



16 April 2021

Mr Enver Erdogan, Committee Chair  
C/O Committee Secretary  
Economy and Infrastructure Committee

**Re: Music Victoria Submission to the Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors.**

Dear Mr Erdogan,

Thank you for the opportunity to provide a submission for the Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors. This document is founded on the ongoing consultation that we do at Music Victoria each and every day with our members, and in this context speaks to 'events' as presentations of live music in venues or as part of a festival.

## **ABOUT US**

Contemporary Music Victoria Inc. (Music Victoria) is an independent, not-for-profit, membership-based organisation and the state peak body for contemporary music. We represent musicians, venues, music businesses and professionals, and music lovers across all genres in the contemporary Victorian music community. Music Victoria provides advocacy on behalf of the music sector, actively supports the development of the Victorian music community, and celebrates and promotes Victorian music. You can read more about Music Victoria at <https://www.musicvictoria.com.au/about/>

Our submission is divided into three sections:

- The value, impact and reach of live music before Covid-19;
- The devastating impact of the pandemic on our live music scene; and,
- The ongoing challenges and our recommendations for State Government measures that will support our live music industry and restore lost jobs.

Should you require further information, please do not hesitate to make contact.

Kind regards,

**Simone Schinkel**  
**CEO**

## BEFORE COVID-19

Every Saturday night (and Friday as well), 110,000+ fans attended live music performances in Melbourne's small and large venues. That's a Grand Final every Saturday night! The Greater Melbourne area boasts 465 live music venues, which is one venue per 8,915 residents, (more than New York, Paris, London, Berlin and Tokyo)<sup>1</sup>, and there are 197 regional venues in Victoria which are a source of regional competitive advantage.

There are an estimated 350 festivals that feature live music making Victoria one of the biggest music festivals states in the world. This includes Port Fairy which has been around for 40 years and Queenscliff which has been around for 20.

Victoria has some of the world's most supportive music-related laws and strategies, with the Victorian Government being the first in the world to legislate the Agent of Change<sup>2</sup> laws state-wide, which protect existing venues from complaints from encroaching neighbours.

The Victorian live music sector contributes over \$1.7 billion per year<sup>3</sup> in GDP (including ancillary spending by patrons) and on an annual basis 116,000 full time equivalent jobs are created through the live music<sup>4</sup>, with every \$1 spent on live music returning \$3 in value<sup>5</sup>.

Music has also been a major drawcard for Melbourne, for net migration and cultural tourism.

## THE IMPACT

Victoria's famous live music scene is under existential threat. It was the first to shut down and will be the last to be able to recover from the COVID-19 pandemic.

To give an indication of the level of the impact, pre-COVID, APRA AMCOS members submitted live performance reports representing payment for over 3 million performances of their works. The same period during COVID-19 saw the number of performances of works plummet to approximately 100,000 – representing under 4 per cent of activity pre-COVID.

Since March last year there has not been a single national tour undertaken by an Australian artist and there has not been a single festival run at full capacity. One (out of the many) reasons for this is because since the onset of the pandemic event cancellation and/or business interruption insurance providers have explicitly excluded COVID-19 from all policies. This means that the risk of delivering any event falls back on presenters,

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<sup>1</sup><https://www.musicvictoria.com.au/wp-content/uploads/bsk-pdf-manager/2019/07/MLMC-2017-Report-compressed.pdf>

<sup>2</sup><https://f0a280.hostroomcdn.com/wp-content/uploads/bsk-pdf-manager/2019/07/Agent-of-Change-White-Paper-Music-Victoria-2018-UPDATE-Ver.-2.pdf>

<sup>3</sup><https://f0a280.hostroomcdn.com/wp-content/uploads/bsk-pdf-manager/2019/07/Melbourne-Live-Music-Census-2017-Postscript-1.pdf>

<sup>4</sup><https://mail.musicvictoria.com.au/assets/toolkit/background-paper-economic-cultural-and-social-impact-of-live-music.pdf>

<sup>5</sup> <https://www.abc.net.au/cm/lb/7097626/data/live-music-report-data.pdf>

promoters or artists entirely. At a time when the likelihood of last-minute event cancellations remains high due to COVID-19, and following an extended period where many of these stakeholders have received no income for their work, a number of our members are reporting that this is a risk they are simply not able to bear. The recent experience of Bluesfest Byron Bay<sup>6</sup>, which was required to cancel only hours before delivery, has only further decreased the appetite for risk.

