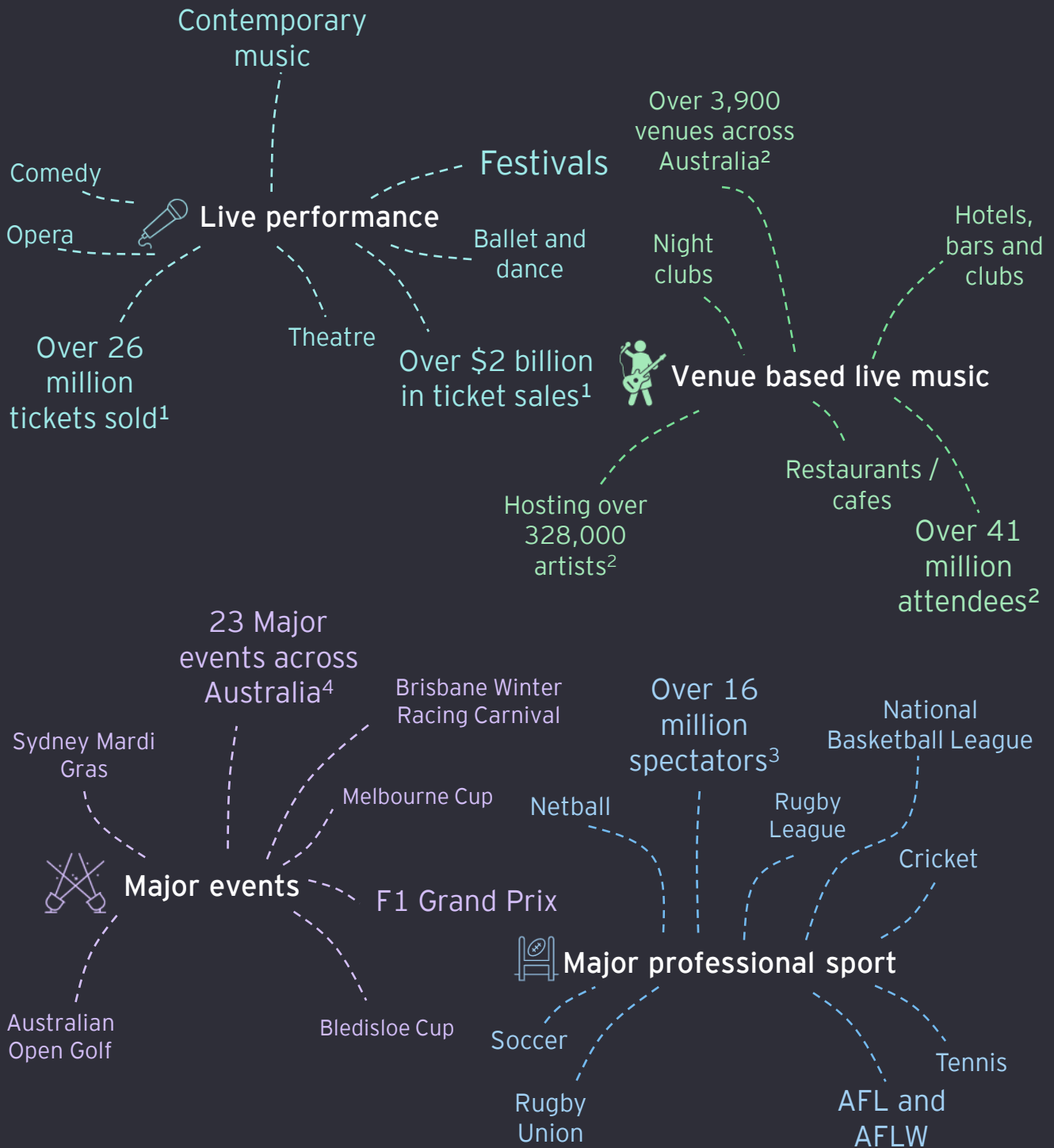
Major professional sports

This includes professional competitions/ leagues conducted by the national sporting organisations (NSOs) that form part of the Coalition of Major Professional and Participations Sports (COMPPS) and include AFL, Cricket, Football, Netball, Rugby League, Rugby Union and Tennis. Additionally, for the purposes of this study, the National Basketball League has also been included.



2. Introduction

2019 Industry Snapshot



¹ Conservative figures reflective of the year 2018, as per the Live Performance Australia Ticket Attendance and Revenue Report 2018, prepared by EY

² APRA data 2019

³ Data as per AUSTADIUMS, available at: <https://www.austadiums.com/>, accessed: October 2020

⁴ Major Events are defined as those typically supported through a State/Territory's government funded major events calendar

2. Introduction

Industry workforce 2019

A survey conducted by LEIF with key industry stakeholders (see Section 3), gathered high level employment data including:

- The proportion of employees under each employment type (contract, casual, part time and full time)
- The portion of employees by gender identity
- The portion of employees under specified age ranges.

The data outlined the following:

- The industry employs a greater number of contract, casual and part time workers (67% in total) than full-time workers (38%). This is due to the high level of short term work in the industry
- The industry is female dominated with 51% of employees identifying as female.
- The industry is heavily skewed towards employees under the age of 39 (55% of employees).

The high proportion of casual and contract workers potentially reflects the low uptake of JobKeeper across the industry. Approximately 40% of industry organisations surveyed as part of this study did not access JobKeeper. All organisation surveyed stated they experienced a reduction in revenue as a result of COVID-19.

Figure 2.1: Employment type¹

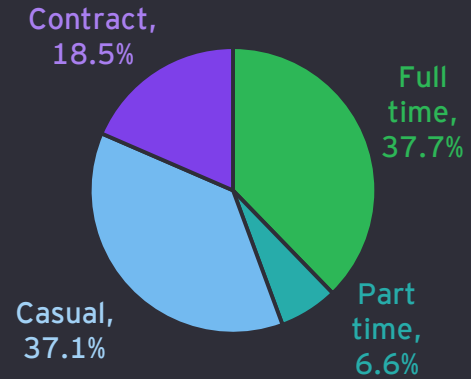


Figure 2.2: Gender split¹

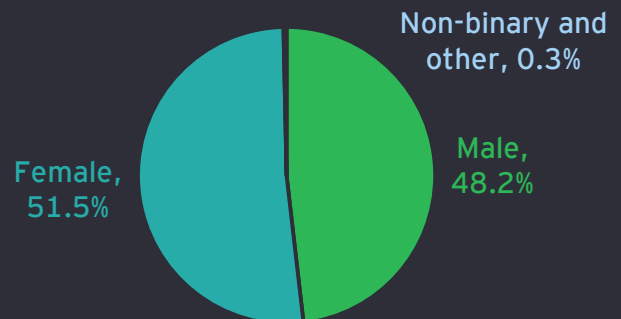
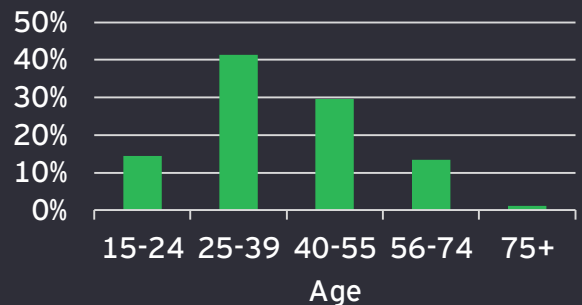


Figure 2.3: Age range¹



¹ LEIF, Live Entertainment Industry Survey, September 2020

3

Methodology



3. Methodology

Approach

A. Estimating the economic contribution of the Live Entertainment Industry

Economic contribution is an economic accounting exercise that seeks to measure all market-related expenditure flows for specified industries or activities. Economic contribution studies are used to measure the gross economic activity in terms of direct and flow-on economic expenditure.

The starting point to estimating the economic contribution of the Live Entertainment Industry is to understand all the industry revenues and associated visitor spending generated by the industry. For the purposes of this study, this includes:

- **Industry ticket sales revenue** - The revenue from ticket sales captures the contribution to all support industries (e.g. promoters, venue operators, artists etc.)
- **Government funding** - Funding provided by government to support an organisations operations (typically in the not for profit sector of the industry) and host events (e.g. funding to bid for and deliver international events)
- **Corporate sponsorship and support**
- **Broadcast revenue** - Revenue from broadcast rights for professional sporting leagues and competition
- **Other commercial revenue** - additional revenue received by organisations as a direct result of hosting live events (e.g. advertisement revenue, merchandise etc.)
- All expenditures by locals and visitors to an event. The expenditure of spectators attending events, both in the venue (e.g. food and beverage) and outside of the venue during their trip for the event (e.g. accommodation, food and retail)

The typical approach to estimating these industry revenues is to use a bottom up approach, which involves collecting extensive data from the various wide ranging industry participants. However, given the nature of this engagement and the limited time available to estimate the contribution of the industry under this approach, EY has estimated the contribution based on existing market/industry studies previously conducted.

This included existing EY studies undertaken on various components of the industry (Live Performance Industry, Venue Based Live Music Industry), studies undertaken by members of the Live Entertainment Industry Forum executive committee (e.g. the economic contribution of the AFL) and other publicly available studies or media releases (e.g. The Intergenerational Review of Australian Sport, Valuing Australia's Creative Industries, media releases and/or publicly available studies on the economic impact of various major events, etc).





Where key industry metrics were available for the 2019 calendar, these key metrics were used to update these previous studies where they were conducted prior to 2019. This process was undertaken to ensure that, where possible, that all outputs were reflective of the size of the industry for the 2019 calendar year.

3. Methodology

Approach (continued)

The economic contribution was estimated for each separate component of the industry (i.e. Live performance, live music, major events, major professional sport) for the 2019 calendar year. A high level summary of the inputs included across each industry component is provided in the table below.

Table 3.1: Live Entertainment Industry - Economic contribution key inputs

	Industry component	Included in analysis
	Live performance	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Expenditure of visitors that attend live performances (e.g. accommodation, food, transport, merchandise, retail, etc.) ▶ Other revenue (i.e. government funding, corporate sponsorship, personal donations, orchestra hires, and royalty income)
	Venue based live music	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Revenue from food and beverages purchased in the venue ▶ Note that no additional visitor expenditure (i.e. over and above entrance/ticket price and in venue spend) has been included in this component as it is attendees to these types of music performances are predominately local attendees.
	Major events	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Expenditure of visitors that attend major events (e.g. accommodation, food, transport, merchandise, retail, etc.) ▶ Other event related revenue (e.g. sponsorship, government funding and other commercial revenue)
	Major professional sport	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Revenue associated with major professional sporting leagues / competitions e.g. (broadcast, sponsorship, commercial revenue, memberships, merchandise, food and beverage etc.)

3. Methodology

Approach (continued)

The image below shows an example of the types of revenues and expenditures that may be included when calculating the economic contribution of a concert held in Victoria.

Figure 3.1: What is included in economic contribution? - Illustrative example



3. Methodology

Approach (continued)

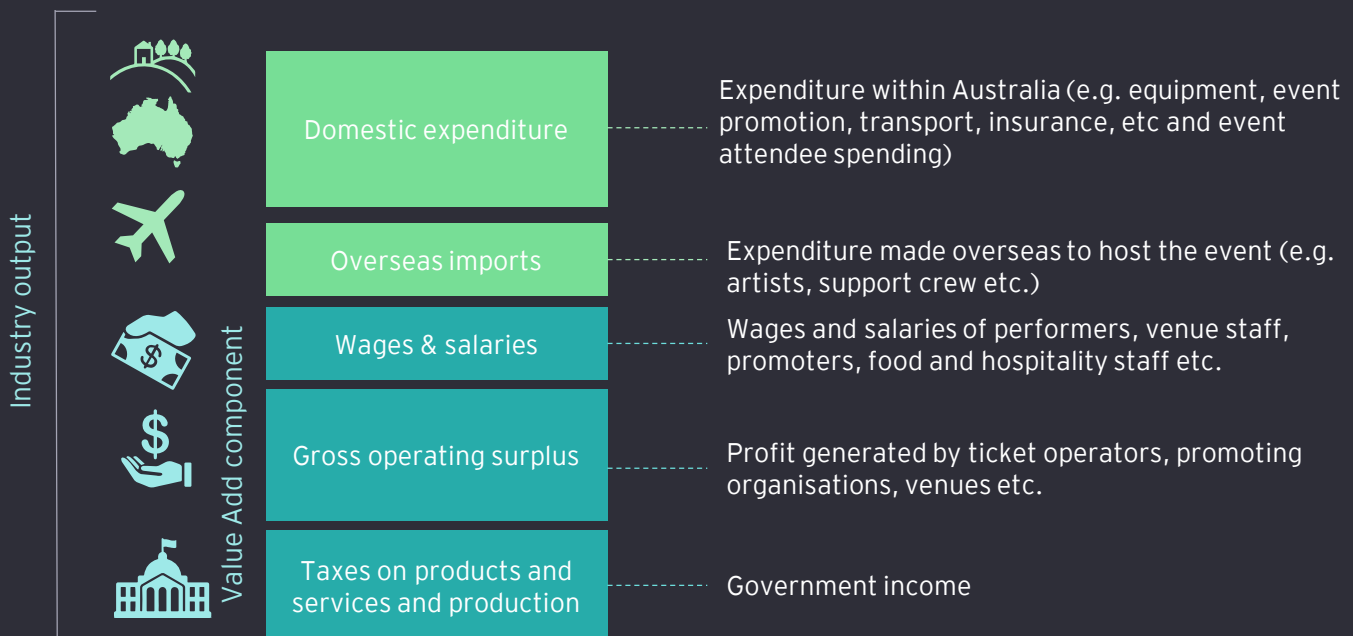
Direct economic measures

When undertaking ‘contribution’ studies of this nature three common direct indicators of economic contribution are used:

- **Industry output** – the market value of goods and services produced by an industry, often measured by industry turnover (also referred to as gross contribution)
- **Industry “value add”** – the market value of goods and services produced by an industry, after deducting the cost of goods and services used (measured by direct wages and profits generated)
- **Industry employment** – the number of workers directly employed by the industry, expressed in terms of full-time equivalent employees.

All three measures are valuable in their own right. Industry output is a measure of *production*, value add is a measure of *wealth generation*, and arguably, employment is a measure of the *distribution of income*. The value add measure is commonly put forward as the most appropriate measure of an industry’s contribution to an economy.

Figure 3.2: Direct industry output - Live Entertainment Industry example¹



¹ EY illustrative interpretative of REMPLAN 2020 Economic Output definition - REMPLAN, Back to basics, available at: <https://www.remplan.com.au/blog/2019/01/back-to-basics/>

4. Methodology

Approach (continued)

Indirect economic contribution

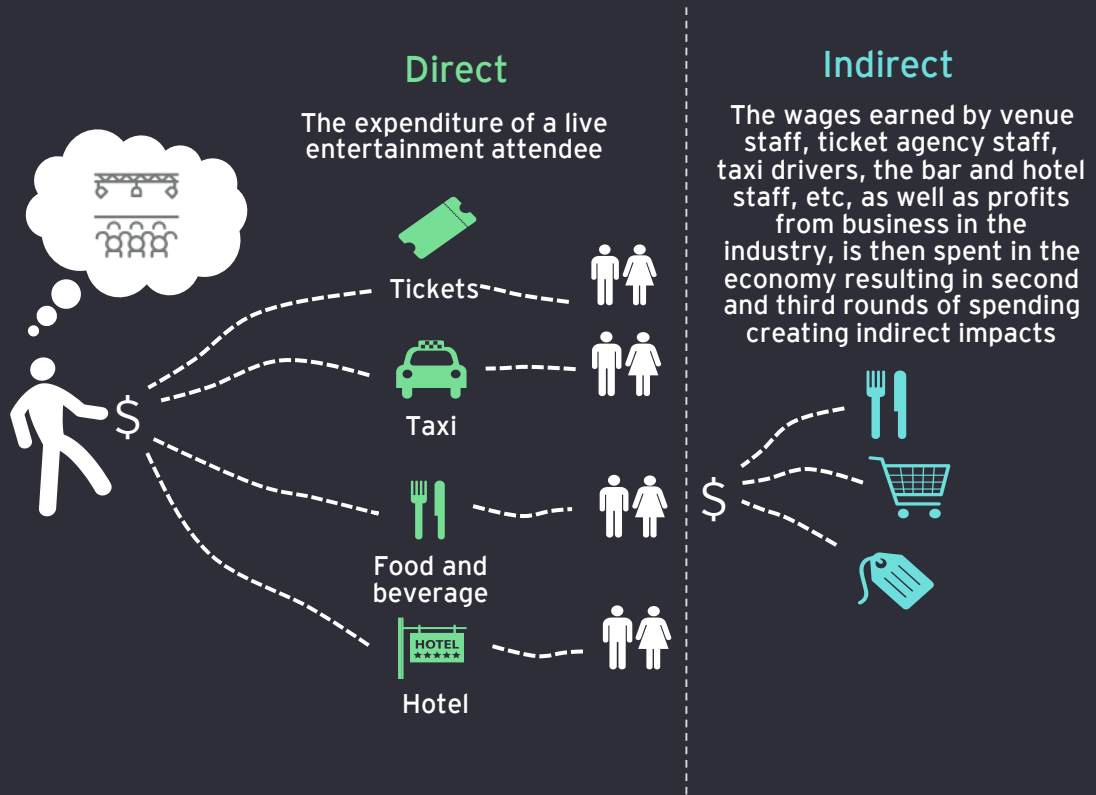
In addition to the direct contribution, this study also estimates the indirect economic contribution. The indirect contribution measures the multiplier effects of the direct expenditure throughout the economy.

The direct spending produces a second round of spending and income generation.

For example, additional money spent at restaurants by event attendees is allocated between the additional material inputs (such as food and drink), wages, and profits of the proprietor. Wages spent by the employees of the restaurant (for example, on household items) circulates the money throughout a broader section of the economy creating indirect benefits.

The multipliers used and therefore the size of the indirect impact depends on the type of direct expenditure, and the structural features of the economy. The estimated multiplier on the economy is expressed as the increase in Gross Domestic Product ("GDP"). The economic multipliers used for this study were sourced by EY using REMPLAN.

Figure 3.3: Direct versus indirect contribution - Illustrative example



3. Methodology

Approach (continued)

B. Estimating the impact of COVID-19 on the Live Entertainment Industry

At a micro level, the impact of COVID-19 on the industry varies significantly and depends on factors such as:

- The type of business in the sector
- The type of sub-sector
- The location of the business and events
- The size of the business

EY estimated the impact of COVID-19 on the industry at a macro level through collating information through an online survey ('Industry Survey') distributed to industry stakeholders by LEIF. Stakeholders included members of the Live Entertainment Industry Forum executive committee and other related organisations.

Industry survey

An Industry Survey was developed by EY in collaboration with LEIF and was distributed by LEIF to the industry stakeholders between the 17 September and 2 October 2020. The survey gathered data such as:

- **Organisation details** - Type and size of business, sub-sector of business and business location
- **Employment details** - A breakdown of the employment composition by gender, employment type (full time, part time, casual or contract) and age group
- **COVID-19 impact** - Estimated percentage impact of COVID-19 on organisation revenue and employment numbers
- **Industry needs** - Support required by the industry to recover from the COVID-19 impact

All responses were received in confidence and the survey responses were not distributed beyond the EY team.

EY applied the results from this survey to the estimated economic contribution of the industry for 2019 (as per part A) to estimate the quantitative impact of COVID-19 on the Live Entertainment Industry for the 2020 calendar year.

4

Economic contribution of the Live Entertainment Industry







4. Economic contribution of the Live Entertainment Industry in 2019

Overview of results

This study estimated that the Live Entertainment Industry contributed \$36.5 billion to Australia's economy in direct and indirect output and supported 122,647 Full Time Equivalent (FTE) jobs in 2019. The study also estimated that the Industry contributed \$16.7 billion in direct and indirect value add in 2019. The outputs are shown in the table below.

Figure 4.1: Total Output, Total Value Add and Total FTE 2019

	Total Output (\$Billion)	Total Value Add (\$Billion)	Total FTE
	Direct and indirect	Direct and indirect	Direct and indirect
 Live Performance	\$15.6	\$7.1	52,340
 Venue based live music	\$4.3	\$2.0	14,587
 Major Events	\$7.8	\$3.6	26,349
 Major Professional Sport	\$8.7	\$4.0	29,372
Total	\$36.5	\$16.7	122,647

Note: Totals may not equate to the sum of the components in the table above due to rounding.

4. Economic contribution of the Live Entertainment Industry in 2019

Direct and indirect contribution

The direct and indirect contribution of Total Output, Value Add and Jobs (FTE) for the industry estimated by this study for 2019 are presented below.

Table 4.2: Total Output 2019

Total Output	Direct	Indirect	Total
Live Performance	5.9	9.7	15.6
Venue based live music	1.7	2.7	4.3
Major Events	3.0	4.9	7.8
Major Professional Sport	3.3	5.4	8.7
Total	13.9	22.6	36.5

Table 4.3: Value Add 2019

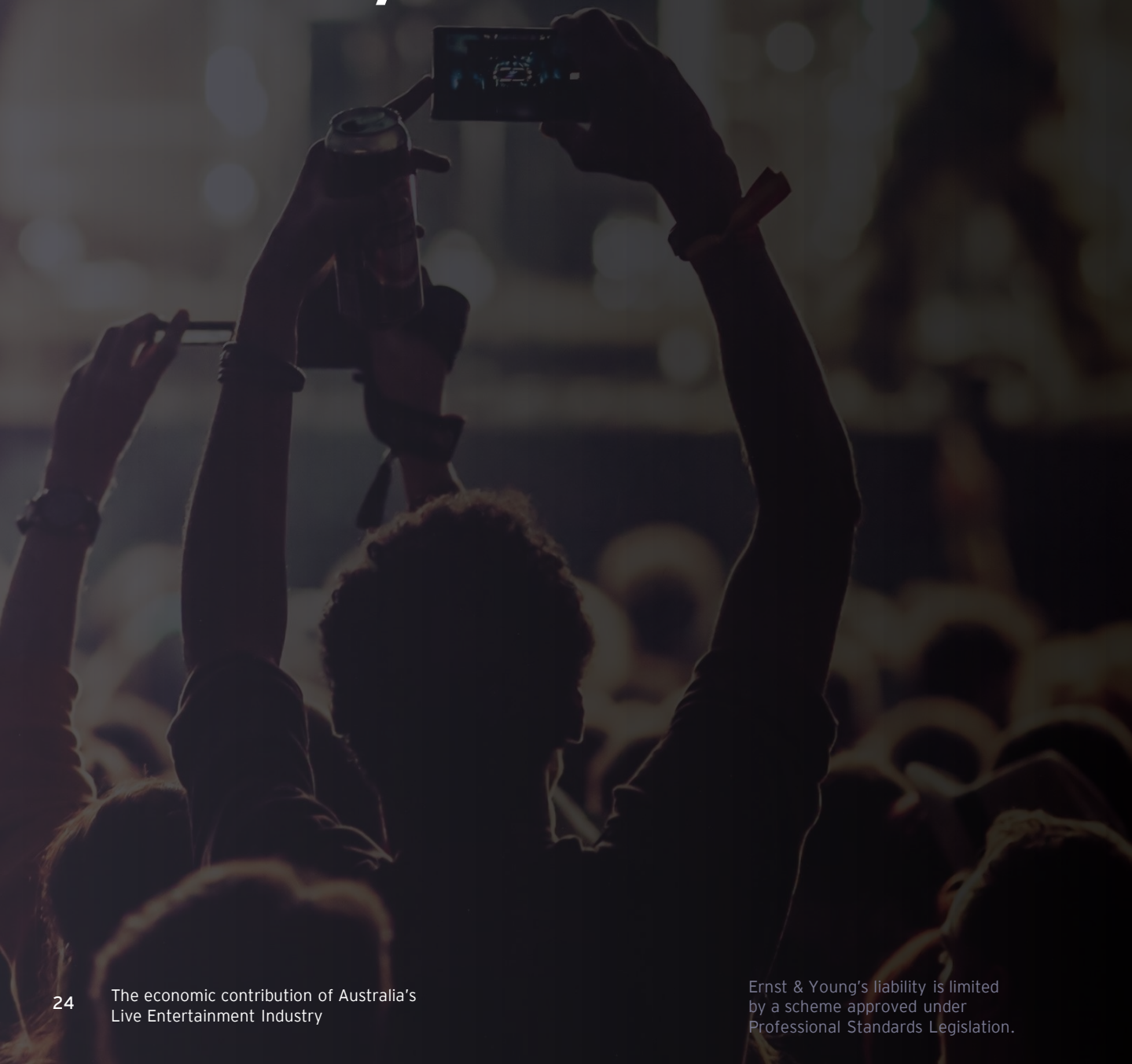
Value Add	Direct	Indirect	Total
Live Performance	2.5	4.6	7.1
Venue based live music	0.7	1.3	2.0
Major Events	1.3	2.3	3.6
Major Professional Sport	1.4	2.6	4.0
Total	5.9	10.8	16.7

Table 4.4: FTE 2019

Jobs (FTE)	Direct	Indirect	Total
Live Performance	27,479	24,861	52,340
Venue based live music	7,658	6,928	14,587
Major Events	13,834	12,516	26,349
Major Professional Sport	15,421	13,951	29,372
Total	64,392	58,256	122,647

Note: Totals may not equate to the sum of the components in the table above due to rounding.

5 Impact of COVID-19 on the Live Entertainment Industry



5. Impact of COVID-19 on the Industry

Overview of impact

Industry disruption

From March 2020, COVID-19 restrictions such as bans on mass gatherings, venue closures and patron limits caused significant disruption to the Live Entertainment Industry across Australia. A significant number of major sporting events, concerts, music festivals and performances ranging from local acts to major international stadium concerts were cancelled or postponed.

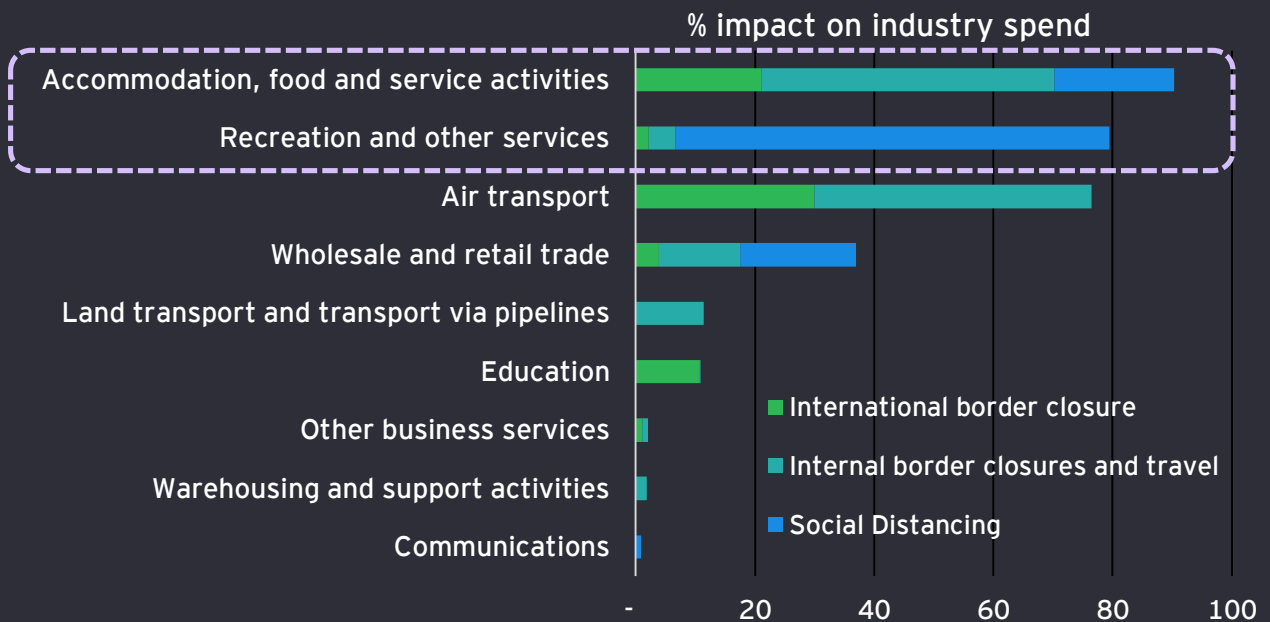
In some areas of the country, the easing of restrictions allowed parts of the industry to resume activity, albeit with limited audience numbers due to strict rules and guidelines. Major sporting leagues such as the AFL and NRL have been subject to significantly reduced stadium capacities, with venues in Queensland and Western Australia capped at 50% capacity, with similar restrictions in other states. For example, in 2019, 100,014 people attended the AFL Grand Final in Melbourne Cricket Ground in

Victoria. In October 2020, this number was reduced to 29,707 with the Grand Final being held at The Gabba in Brisbane.¹

Unlike other industries, such as retail, the value created by the Live Entertainment Industry cannot easily be replicated online or through a socially-distanced setting. The 'live' element of events is at the heart of the industries' value. While some artists and businesses have been able to adapt to this new environment, the majority have suffered significant revenue losses and have substantially reduced employee numbers.

EY analysis found that accommodation, food and service activities as well as recreational activities have been hardest hit by COVID-19 restrictions. These activities directly or indirectly relate to the Live Entertainment Industry.

Figure 5.1: Impact on industry spend of COVID-19 restrictions²



¹ AUSTADIUMS, available at: <https://www.austadiums.com/sport/sport.php?sid=1>, accessed: 9.11.2020

² EY analysis, 2020

5. Impact of COVID-19 on the Industry

Overview of impact (continued)

Quantifying the impact

As part of Industry Survey issued by LEIF, organisations were asked questions relating to the impact of COVID-19 on revenue and employment. Specifically, respondents were asked to estimate the impact of COVID-19 on their revenue and employment numbers for 2020, assuming that current restrictions remain in place until 31 December 2020. Industry participants responded to the survey between 17 September and 2 October 2020.

Organisations provided estimates based on:

- ▶ Actual data from January 2020 to September/October 2020
- ▶ Estimated projections for October 2020 to December 2020.

By assessing these responses, EY estimated the impact of COVID-19 on the Live Entertainment Industry in 2020.

While Governments eased certain restrictions in October and November 2020, the level of planning required to host events as well as

uncertainty surrounding future restrictions has limited the ability of live entertainment organisers to schedule events in both November and December 2020. As such, organisations responding based on assumed restrictions until 31 December 2020, has been assumed to be the most accurate representation of industry activity in 2020.

By applying the results of the Industry Survey to the estimated economic contribution of the Live Entertainment Industry in 2019 (see Section 3), EY has estimated the following impact for 2020:

Direct and indirect	2019 (\$bn)	2020 (\$bn)	(\$bn)
Output	36.5	12.8	-23.7
Value Add	16.7	5.8	-10.8
Jobs (FTE)	122,647	43,129	-79,519

Figure 5.2: Impact of COVID-19 on the Live Entertainment Industry in 2020



5. Impact of COVID-19 on the Industry

Deeper dive – the impact on live music shows and events

To further demonstrate the impact of COVID-19 on the Live Entertainment Industry, LEIF requested a deeper dive into the impact on live music shows and events (a key sub-sector of the industry). Live music shows and events include:

- ▶ Live Performance: contemporary music and contemporary music festivals
- ▶ Venue Based Live Music: all venue based live music events

Extracting live music shows and events from our analysis found that these events represented an estimated 34% of the Live Entertainment Industry total economic output in 2019, contributing approximately \$12.5bn to the

Australian economy. Total jobs across the sector was estimated at approximately 42,066 in 2019, with total industry value add estimated at \$5.7bn.

Impact of COVID-19

The analysis found that the total economic output from live music shows and events is estimated to fall by \$10.8bn from 2019 to the end of 2020. Total jobs that could be lost is estimated at 36,194 by the end of 2020, with industry value add estimated to fall by \$4.9bn over the same period.

Figure 5.3: Estimated impact of COVID-19 on live music shows and events in 2020 (compared to 2019)



Australian festivals

As of August 2020, The Australian Festival Associated (AFA) noted that 35 major festivals and festival tours were cancelled across Australia.

The AFA have estimated that festivals are incurring losses in the range of \$500k to \$10m (depending on festival size) due to the cancellation of events. With such losses, the AFA anticipate that the first profitable quarter post

COVID-19 will be January - March 2020, due to the time required to recover from financial losses.

A major concern outlined by the AFA going forward is the need for international artists, with a typical line-up including 60% international acts. The AFA note that approximately 80% of ticket sales rely on international acts.

5. Impact of COVID-19 on the Industry

Industry case studies

Case study 1 - Cancelled multi-day music festival

An annual multi-day music festival was scheduled for early 2020. The event was cancelled just prior to the scheduled date.

All staging, audio, visual, lighting, camping and fencing requirements and amenities (e.g. toilets, outdoor furniture) had arrived at the greenfield site and been erected, before government directions prohibited public gatherings.

Impact

- \$3.7 million box office revenue forgone
- 8,789 event tickets and 2,940 ancillary (camping, bus, parking, VIP) tickets refunded - approximately (48%) of event ticketholders chose to retain their tickets for the following year's event, however, there is currently uncertainty about whether the 2021 event can proceed
- Approximately 1,160 crew (including security, catering, retail, bar, ticketing, production, cleaning, police, rigging, parking attendants) as well as suppliers, festival contractors and volunteers are involved in staging the festival
- Approximately \$6 million worth of contracts with service were been cancelled

Non-recoupable costs totalled **\$3,054,737**,

including:

- Marketing costs
- Wages
- Venue hire
- Ticketing
- Travel, accommodation and staff allowances
- Production costs
- Site and camping costs
- Artist fees
- Visas
- Insurance.

If the festival had not been able to negotiate contracts and access other government support, non-recoupable costs would have totalled approximately \$8.5 million.

\$3.1m in non on-recoupable costs

\$3.7m in box office revenue foregone

\$6m worth of contracts cancelled

Source: Australian Festival Association. Festival name and dates removed for confidentiality purposes

Case study 2 - Cancelled events at a major arena

Prior to COVID-19 restrictions, this major arena operates at a capacity in excess of 10,000.

COVID-19 square meter / person restrictions resulted in the arena being required to reduce capacity by over 60%.

The average loss per event on ticket sales is estimated at approximately \$1,154,500.

60% reduction in prohibited capacity

\$1.2m in ticket revenue foregone per event

Source: LEIF committee - major arena noted is confidential

6

Live Entertainment Industry support



6. Industry support

Policy and regulatory changes required

Industry Survey

The Industry Survey asked respondents about the future of their organisations and the type of policy changes and support that would enable them to recover and commence the planning of events.

To commence planning events, the majority of respondents (36%) stated that *'lifting of restrictions on crowd numbers'* is required. This was followed by the *'resumption of international travel'* (24%).

To support businesses into recovery, the majority of respondents listed that *'exemptions for interstate and international travel for artists and event organisers'* is required (29%). This was followed by *'further financial assistance for live entertainment businesses'* (27%) and the *'extension of JobKeeper'* (25%).

To support industry workers, the majority of respondents listed that *'extension of Job Keeper'* is required (40%). This was followed by *'exemptions for interstate and international travel for artists and event organisers'* (38%).

Figure 6.1: What would you need to change in order for you to plan events?

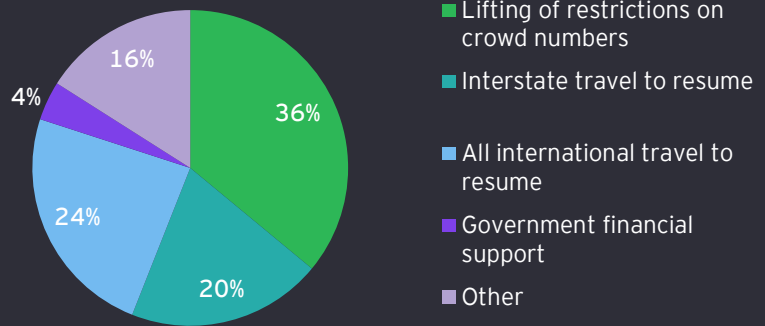


Figure 6.2: What support for businesses or changes would help the Live Entertainment Industry recovery from the impacts of COVID-19?

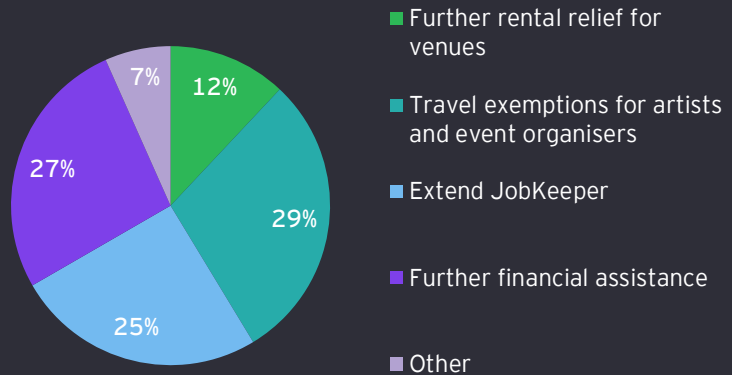
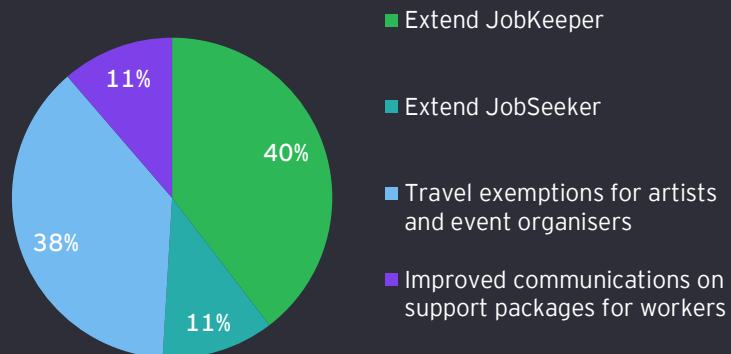


Figure 6.3: What support could be provided to industry workers to recovery from the impacts of COVID-19?



7

Economic outlook



7. Economic outlook

What does the economic outlook mean for the Live Entertainment Industry?

While consumers have redefined their values and spending habits, analysis of previous economic shocks shows that spending on live entertainment will continue to remain a priority for consumers.

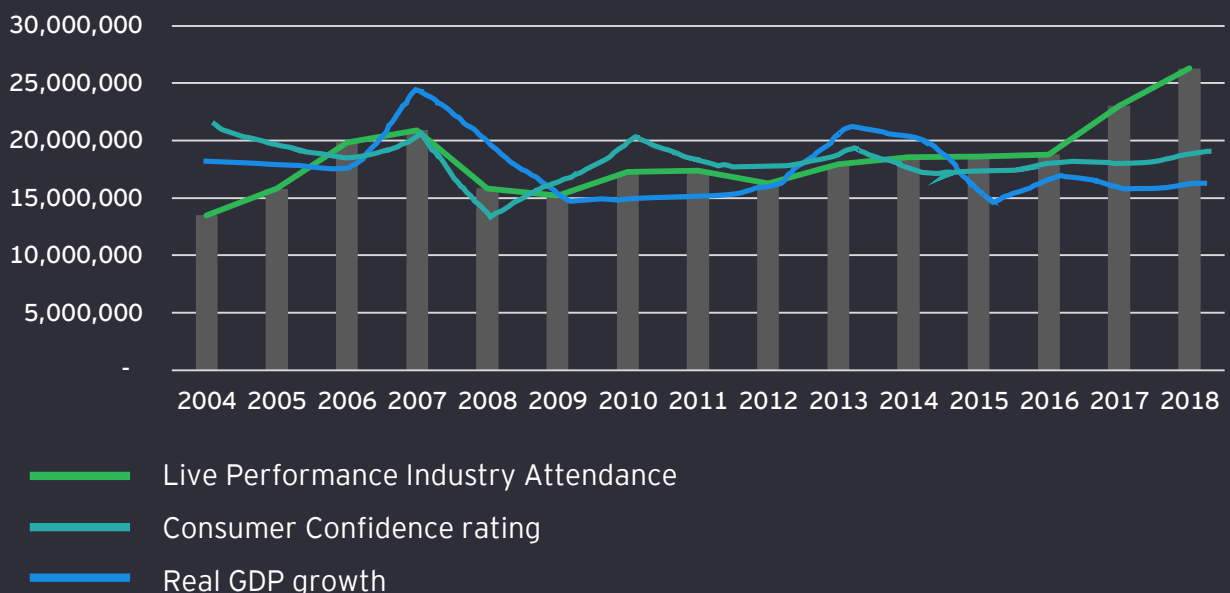
An assessment of the attendance at live performance events against global economic shocks such as the SARS pandemic (2004) and the Global Financial Crisis (2008) show that live performance attendance is closely correlated to Australian GDP and consumer confidence.

In recent years, attendance has been stronger than implied by confidence and GDP which implies a shift in household spending away from consumer goods towards services (included experiences such as events).

The graph below shows that while live performance attendance reduces in line with consumer confidence and GDP trends during economic shocks, attendance equally increases in line with GDP and consumer confidence recovery trends.

The following pages provide an overview of the broader economic outlook that may influence the recovery of the Live Entertainment Industry over the coming years.

Figure 7.1 Live Performance Industry Ticket Sales against Australian GDP and Consumer Confidence¹



¹ EY analysis based on Live Performance Australia Ticket Attendance data and Revenue Reports. Australia GDP data accessed from ABS. Consumer Confidence Index accessed from Roy Morgan,

7. Economic outlook

Economic recovery – an overview

High level impact

An economic contraction of 7% in the June quarter of 2020 marked the start of Australia's first recession in almost 30 years, and the deepest recession since the 1930's.

Recovery is however underway and the economy stabilised through the September quarter as health and social restrictions were eased, income support flowed and many businesses were able to open back up. In the September quarter, Australian GDP rose by 3.3%.¹

The recovery has however been uneven, especially in Victoria. Initially the economic impact was greater on the young, females, and sectors such as the tourism and the arts/live entertainment. But the economic scarring is becoming more broad and job losses are deepening beyond population service sectors to others such as, construction, real estate and professional services.

The Reserve Bank of Australia (RBA) remains

optimistic about the economic recovery - forecasting economic growth of 5% through 2021 following a four percent contraction through 2020.² While this may sound like a 'V' shape recovery, it's not. This strong rebound however still leaves the economy smaller at the end of 2021 than it was at the end of 2019. At EY we see a 'saw-tooth' shaped recovery, with peaks and troughs dependent on the unfolding health crisis, fiscal response, border openings, and consumer and business confidence.

The fiscal response to date has been significant, measures have been targeted but temporary, but the winding back such measures presents a risk to both the household and business recovery.

¹ ABS, Australian National Accounts: National Income, Expenditure and Product, September 2020

² Statement of Monetary Policy, November 2020, Reserve Bank of Australia

7. Economic outlook

Economic recovery – an overview (continued)

Households

The outlook for households remains challenged. Labour market conditions (discussed overleaf) are uncertain and unemployment is expected to rise further, adding to existing spare capacity and maintaining downward pressure on, already weak, wages growth,

Constrained households have benefited this year from direct support payments, early access to superannuation, the JobSeeker supplement, and loan repayment and rent deferrals. However this support has already started to taper, with most measures currently expected to end in March 2021. As this happens households will have to adjust to lower incomes, which could lead them to pare back on spending unless they access savings buffers.

Indeed September's retail trade data showed the second consecutive monthly decline in spending. Confidence on the other hand is elevated and could support spending.¹

History suggests that households quickly move to build precautionary savings but that the household savings rate takes a long time to fall back to pre-recession levels – in fact it never got there after the Global Financial Crisis.

Businesses

Septembers retail trade data also showed that to date there has been a disproportionate impact on small business, this is backed up by Payroll data which shows that businesses with fewer than 20 employees lost 7.1% of payroll jobs in the 4 weeks to 17 October, whilst

business with more than 200 employees gained 1.1% of payroll jobs.² The tapering of direct business support, such as the reduction in size and scope of the JobKeeper program, is a challenge for small business in particular, and could lead to a rise in insolvencies over the year ahead, particularly in sectors where demand for goods or services is depressed.

Employment

The strength of the labour market is key to the economic recovery. The labour market has deteriorated since the onset of COVID-19 – unemployment has risen, participation has fallen and in July 2020 the unemployment hit 7.5%.³

Overall in the economy, jobs recovery, which has been underway since May 2020, has lost momentum. Employment in September 2020 fell for the first time since May, with 36,000 jobs shed in Victoria leaving 29,500 lost nationally. Unemployment increased back up to 7.0% in October. Momentum was also lost in terms of the participation rate which fell to 65.8%.⁴

¹ Statement of Monetary Policy, November 2020, Reserve Bank of Australia

² ABS, Weekly Payroll Jobs and Wages in Australia, 28 November 2020

³ ABS, Labour Force, Australia, October 2020

⁴ ABS, Labour Force, Australia, October 2020

7. Economic outlook

Economic recovery – an overview (continued)

On the plus side, monthly hours worked rose in September, as those working picked up more hours.² None the less, hours worked are still well below pre-COVID-19 levels and 5% lower than this time last year.

The arts and recreation industry has been severely impacted by the pandemic, particularly early on as a direct result of border closures and social distancing restrictions. Jobs in the industry were recovering through August and September, however this trend reversed in October as 3.3% of payroll jobs were lost in the 4 weeks to 17 October. Payroll jobs in the arts and recreation industry are 15% lower than at the start of the crisis in mid March, the second biggest percentage loss of any industry.

Employment outlook

A. Near term

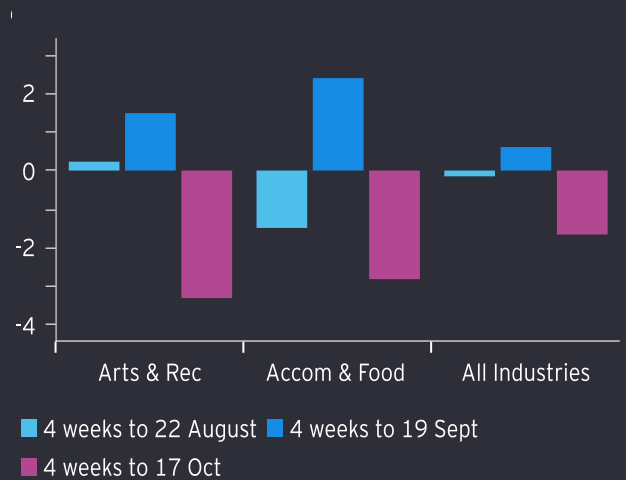
Unemployment is expected to rise further before the end of the year, with the latest forecast from the RBA expecting the unemployment rate to peak at 8% by year end. The RBA are also expecting underemployment (the number of people seeking to work additional hours) to remain high. In September 2020 the underemployment rate was at 11.4%, 3% higher than the previous year (8.3%).³

These high rates of unemployment and underemployment represent a significant level of spare capacity in the labour market, which will keep wages growth low – a key headwind facing the outlook for households.

B. Long term

Excess capacity in the labour market and weak wages growth is expected to linger for some years. It took seven years after the recession in 1992 for unemployment to fall from its peak back to pre-crisis levels.

Figure 7.2: Weekly Payroll Jobs – Selected industries, % Change⁴



¹ Australian Bureau of Statistics, Weekly Payroll Jobs and Wages, October 2020

² Australian Bureau of Statistics, November 2020

³ Australian Bureau of Statistics, September 2020

⁴ EY analysis of ABS data, Macrobond

7. Economic outlook

Consumer Confidence

The future of the industry will depend not only on industry support but also on confidence and the future habits of consumers.

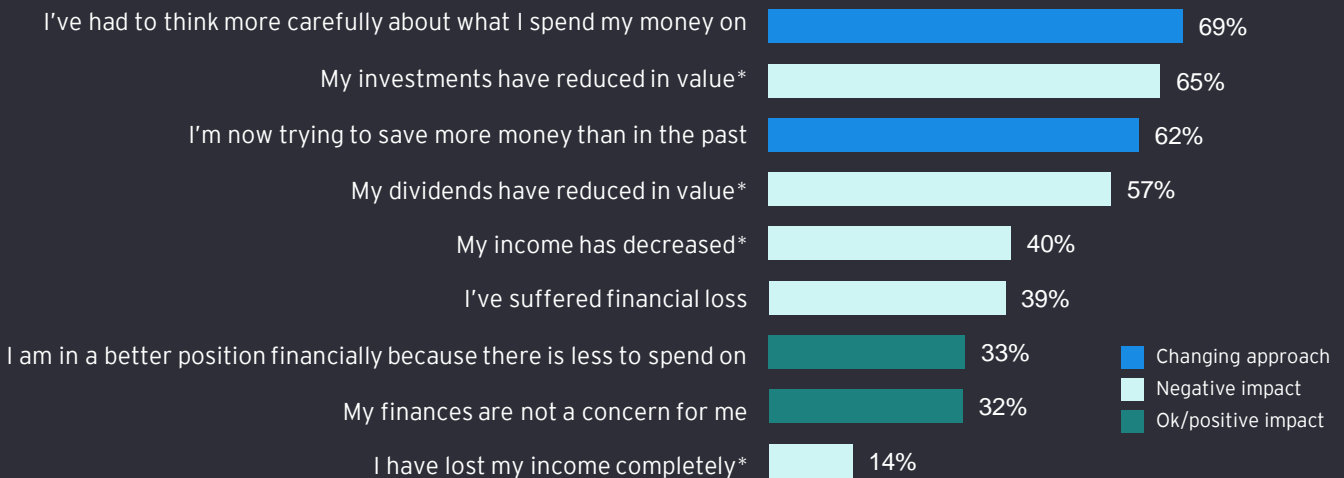
Consumer Confidence relates to the degree of optimism about the state of the economy that consumers express through activities such as saving and spending. The ANZ-Roy Morgan consumer confidence index has risen for 9 consecutive weeks, rising to an index of 99.9 at the end of October.

This result is the highest level since the pandemic hit, and is close to neutral, which means there are a roughly equal number of pessimists and optimists out there. The paring back of JobKeeper and JobSeeker payments are a risk to consumer confidence, particularly for the personal financial conditions sub-index.

EY's Future Consumer Index ('the Index') has found, based on survey feedback, that values are being redefined and new priorities are consumer driving behaviour. Six in ten Australians say they are thinking more about the future and 'what matters most'. It is a function of the immediacy of the hit of COVID-19, the scale of the economic impact and the consequent emotional impact.

This plays though in terms of how people look to spend their time and money and it is also shaping how consumers think about the way they would like to live in the future. The Index found that 39% of Australians expect that the way they will live in the future will be different and 65% of those employed prior to COVID-19 say that the way they work will be different.

Figure 7.3: Thinking about the financial impact of COVID-19 on you personally, which of the following statements describe your situation?¹



¹ EY Future Consumer Index - Base: Total sample (July) - Australia (1,033); *Excludes 'Not Applicable'

7. Economic outlook

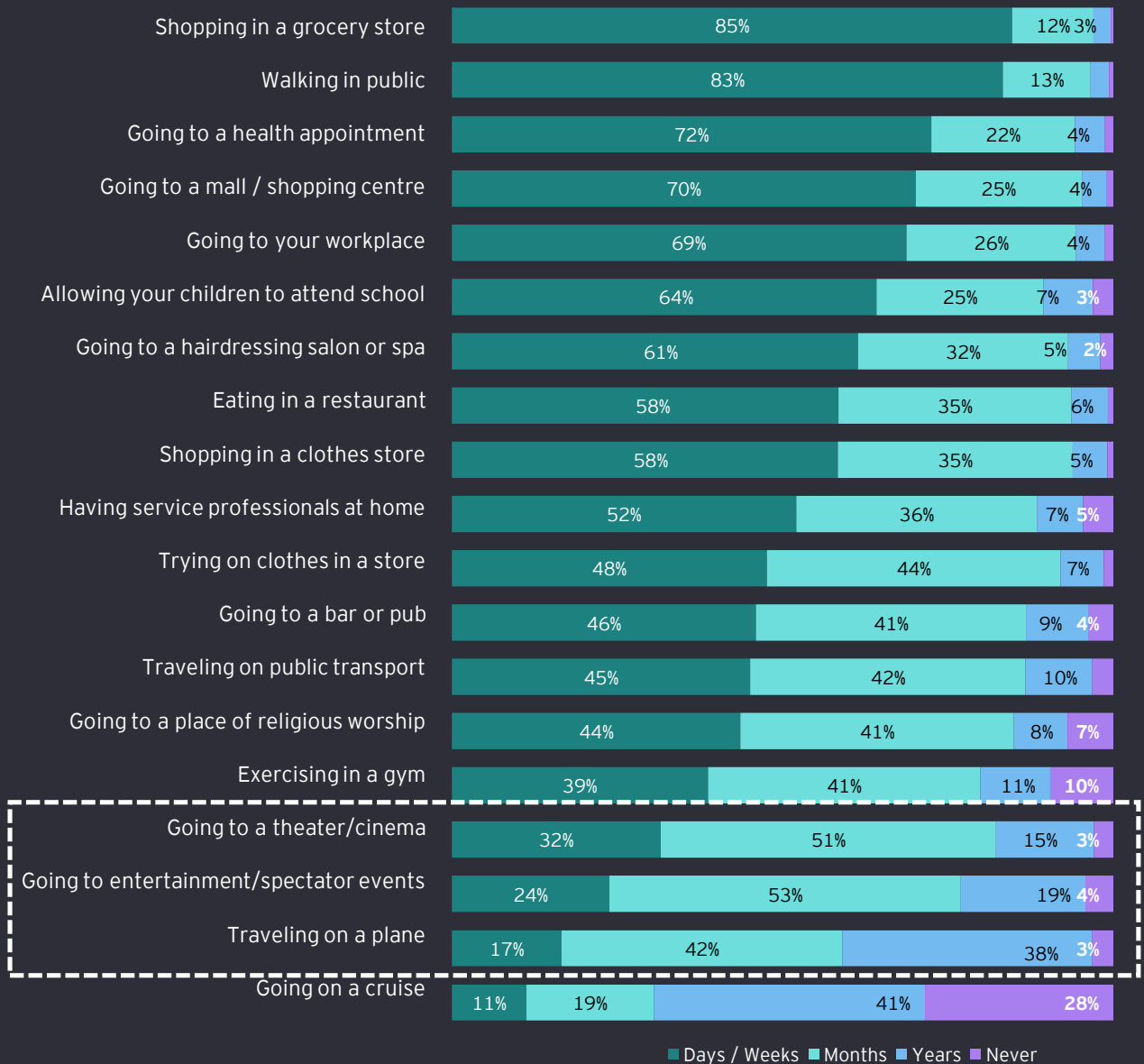
Consumer confidence (continued)

In July 2020, the EY Future Consumer Index asked consumers the time scale they would be comfortable again resuming activities.

Live entertainment activities (i.e. theatre,

spectator events, travelling) had a relative low response rate from those stating it would be 'years' before they would resume activity. The majority of respondents stated they would resume activity in 'months'.

Figure 7.4: Time to feel comfortable again¹



¹ EY Future Consumer Index - Base: Total sample (July) - Australia (1,033); *Excludes 'Not Applicable'

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ATTACHMENT 2

EY: *THE ECONOMIC CONTRIBUTION OF AUSTRALIA'S LIVE ENTERTAINMENT INDUSTRY* (DECEMBER 2020)



The economic contribution of Australia's Live Entertainment Industry

How has COVID-19 impacted the industry?

December 2020



EY

Building a better
working world

RELEASE NOTICE

Ernst & Young was engaged on the instructions of the Live Entertainment Industry Forum ("Client") to estimate the economic contribution of Australia's live entertainment industry, in accordance with the terms of our engagement agreement.

The results of Ernst & Young's work, including the assumptions and qualifications made in preparing the report, are set out in Ernst & Young's report dated 16 December 2020 ("Report"). The Report should be read in its entirety including this notice, the transmittal letter, the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report.

Our work commenced on 01 September 2020 and was completed on 11 November 2020. Therefore, our Report does not take account events or circumstances arising after 11 November 2020. No further work has been undertaken by EY since 11 November 2020 to update it. Therefore, our Report does not take account of events or circumstances arising after 11 November 2020 and we have no responsibility to update the Report for such events or circumstances.

Ernst & Young has prepared the Report for the benefit of the Client and has considered only the interests of the Client. Ernst & Young has not been engaged to act, and has not acted, as advisor to any other party. Accordingly, Ernst & Young makes no representations as to the appropriateness, accuracy or completeness of the Report for any other party's purposes.

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In preparing this Report we have considered and relied upon information from a range of sources believed to be reliable and accurate. We have not been notified that any information supplied to us, or obtained from public sources, was false or that any material information has been withheld from us. Neither Ernst & Young nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of errors in this Report arising from incorrect or incomplete information provided by the Industry Survey or other information sources used.

We do not imply and it should not be construed that we have verified any of the information provided to us, or that our enquiries could have identified any matter that a more extensive examination might disclose.

Our conclusions are based, in part, on the assumptions stated and on information provided by the Client and other information sources used during the course of the engagement. The modelled outcomes are contingent on the collection of assumptions as agreed with the Client and no consideration of the collection of assumptions as agreed with the Client and no consideration of other market events, announcements or other changing circumstances are reflected in this Report.

We highlight that our analysis and Report do not constitute investment advice or a recommendation to you on a future course of action.



Matt Colston

Associate Partner

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Mr James Sutherland
Chair - Live Entertainment Industry Forum
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The economic contribution of Australia's Live Entertainment Industry

Dear James

We are pleased to present the Live Entertainment Industry Forum with our Final Report ("Report"), 'the economic contribution of Australia's Live Entertainment Industry', in relation to the procedures set out in our engagement agreement.

This Report may be relied upon by Live Entertainment Industry Forum only for the purpose of understanding the economic contribution of Australia's Live Entertainment Industry in 2019 and the estimated impact of COVID-19 on the Australian Live Entertainment Industry in 2020. It should not be relied upon for any other purpose or by any other parties.

Thank you to you and your team for assisting us during the delivery of our work. If you would like to clarify any aspect of this study or discuss other related matters then please do not hesitate to contact me on 0402 093 800.

Yours sincerely

Matt Colston
Associate Partner

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About this report

The economic contribution of Australia's Live Entertainment Industry

EY was commissioned by the Live Entertainment Industry Forum to assess the economic contribution of the Live Entertainment Industry on Australia's economy and estimate the impact of COVID-19 on the industry.



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1. Executive summary

The Live Entertainment Industry contributed an estimated \$36.5bn to Australia's economy in 2019. It is estimated that this contribution will fall by approximately 64% to \$12.8bn in 2020 as a result of COVID-19 restrictions.

The Live Entertainment Industry in Australia is defined as live entertainment events in the four key sectors of live performance; venue based live music; major event and major professional sports.

In 2019, the Live Entertainment Industry contributed an estimated \$36.5 billion to Australia's economy in direct and indirect output and supported an estimated 122,647 Full Time Equivalent (FTE) jobs. The industry also contributed an estimated \$16.7 billion in direct and indirect value add.¹

From March 2020, COVID-19 restrictions such as bans on mass gatherings, venue closures and patron limits caused significant disruption to the Live Entertainment Industry across Australia. A significant number of

major sporting events, concerts, music festivals and performances ranging from local acts to major international stadium concerts were cancelled or postponed. Unlike other industries, such as retail, the value created by the Live Entertainment Industry cannot easily be replicated online or through a socially-distanced setting.

In 2020, the economic contribution of the industry is estimated to constrict by approximately \$23.7bn (or 65%) due to COVID-19. Full Time Equivalent (FTE) jobs are projected to fall by over 79,500 and industry value added to reduce by \$10.8bn.²

	Value of the Live Entertainment Industry in 2019	Estimated value of the Live Entertainment Industry in 2020	Estimated Reduction 2019 to 2020
Economic Output	\$36.5bn	\$12.8bn	- \$23.7bn
Value Add	\$16.7bn	\$5.8bn	- \$10.8bn
Jobs (FTE)	122,647 jobs	43,129 jobs	- 79,519 jobs

¹ Findings as per this study

² Findings as per this study

1. Executive summary

Deeper dive – the impact on live music shows and events

To further demonstrate the impact of COVID-19 on the Live Entertainment Industry, LEIF requested a deeper dive into the impact on live music shows and events (a key sub-sector of the industry). Live music shows and events include:

- ▶ Live Performance: contemporary music and contemporary music festivals
- ▶ Venue Based Live Music: all venue based live music events

Extracting live music shows and events from our analysis found that these events represented an estimated 34% of the Live Entertainment Industry total economic output in 2019, contributing approximately **\$12.5bn** to the

Australian economy. Total jobs across the sector was estimated at approximately 42,066 in 2019, with total industry value add estimated at \$5.7bn.

Impact of COVID-19

The analysis found that the total economic output from live music shows and events is estimated to fall by \$10.8bn from 2019 to the end of 2020. Total jobs that could be lost is estimated at 36,194 by the end of 2020, with industry value add estimated to fall by \$4.9bn over the same period.

Estimated impact of COVID-19 on live music shows and events in 2020 (compared to 2019)

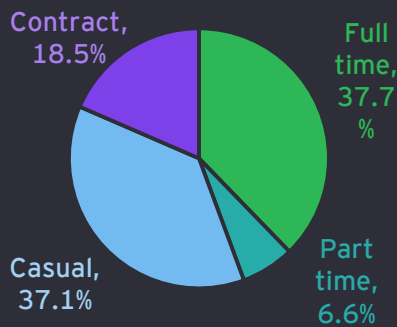


1. Executive summary

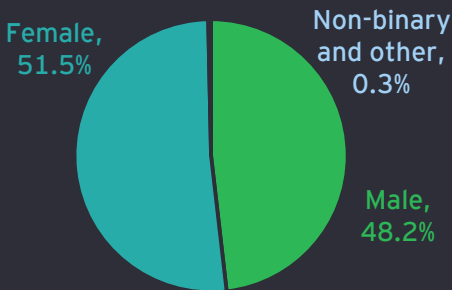
Industry workforce¹

The Live Entertainment Industry workforce is characterised by a greater number of contract, casual and part time workers (67% in total), a higher proportion of female workers (51%) and is heavily skewed towards employees under the age of 39 (65% of employees).

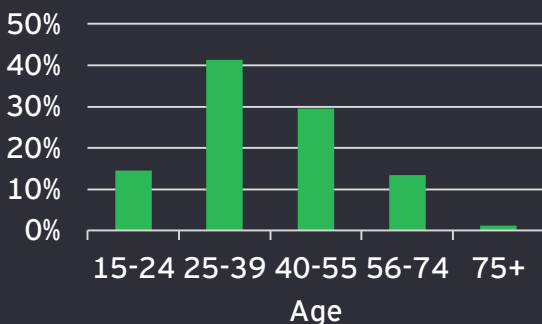
Employment type



Gender split



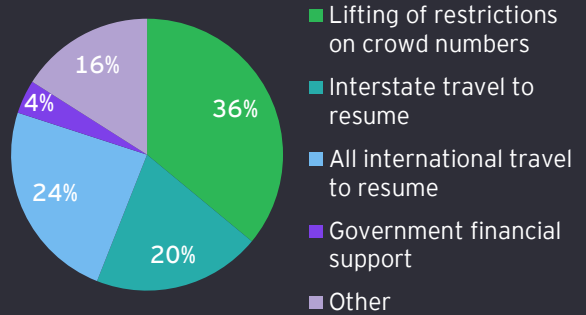
Age range



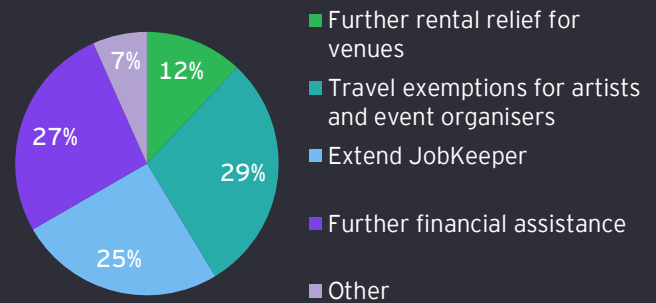
Industry support¹

The types of policy changes and support that would assist the Live Entertainment Industry to recover from the impacts of COVID-19 and commence the planning of events are depicted below.

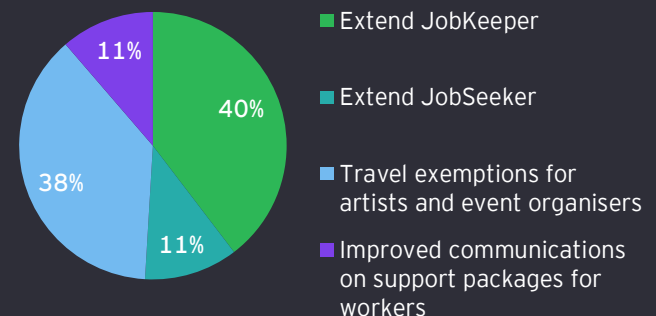
What conditions would need to change in order for you to plan events?



What support for businesses or changes would help the Live Entertainment Industry recovery from the impacts of COVID-19?



What support could be provided to industry workers to recovery from the impacts of COVID-19?



¹ LEIF, Live Entertainment Industry Survey, September 2020

2

Introduction



2. Introduction

Overview

Introduction

In September 2020, EY was commissioned by the Live Entertainment Industry Forum ('LEIF') to assess the economic contribution of the Live Entertainment Industry ('the industry') on Australia's economy and assess the impact of COVID-19 on the industry. This included an analysis of potential support that could assist the industry into recovery.

LEIF was established in 2020 to support the safe reactivation of events with live audiences across Australia as COVID-19 restrictions are eased. LEIF was formed by Australian promoters of entertainment and sport, venue managers and key peak bodies. LEIF works closely with governments, businesses and audiences to build confidence in the industry's preparedness to operate safely, flexibly and sustainably and explores how industry can be supported by the government in a gradual return.

The findings of this report are estimates only and are based on previous economic contribution assessments of the industry as well as data collated through an industry survey conducted in October 2020 by LEIF.

This report provides an overview of the study's scope, high level methodology and key findings. It proceeds as follows:

1. Introduction
2. Methodology
3. Economic contribution of the Live Entertainment Industry in Australia
4. Impact of COVID-19 on the industry
5. Industry support packages
6. General economic outlook
7. Appendix A - Notice and disclaimer

Australia's Live Entertainment Industry

The Live Entertainment Industry in Australia encompasses a vast, vibrant and diverse range of events that make up a significant part of Australia's cultural and sporting landscape. At its core, live entertainment consists of ticketed entertainment events with a live performance of sport, music, dance, and other forms of entertainment.

At every size and level, from live music in local pubs to major international sporting events, live entertainment has contributed invaluable to the Australian economy, and to the Australian way of life. The industry provides a platform to showcase Australian talent, encourages Australians to participate in sport and the performing arts, educates on Australian culture and attracts international visitors.

2. Introduction

Overview (continued)

Introduction

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¹ Information available at: <https://leif.net.au/>, accessed: 13.12.2020

² Live Entertainment Industry Forum, 2020

2. Introduction

Overview (continued)

Defining the industry

For the purposes of this report, and in collaboration with the Live Entertainment Industry Forum, the Live Entertainment Industry has been defined according to four key components:

- Live performance
- Venue based Live Music
- Major events
- Major professional sports.

By defining the Live Entertainment Industry, this study was able to capture and value the whole of the industry, as well as acknowledge both the similarities and differences in the needs and circumstances of all types of live entertainment.

The Live Entertainment Industry in Australia encompasses a vast, vibrant and diverse range of events. In defining the boundaries of the industry, it is important to note the areas that are outside of the industry's scope. For example, while major events calendars include art and cultural exhibitions, such events do not typically have a live performance element and as such are excluded from this definition.

Further, there are certain duplications across the sectors. For example, regular season AFL matches fall under the major professional sports category. However, the AFL grand final is also considered as part of the major events sector as it is part of the Victorian major events calendar. Duplications such as this have been identified and adjusted for in our analysis to avoid double counting.

The following provides a detailed description of each of the key components of the Live Entertainment Industry:

Live performance

Live performance includes all ticketed live performance events through ticketing companies, self-ticketing venues, event promoters and Australian Major Performing Arts Companies. It includes ballet and dance, children and family entertainment, circus and physical theatre, classical music, comedy, contemporary music, festivals, musical theatre, opera, special events and other theatre. This is consistent with Live Performance Australia's definition of the live performance industry.



Venue based live music

Live music includes events held at Australasian Performing Right Association (APRA) licenced venues. These venues typically include hotels, bars, clubs, restaurants, cafes and nightclubs. This is consistent with APRA definition of the venue based live music industry.



Major events

Major events are defined as live events that are typically supported by State/Territory's government funded major events organisations' calendar of major events. This excludes festivals (e.g. Melbourne Food and Wine Festival) and arts and cultural exhibitions without a live component.



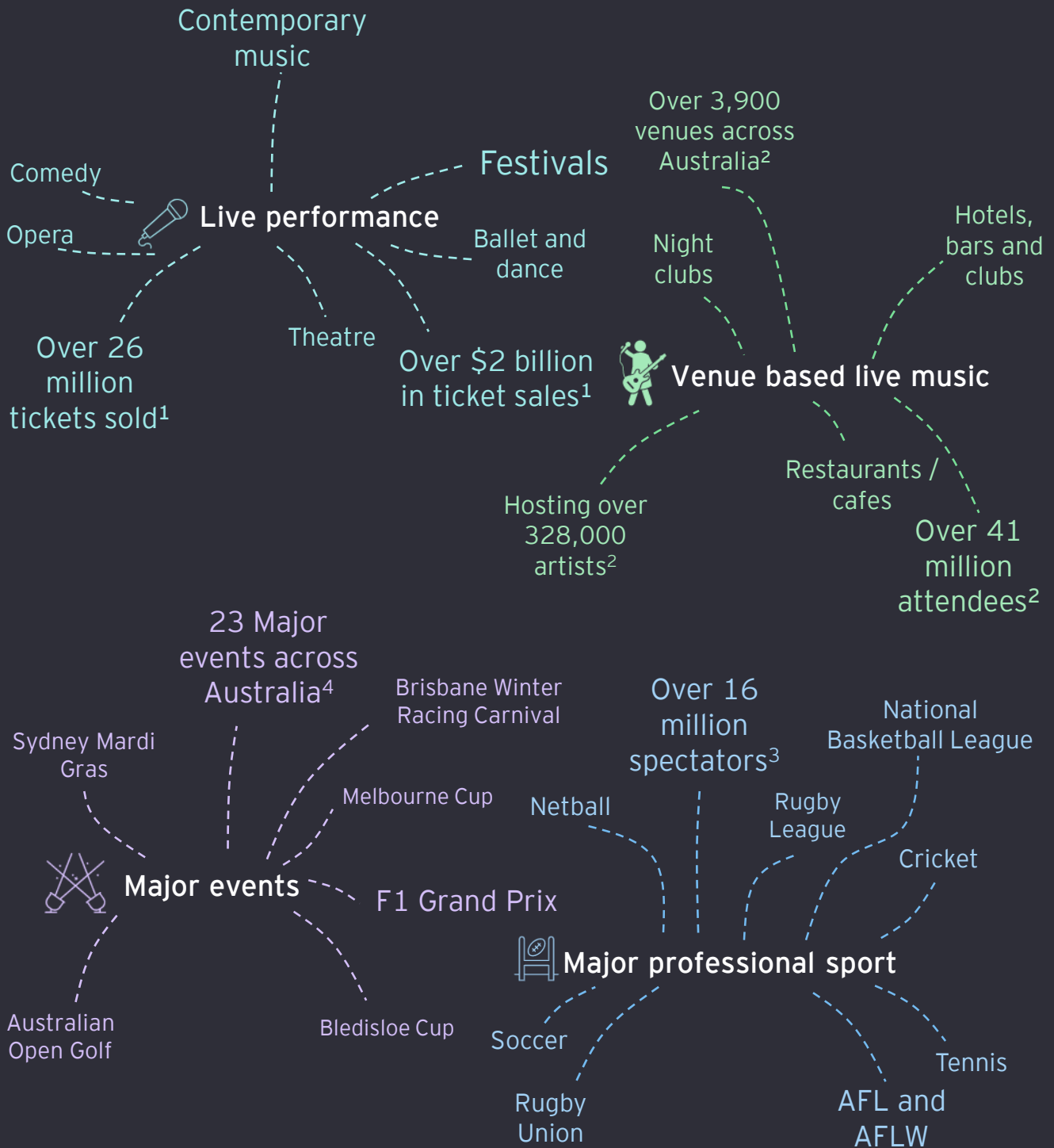
Major professional sports

This includes professional competitions/ leagues conducted by the national sporting organisations (NSOs) that form part of the Coalition of Major Professional and Participations Sports (COMPPS) and include AFL, Cricket, Football, Netball, Rugby League, Rugby Union and Tennis. Additionally, for the purposes of this study, the National Basketball League has also been included.



2. Introduction

2019 Industry Snapshot



¹ Conservative figures reflective of the year 2018, as per the Live Performance Australia Ticket Attendance and Revenue Report 2018, prepared by EY

² APRA data 2019

³ Data as per AUSTADIUMS, available at: <https://www.austadiums.com/>, accessed: October 2020

⁴ Major Events are defined as those typically supported through a State/Territory's government funded major events calendar

2. Introduction

Industry workforce 2019

A survey conducted by LEIF with key industry stakeholders (see Section 3), gathered high level employment data including:

- The proportion of employees under each employment type (contract, casual, part time and full time)
- The portion of employees by gender identity
- The portion of employees under specified age ranges.

The data outlined the following:

- The industry employs a greater number of contract, casual and part time workers (67% in total) than full-time workers (38%). This is due to the high level of short term work in the industry
- The industry is female dominated with 51% of employees identifying as female.
- The industry is heavily skewed towards employees under the age of 39 (55% of employees).

The high proportion of casual and contract workers potentially reflects the low uptake of JobKeeper across the industry. Approximately 40% of industry organisations surveyed as part of this study did not access JobKeeper. All organisation surveyed stated they experienced a reduction in revenue as a result of COVID-19.

Figure 2.1: Employment type¹

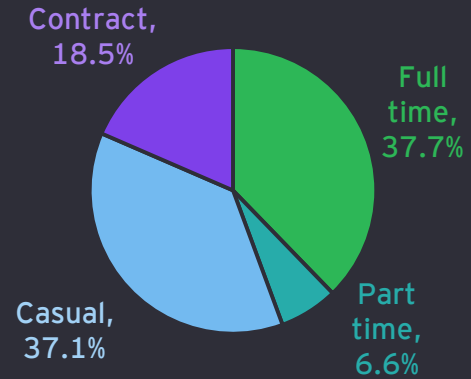


Figure 2.2: Gender split¹

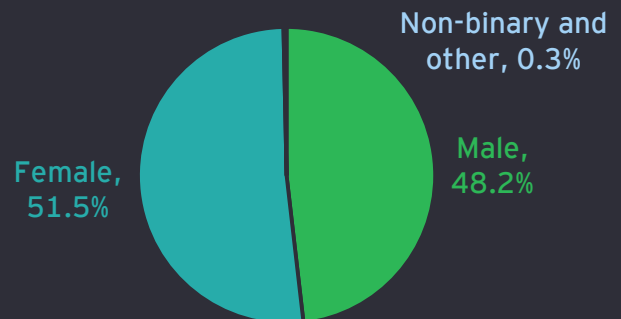
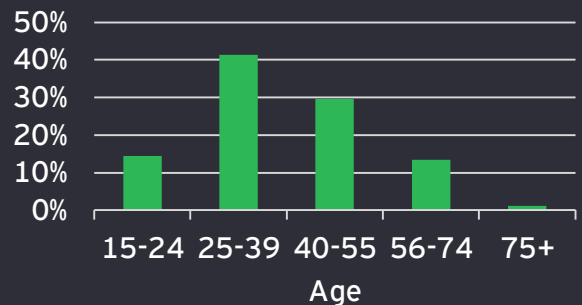


Figure 2.3: Age range¹



¹ LEIF, Live Entertainment Industry Survey, September 2020

3

Methodology



3. Methodology

Approach

A. Estimating the economic contribution of the Live Entertainment Industry

Economic contribution is an economic accounting exercise that seeks to measure all market-related expenditure flows for specified industries or activities. Economic contribution studies are used to measure the gross economic activity in terms of direct and flow-on economic expenditure.

The starting point to estimating the economic contribution of the Live Entertainment Industry is to understand all the industry revenues and associated visitor spending generated by the industry. For the purposes of this study, this includes:

- **Industry ticket sales revenue** - The revenue from ticket sales captures the contribution to all support industries (e.g. promoters, venue operators, artists etc.)
- **Government funding** - Funding provided by government to support an organisations operations (typically in the not for profit sector of the industry) and host events (e.g. funding to bid for and deliver international events)
- **Corporate sponsorship and support**
- **Broadcast revenue** - Revenue from broadcast rights for professional sporting leagues and competition
- **Other commercial revenue** - additional revenue received by organisations as a direct result of hosting live events (e.g. advertisement revenue, merchandise etc.)
- All expenditures by locals and visitors to an event. The expenditure of spectators attending events, both in the venue (e.g. food and beverage) and outside of the venue during their trip for the event (e.g. accommodation, food and retail)

The typical approach to estimating these industry revenues is to use a bottom up approach, which involves collecting extensive data from the various wide ranging industry participants. However, given the nature of this engagement and the limited time available to estimate the contribution of the industry under this approach, EY has estimated the contribution based on existing market/industry studies previously conducted.

This included existing EY studies undertaken on various components of the industry (Live Performance Industry, Venue Based Live Music Industry), studies undertaken by members of the Live Entertainment Industry Forum executive committee (e.g. the economic contribution of the AFL) and other publicly available studies or media releases (e.g. The Intergenerational Review of Australian Sport, Valuing Australia's Creative Industries, media releases and/or publicly available studies on the economic impact of various major events, etc).





Where key industry metrics were available for the 2019 calendar, these key metrics were used to update these previous studies where they were conducted prior to 2019. This process was undertaken to ensure that, where possible, that all outputs were reflective of the size of the industry for the 2019 calendar year.

3. Methodology

Approach (continued)

The economic contribution was estimated for each separate component of the industry (i.e. Live performance, live music, major events, major professional sport) for the 2019 calendar year. A high level summary of the inputs included across each industry component is provided in the table below.

Table 3.1: Live Entertainment Industry - Economic contribution key inputs

	Industry component	Included in analysis
	Live performance	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Expenditure of visitors that attend live performances (e.g. accommodation, food, transport, merchandise, retail, etc.) ▶ Other revenue (i.e. government funding, corporate sponsorship, personal donations, orchestra hires, and royalty income)
	Venue based live music	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Revenue from food and beverages purchased in the venue ▶ Note that no additional visitor expenditure (i.e. over and above entrance/ticket price and in venue spend) has been included in this component as it is attendees to these types of music performances are predominately local attendees.
	Major events	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Expenditure of visitors that attend major events (e.g. accommodation, food, transport, merchandise, retail, etc.) ▶ Other event related revenue (e.g. sponsorship, government funding and other commercial revenue)
	Major professional sport	<ul style="list-style-type: none"> ▶ Revenue from ticket sales ▶ Revenue associated with major professional sporting leagues / competitions e.g. (broadcast, sponsorship, commercial revenue, memberships, merchandise, food and beverage etc.)

3. Methodology

Approach (continued)

The image below shows an example of the types of revenues and expenditures that may be included when calculating the economic contribution of a concert held in Victoria.

Figure 3.1: What is included in economic contribution? - Illustrative example



3. Methodology

Approach (continued)

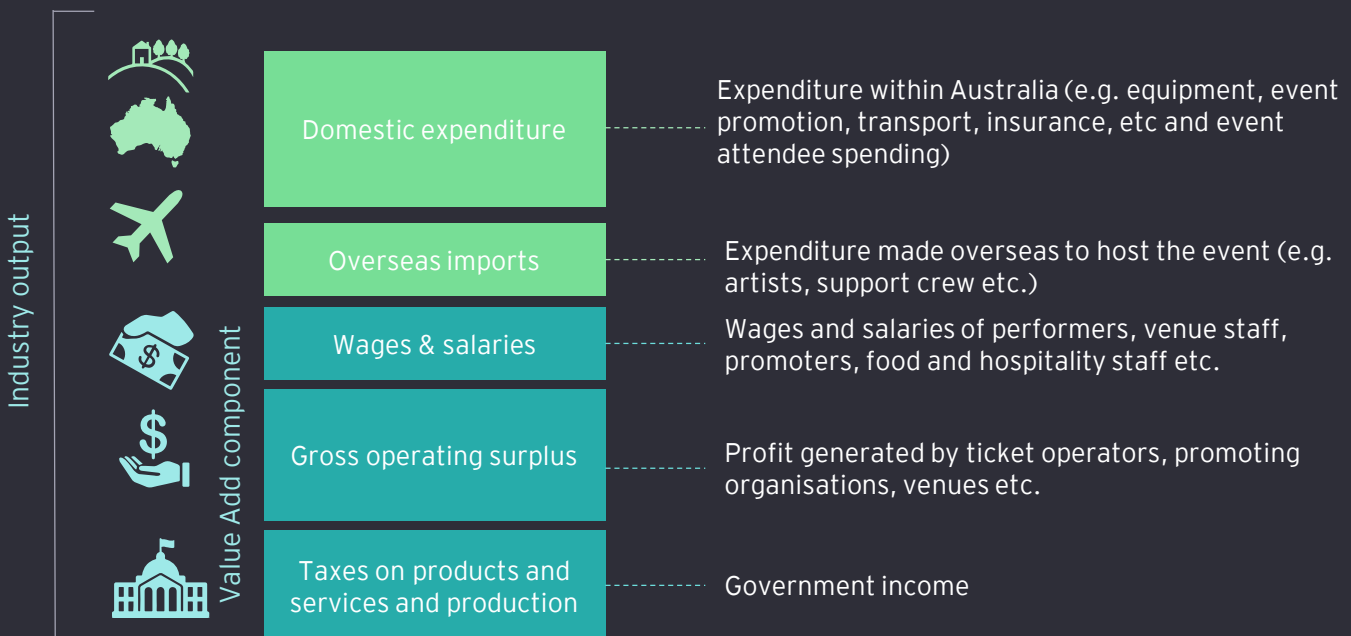
Direct economic measures

When undertaking ‘contribution’ studies of this nature three common direct indicators of economic contribution are used:

- **Industry output** - the market value of goods and services produced by an industry, often measured by industry turnover (also referred to as gross contribution)
- **Industry “value add”** - the market value of goods and services produced by an industry, after deducting the cost of goods and services used (measured by direct wages and profits generated)
- **Industry employment** - the number of workers directly employed by the industry, expressed in terms of full-time equivalent employees.

All three measures are valuable in their own right. Industry output is a measure of *production*, value add is a measure of *wealth generation*, and arguably, employment is a measure of the *distribution of income*. The value add measure is commonly put forward as the most appropriate measure of an industry’s contribution to an economy.

Figure 3.2: Direct industry output - Live Entertainment Industry example¹



¹ EY illustrative interpretative of REMPLAN 2020 Economic Output definition - REMPLAN, Back to basics, available at: <https://www.remplan.com.au/blog/2019/01/back-to-basics/>

4. Methodology

Approach (continued)

Indirect economic contribution

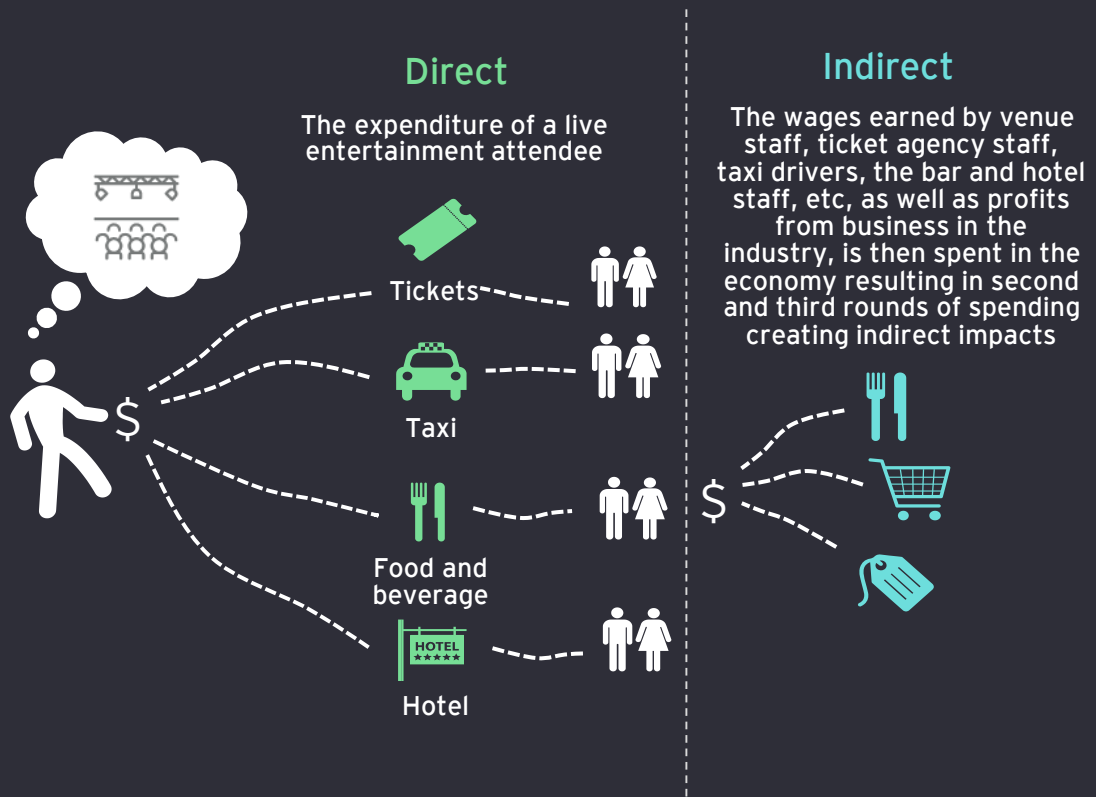
In addition to the direct contribution, this study also estimates the indirect economic contribution. The indirect contribution measures the multiplier effects of the direct expenditure throughout the economy.

The direct spending produces a second round of spending and income generation.

For example, additional money spent at restaurants by event attendees is allocated between the additional material inputs (such as food and drink), wages, and profits of the proprietor. Wages spent by the employees of the restaurant (for example, on household items) circulates the money throughout a broader section of the economy creating indirect benefits.

The multipliers used and therefore the size of the indirect impact depends on the type of direct expenditure, and the structural features of the economy. The estimated multiplier on the economy is expressed as the increase in Gross Domestic Product ("GDP"). The economic multipliers used for this study were sourced by EY using REMPLAN.

Figure 3.3: Direct versus indirect contribution - Illustrative example



3. Methodology

Approach (continued)

B. Estimating the impact of COVID-19 on the Live Entertainment Industry

At a micro level, the impact of COVID-19 on the industry varies significantly and depends on factors such as:

- The type of business in the sector
- The type of sub-sector
- The location of the business and events
- The size of the business

EY estimated the impact of COVID-19 on the industry at a macro level through collating information through an online survey ('Industry Survey') distributed to industry stakeholders by LEIF. Stakeholders included members of the Live Entertainment Industry Forum executive committee and other related organisations.

Industry survey

An Industry Survey was developed by EY in collaboration with LEIF and was distributed by LEIF to the industry stakeholders between the 17 September and 2 October 2020. The survey gathered data such as:

- **Organisation details** - Type and size of business, sub-sector of business and business location
- **Employment details** - A breakdown of the employment composition by gender, employment type (full time, part time, casual or contract) and age group
- **COVID-19 impact** - Estimated percentage impact of COVID-19 on organisation revenue and employment numbers
- **Industry needs** - Support required by the industry to recover from the COVID-19 impact

All responses were received in confidence and the survey responses were not distributed beyond the EY team.

EY applied the results from this survey to the estimated economic contribution of the industry for 2019 (as per part A) to estimate the quantitative impact of COVID-19 on the Live Entertainment Industry for the 2020 calendar year.

4

Economic contribution of the Live Entertainment Industry







4. Economic contribution of the Live Entertainment Industry in 2019

Overview of results

This study estimated that the Live Entertainment Industry contributed \$36.5 billion to Australia's economy in direct and indirect output and supported 122,647 Full Time Equivalent (FTE) jobs in 2019. The study also estimated that the Industry contributed \$16.7 billion in direct and indirect value add in 2019. The outputs are shown in the table below.

Figure 4.1: Total Output, Total Value Add and Total FTE 2019

	Total Output (\$Billion)	Total Value Add (\$Billion)	Total FTE
	Direct and indirect	Direct and indirect	Direct and indirect
 Live Performance	\$15.6	\$7.1	52,340
 Venue based live music	\$4.3	\$2.0	14,587
 Major Events	\$7.8	\$3.6	26,349
 Major Professional Sport	\$8.7	\$4.0	29,372
Total	\$36.5	\$16.7	122,647

Note: Totals may not equate to the sum of the components in the table above due to rounding.

4. Economic contribution of the Live Entertainment Industry in 2019

Direct and indirect contribution

The direct and indirect contribution of Total Output, Value Add and Jobs (FTE) for the industry estimated by this study for 2019 are presented below.

Table 4.2: Total Output 2019

Total Output	Direct	Indirect	Total
Live Performance	5.9	9.7	15.6
Venue based live music	1.7	2.7	4.3
Major Events	3.0	4.9	7.8
Major Professional Sport	3.3	5.4	8.7
Total	13.9	22.6	36.5

Table 4.3: Value Add 2019

Value Add	Direct	Indirect	Total
Live Performance	2.5	4.6	7.1
Venue based live music	0.7	1.3	2.0
Major Events	1.3	2.3	3.6
Major Professional Sport	1.4	2.6	4.0
Total	5.9	10.8	16.7

Table 4.4: FTE 2019

Jobs (FTE)	Direct	Indirect	Total
Live Performance	27,479	24,861	52,340
Venue based live music	7,658	6,928	14,587
Major Events	13,834	12,516	26,349
Major Professional Sport	15,421	13,951	29,372
Total	64,392	58,256	122,647

Note: Totals may not equate to the sum of the components in the table above due to rounding.

5 Impact of COVID-19 on the Live Entertainment Industry



5. Impact of COVID-19 on the Industry

Overview of impact

Industry disruption

From March 2020, COVID-19 restrictions such as bans on mass gatherings, venue closures and patron limits caused significant disruption to the Live Entertainment Industry across Australia. A significant number of major sporting events, concerts, music festivals and performances ranging from local acts to major international stadium concerts were cancelled or postponed.

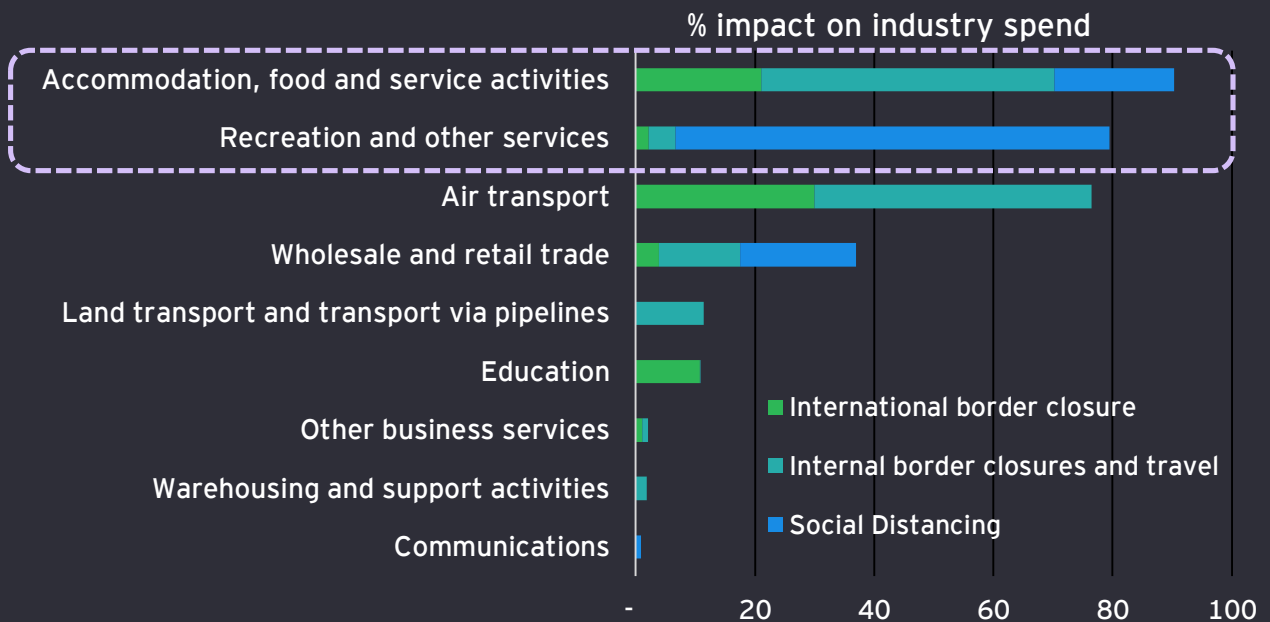
In some areas of the country, the easing of restrictions allowed parts of the industry to resume activity, albeit with limited audience numbers due to strict rules and guidelines. Major sporting leagues such as the AFL and NRL have been subject to significantly reduced stadium capacities, with venues in Queensland and Western Australia capped at 50% capacity, with similar restrictions in other states. For example, in 2019, 100,014 people attended the AFL Grand Final in Melbourne Cricket Ground in

Victoria. In October 2020, this number was reduced to 29,707 with the Grand Final being held at The Gabba in Brisbane.¹

Unlike other industries, such as retail, the value created by the Live Entertainment Industry cannot easily be replicated online or through a socially-distanced setting. The 'live' element of events is at the heart of the industries' value. While some artists and businesses have been able to adapt to this new environment, the majority have suffered significant revenue losses and have substantially reduced employee numbers.

EY analysis found that accommodation, food and service activities as well as recreational activities have been hardest hit by COVID-19 restrictions. These activities directly or indirectly relate to the Live Entertainment Industry.

Figure 5.1: Impact on industry spend of COVID-19 restrictions²



¹ AUSTADIUMS, available at: <https://www.austadiums.com/sport/sport.php?sid=1>, accessed: 9.11.2020

² EY analysis, 2020

5. Impact of COVID-19 on the Industry

Overview of impact (continued)

Quantifying the impact

As part of Industry Survey issued by LEIF, organisations were asked questions relating to the impact of COVID-19 on revenue and employment. Specifically, respondents were asked to estimate the impact of COVID-19 on their revenue and employment numbers for 2020, assuming that current restrictions remain in place until 31 December 2020. Industry participants responded to the survey between 17 September and 2 October 2020.

Organisations provided estimates based on:

- ▶ Actual data from January 2020 to September/October 2020
- ▶ Estimated projections for October 2020 to December 2020.

By assessing these responses, EY estimated the impact of COVID-19 on the Live Entertainment Industry in 2020.

While Governments eased certain restrictions in October and November 2020, the level of planning required to host events as well as

uncertainty surrounding future restrictions has limited the ability of live entertainment organisers to schedule events in both November and December 2020. As such, organisations responding based on assumed restrictions until 31 December 2020, has been assumed to be the most accurate representation of industry activity in 2020.

By applying the results of the Industry Survey to the estimated economic contribution of the Live Entertainment Industry in 2019 (see Section 3), EY has estimated the following impact for 2020:

Direct and indirect	2019 (\$bn)	2020 (\$bn)	(\$bn)
Output	36.5	12.8	-23.7
Value Add	16.7	5.8	-10.8
Jobs (FTE)	122,647	43,129	-79,519

Figure 5.2: Impact of COVID-19 on the Live Entertainment Industry in 2020



5. Impact of COVID-19 on the Industry

Deeper dive – the impact on live music shows and events

To further demonstrate the impact of COVID-19 on the Live Entertainment Industry, LEIF requested a deeper dive into the impact on live music shows and events (a key sub-sector of the industry). Live music shows and events include:

- ▶ Live Performance: contemporary music and contemporary music festivals
- ▶ Venue Based Live Music: all venue based live music events

Extracting live music shows and events from our analysis found that these events represented an estimated 34% of the Live Entertainment Industry total economic output in 2019, contributing approximately \$12.5bn to the

Australian economy. Total jobs across the sector was estimated at approximately 42,066 in 2019, with total industry value add estimated at \$5.7bn.

Impact of COVID-19

The analysis found that the total economic output from live music shows and events is estimated to fall by \$10.8bn from 2019 to the end of 2020. Total jobs that could be lost is estimated at 36,194 by the end of 2020, with industry value add estimated to fall by \$4.9bn over the same period.

Figure 5.3: Estimated impact of COVID-19 on live music shows and events in 2020 (compared to 2019)



Australian festivals

As of August 2020, The Australian Festival Associated (AFA) noted that 35 major festivals and festival tours were cancelled across Australia.

The AFA have estimated that festivals are incurring losses in the range of \$500k to \$10m (depending on festival size) due to the cancellation of events. With such losses, the AFA anticipate that the first profitable quarter post

COVID-19 will be January - March 2020, due to the time required to recover from financial losses.

A major concern outlined by the AFA going forward is the need for international artists, with a typical line-up including 60% international acts. The AFA note that approximately 80% of ticket sales rely on international acts.

5. Impact of COVID-19 on the Industry

Industry case studies

Case study 1 - Cancelled multi-day music festival

An annual multi-day music festival was scheduled for early 2020. The event was cancelled just prior to the scheduled date.

All staging, audio, visual, lighting, camping and fencing requirements and amenities (e.g. toilets, outdoor furniture) had arrived at the greenfield site and been erected, before government directions prohibited public gatherings.

Impact

- \$3.7 million box office revenue forgone
- 8,789 event tickets and 2,940 ancillary (camping, bus, parking, VIP) tickets refunded - approximately (48%) of event ticketholders chose to retain their tickets for the following year's event, however, there is currently uncertainty about whether the 2021 event can proceed
- Approximately 1,160 crew (including security, catering, retail, bar, ticketing, production, cleaning, police, rigging, parking attendants) as well as suppliers, festival contractors and volunteers are involved in staging the festival
- Approximately \$6 million worth of contracts with service were been cancelled

Non-recoupable costs totalled **\$3,054,737**,

including:

- Marketing costs
- Wages
- Venue hire
- Ticketing
- Travel, accommodation and staff allowances
- Production costs
- Site and camping costs
- Artist fees
- Visas
- Insurance.

If the festival had not been able to negotiate contracts and access other government support, non-recoupable costs would have totalled approximately \$8.5 million.

\$3.1m in non on-recoupable costs

\$3.7m in box office revenue foregone

\$6m worth of contracts cancelled

Source: Australian Festival Association. Festival name and dates removed for confidentiality purposes

Case study 2 - Cancelled events at a major arena

Prior to COVID-19 restrictions, this major arena operates at a capacity in excess of 10,000.

COVID-19 square meter / person restrictions resulted in the arena being required to reduce capacity by over 60%.

The average loss per event on ticket sales is estimated at approximately \$1,154,500.

60% reduction in prohibited capacity

\$1.2m in ticket revenue foregone per event

Source: LEIF committee - major arena noted is confidential

6

Live Entertainment Industry support



6. Industry support

Policy and regulatory changes required

Industry Survey

The Industry Survey asked respondents about the future of their organisations and the type of policy changes and support that would enable them to recover and commence the planning of events.

To commence planning events, the majority of respondents (36%) stated that *'lifting of restrictions on crowd numbers'* is required. This was followed by the *'resumption of international travel'* (24%).

To support businesses into recovery, the majority of respondents listed that *'exemptions for interstate and international travel for artists and event organisers'* is required (29%). This was followed by *'further financial assistance for live entertainment businesses'* (27%) and the *'extension of JobKeeper'* (25%).

To support industry workers, the majority of respondents listed that *'extension of Job Keeper'* is required (40%). This was followed by *'exemptions for interstate and international travel for artists and event organisers'* (38%).

Figure 6.1: What would you need to change in order for you to plan events?

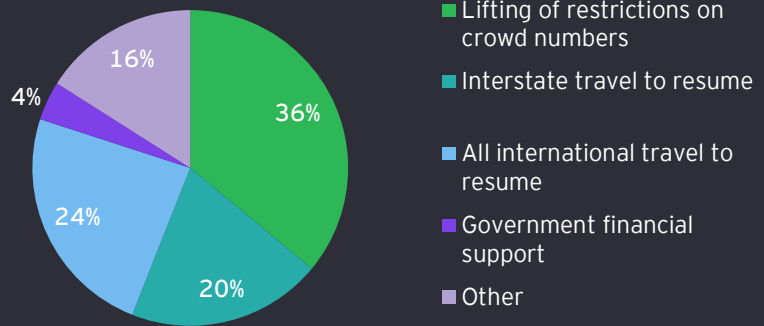


Figure 6.2: What support for businesses or changes would help the Live Entertainment Industry recovery from the impacts of COVID-19?

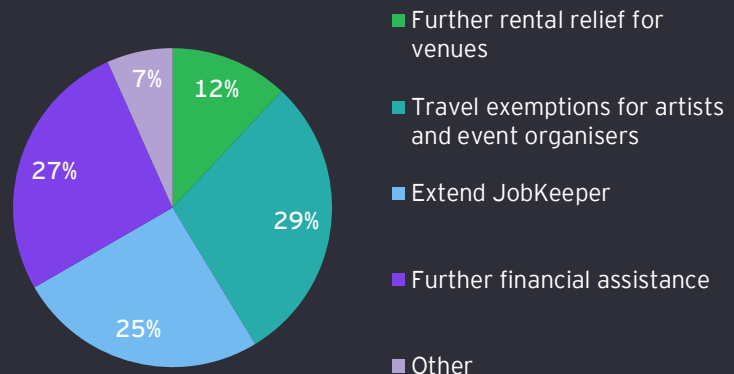
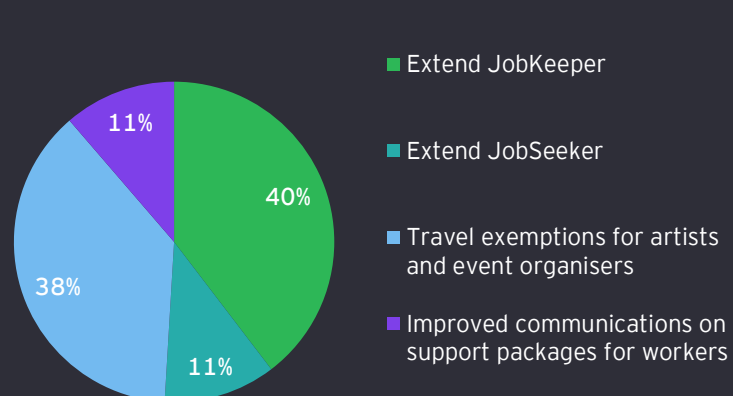


Figure 6.3: What support could be provided to industry workers to recovery from the impacts of COVID-19?



7

Economic outlook



7. Economic outlook

What does the economic outlook mean for the Live Entertainment Industry?

While consumers have redefined their values and spending habits, analysis of previous economic shocks shows that spending on live entertainment will continue to remain a priority for consumers.

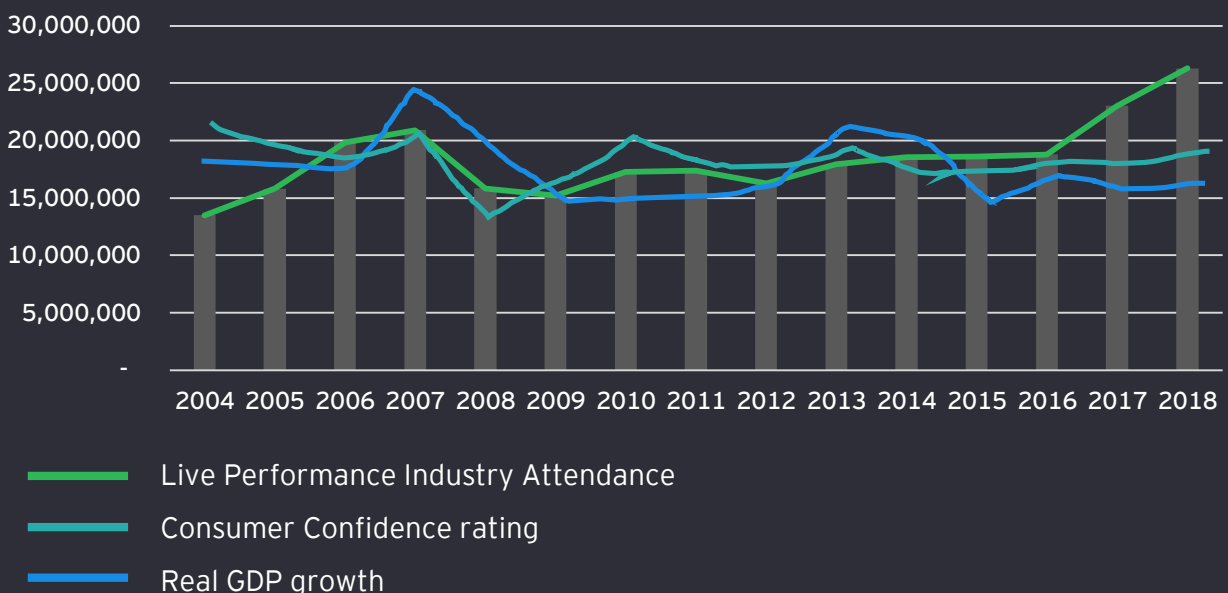
An assessment of the attendance at live performance events against global economic shocks such as the SARS pandemic (2004) and the Global Financial Crisis (2008) show that live performance attendance is closely correlated to Australian GDP and consumer confidence.

In recent years, attendance has been stronger than implied by confidence and GDP which implies a shift in household spending away from consumer goods towards services (included experiences such as events).

The graph below shows that while live performance attendance reduces in line with consumer confidence and GDP trends during economic shocks, attendance equally increases in line with GDP and consumer confidence recovery trends.

The following pages provide an overview of the broader economic outlook that may influence the recovery of the Live Entertainment Industry over the coming years.

Figure 7.1 Live Performance Industry Ticket Sales against Australian GDP and Consumer Confidence¹



¹ EY analysis based on Live Performance Australia Ticket Attendance data and Revenue Reports. Australia GDP data accessed from ABS. Consumer Confidence Index accessed from Roy Morgan,

7. Economic outlook

Economic recovery – an overview

High level impact

An economic contraction of 7% in the June quarter of 2020 marked the start of Australia's first recession in almost 30 years, and the deepest recession since the 1930's.

Recovery is however underway and the economy stabilised through the September quarter as health and social restrictions were eased, income support flowed and many businesses were able to open back up. In the September quarter, Australian GDP rose by 3.3%.¹

The recovery has however been uneven, especially in Victoria. Initially the economic impact was greater on the young, females, and sectors such as the tourism and the arts/live entertainment. But the economic scarring is becoming more broad and job losses are deepening beyond population service sectors to others such as, construction, real estate and professional services.

The Reserve Bank of Australia (RBA) remains

optimistic about the economic recovery - forecasting economic growth of 5% through 2021 following a four percent contraction through 2020.² While this may sound like a 'V' shape recovery, it's not. This strong rebound however still leaves the economy smaller at the end of 2021 than it was at the end of 2019. At EY we see a 'saw-tooth' shaped recovery, with peaks and troughs dependent on the unfolding health crisis, fiscal response, border openings, and consumer and business confidence.

The fiscal response to date has been significant, measures have been targeted but temporary, but the winding back such measures presents a risk to both the household and business recovery.

¹ ABS, Australian National Accounts: National Income, Expenditure and Product, September 2020

² Statement of Monetary Policy, November 2020, Reserve Bank of Australia

7. Economic outlook

Economic recovery – an overview (continued)

Households

The outlook for households remains challenged. Labour market conditions (discussed overleaf) are uncertain and unemployment is expected to rise further, adding to existing spare capacity and maintaining downward pressure on, already weak, wages growth,

Constrained households have benefited this year from direct support payments, early access to superannuation, the JobSeeker supplement, and loan repayment and rent deferrals. However this support has already started to taper, with most measures currently expected to end in March 2021. As this happens households will have to adjust to lower incomes, which could lead them to pare back on spending unless they access savings buffers.

Indeed September's retail trade data showed the second consecutive monthly decline in spending. Confidence on the other hand is elevated and could support spending.¹

History suggests that households quickly move to build precautionary savings but that the household savings rate takes a long time to fall back to pre-recession levels – in fact it never got there after the Global Financial Crisis.

Businesses

Septembers retail trade data also showed that to date there has been a disproportionate impact on small business, this is backed up by Payroll data which shows that businesses with fewer than 20 employees lost 7.1% of payroll jobs in the 4 weeks to 17 October, whilst

business with more than 200 employees gained 1.1% of payroll jobs.² The tapering of direct business support, such as the reduction in size and scope of the JobKeeper program, is a challenge for small business in particular, and could lead to a rise in insolvencies over the year ahead, particularly in sectors where demand for goods or services is depressed.

Employment

The strength of the labour market is key to the economic recovery. The labour market has deteriorated since the onset of COVID-19 – unemployment has risen, participation has fallen and in July 2020 the unemployment hit 7.5%.³

Overall in the economy, jobs recovery, which has been underway since May 2020, has lost momentum. Employment in September 2020 fell for the first time since May, with 36,000 jobs shed in Victoria leaving 29,500 lost nationally. Unemployment increased back up to 7.0% in October. Momentum was also lost in terms of the participation rate which fell to 65.8%.⁴

¹ Statement of Monetary Policy, November 2020, Reserve Bank of Australia

² ABS, Weekly Payroll Jobs and Wages in Australia, 28 November 2020

³ ABS, Labour Force, Australia, October 2020

⁴ ABS, Labour Force, Australia, October 2020

7. Economic outlook

Economic recovery – an overview (continued)

On the plus side, monthly hours worked rose in September, as those working picked up more hours.² None the less, hours worked are still well below pre-COVID-19 levels and 5% lower than this time last year.

The arts and recreation industry has been severely impacted by the pandemic, particularly early on as a direct result of border closures and social distancing restrictions. Jobs in the industry were recovering through August and September, however this trend reversed in October as 3.3% of payroll jobs were lost in the 4 weeks to 17 October. Payroll jobs in the arts and recreation industry are 15% lower than at the start of the crisis in mid March, the second biggest percentage loss of any industry.

Employment outlook

A. Near term

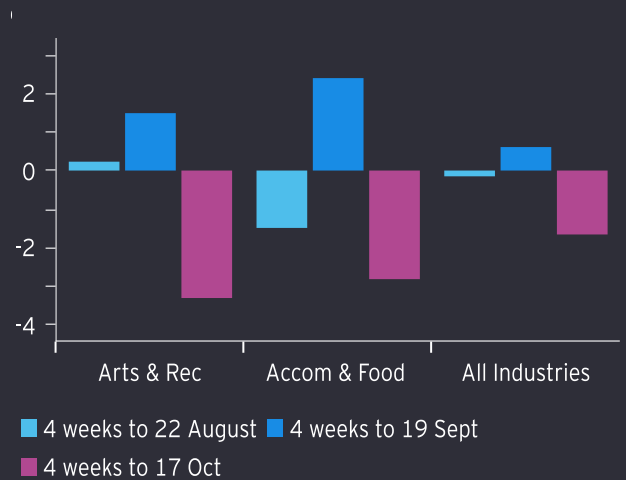
Unemployment is expected to rise further before the end of the year, with the latest forecast from the RBA expecting the unemployment rate to peak at 8% by year end. The RBA are also expecting underemployment (the number of people seeking to work additional hours) to remain high. In September 2020 the underemployment rate was at 11.4%, 3% higher than the previous year (8.3%).³

These high rates of unemployment and underemployment represent a significant level of spare capacity in the labour market, which will keep wages growth low – a key headwind facing the outlook for households.

B. Long term

Excess capacity in the labour market and weak wages growth is expected to linger for some years. It took seven years after the recession in 1992 for unemployment to fall from its peak back to pre-crisis levels.

Figure 7.2: Weekly Payroll Jobs – Selected industries, % Change⁴



¹ Australian Bureau of Statistics, Weekly Payroll Jobs and Wages, October 2020

² Australian Bureau of Statistics, November 2020

³ Australian Bureau of Statistics, September 2020

⁴ EY analysis of ABS data, Macrobond

7. Economic outlook

Consumer Confidence

The future of the industry will depend not only on industry support but also on confidence and the future habits of consumers.

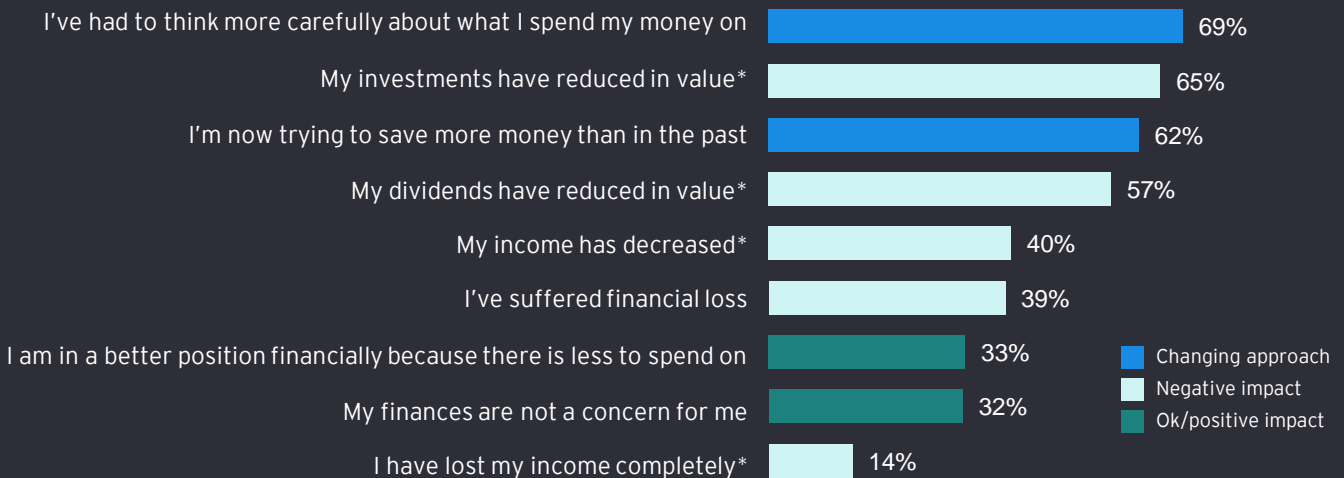
Consumer Confidence relates to the degree of optimism about the state of the economy that consumers express through activities such as saving and spending. The ANZ-Roy Morgan consumer confidence index has risen for 9 consecutive weeks, rising to an index of 99.9 at the end of October.

This result is the highest level since the pandemic hit, and is close to neutral, which means there are a roughly equal number of pessimists and optimists out there. The paring back of JobKeeper and JobSeeker payments are a risk to consumer confidence, particularly for the personal financial conditions sub-index.

EY's Future Consumer Index ('the Index') has found, based on survey feedback, that values are being redefined and new priorities are consumer driving behaviour. Six in ten Australians say they are thinking more about the future and 'what matters most'. It is a function of the immediacy of the hit of COVID-19, the scale of the economic impact and the consequent emotional impact.

This plays though in terms of how people look to spend their time and money and it is also shaping how consumers think about the way they would like to live in the future. The Index found that 39% of Australians expect that the way they will live in the future will be different and 65% of those employed prior to COVID-19 say that the way they work will be different.

Figure 7.3: Thinking about the financial impact of COVID-19 on you personally, which of the following statements describe your situation?¹



¹ EY Future Consumer Index - Base: Total sample (July) - Australia (1,033); *Excludes 'Not Applicable'

7. Economic outlook

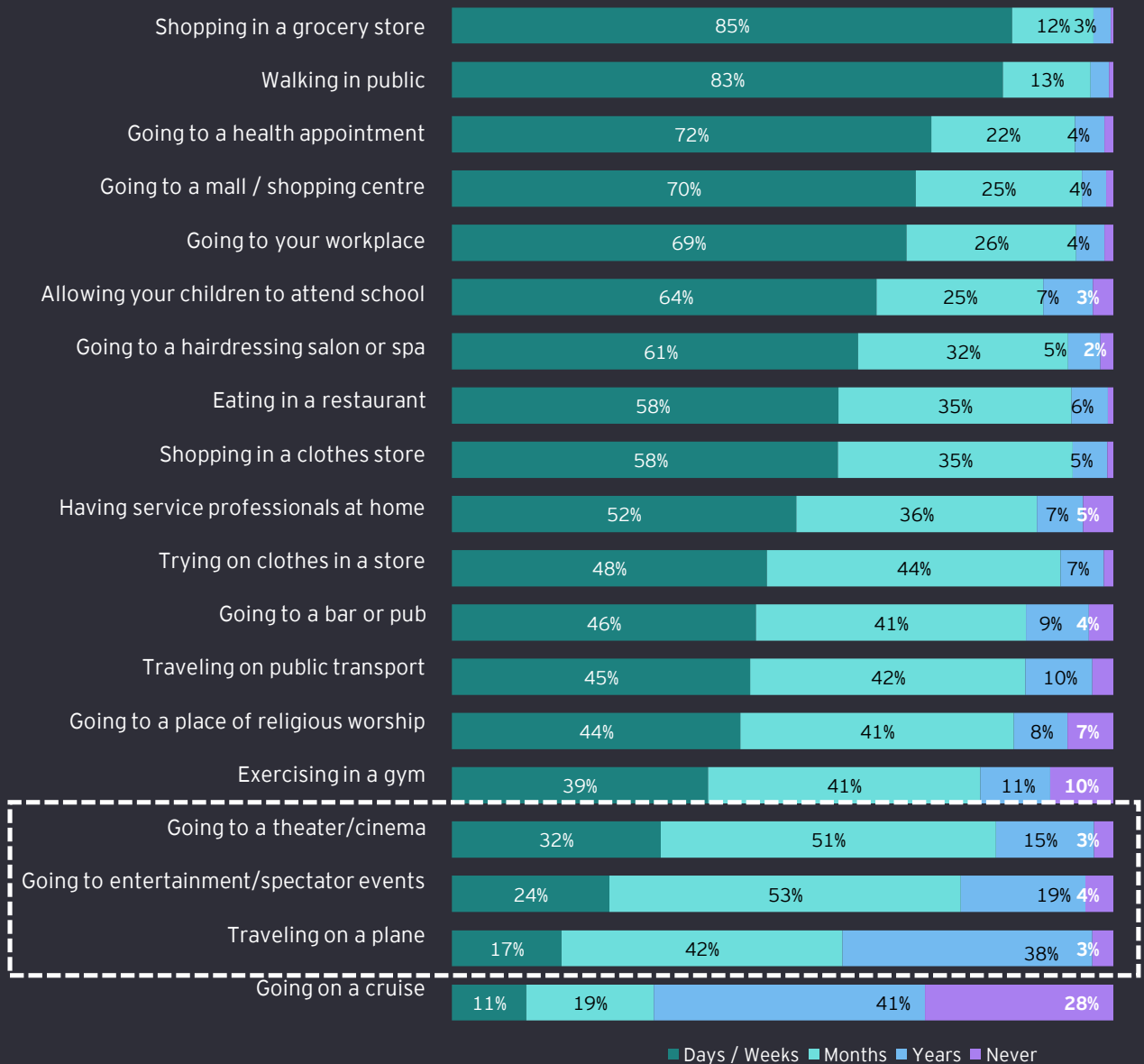
Consumer confidence (continued)

In July 2020, the EY Future Consumer Index asked consumers the time scale they would be comfortable again resuming activities.

Live entertainment activities (i.e. theatre,

spectator events, travelling) had a relative low response rate from those stating it would be 'years' before they would resume activity. The majority of respondents stated they would resume activity in 'months'.

Figure 7.4: Time to feel comfortable again¹



¹ EY Future Consumer Index - Base: Total sample (July) - Australia (1,033); *Excludes 'Not Applicable'

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