Our members have also observed complications in drafting event contracts that can adequately deal with such cancellations or postponement in the absence of external underwriters. When dealing with touring artists, for example, several scenarios present that have direct impact on the ability of an event to be delivered, even in locations which themselves are not currently facing restrictions:

- Sudden state border closures when an artist is travelling;
- Forced quarantine periods when returning from ‘hotspots’;
- Localised outbreaks interrupting touring schedules;
- At-risk groups (both audiences and artists) not able to participate;
- Decision-making and responsibility/liability for decisions when government advice uses terminology such as ‘recommended’ rather than enforcing restrictions; and,
- Variations in expectations and expertise in delivering COVIDSafe events.

We also need to address the mass exodus of talent and skills from our industry. The Victorian Music Development Office (VMDO) and the Victorian Office for Women commissioned RMIT University to complete a study of music industry workers which showed that 58% of respondents considering leaving the music industry and 57% of respondents were worried about paying for basics like rent and food.

Furthermore, figures from Support Act (the national charity delivering crisis relief services to artists, crew and music workers) has demonstrated that Victoria is bearing the brunt of the Covid impact with:

- 44.5% of all Crisis Relief grants going to Victorian music workers;
- 52% increase in calls from Victorian music & arts workers to the Wellbeing Helpline;
- 41% of all calls to the Wellbeing Helpline are from Victorian music & arts workers.

Since the end of JobKeeper, Support Act have received close to 500 applications which is a 500% increase on the numbers that they were receiving pre the end of Jobkeeper. They are currently distributing more than \$200k a week in grant payments, and this is set to rise.

We gratefully acknowledge the vital role the Victorian Government’s response packages have played in supporting the music industry in 2020 which includes:

- \$15M Live Music Venues Support
- \$3M Music Industry Recovery Package
- \$1.2M Strategic Partnerships (music)
- \$1M Sustaining Creative Workers grants (music)
- \$5M for Regional and Peri-urban Music Events

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<sup>6</sup> <https://musicfeeds.com.au/news/bluesfest-calls-cancelled-event-the-festival-that-could-have-happened/>

However, we are now in April 2021, JobKeeper has finished, and many individuals and business in the complex ecology that is the live music industry have missed out (through being ineligible or unsuccessful).

45% businesses now have only 3 months until they will be forced to close and 80% will close in 6 months. It is never easy to rebuild a business, but it is especially hard to rebuild a live music venue due to the complex combination of planning and regulations associated. This is then made increasingly worse the longer we can't operate with both landlords and lessors losing faith in live music's ability to pay the rent.

Taking all the above data points together we expect at least a 75% reduction in turnover equating to **\$1.27 billion in lost revenue** plus all the associated job losses if the government does not act now.

The live music industry remains in relative lockdown and is in crisis.

## ONGOING CHALLENGES AND OUR RECOMMENDATIONS

RESTRICTIONS will continue to limit our operational capacity for as long as they are in effect.

Live Performance Australia<sup>7</sup> have noted that many live performance venues cannot reconcile current provisional capacity limits with density requirements restrictions. This means that, even with a nominal 100% capacity allowance for these spaces, density quotients of 2sqm per person will restrict them from reaching anywhere near this mark, and as such will prevent them from delivering profitable events. For some small venues, this creates a strange inconsistency whereby private events might host 100 people at their home but a small venue, with additional guidelines, risk mitigation strategies and expectations, cannot.

This is because the majority of live music is presented in non-seated venues which must adhere to the 1 person per 2 square metre density quotient rule. This restriction equates to operating at about 25% capacity, resulting in a 75% drop in revenue. Meanwhile, fixed costs like rent, insurance and staff remain static. These live music venues simply do not have the physical space to give each individual person this amount of room. As a point of comparison, Liquor licenses are issued based on 1 person per 0.75 square metres.

Venue Type	Capacity	Patrons
Small Venue	100%	100
	1 per 2 sqm	30
Medium Venue	100%	400
	1 per 2 sqm	120
Large Venue	100%	2000
	1 per 2 sqm	600

<sup>7</sup><https://liveperformance.com.au/wp-content/uploads/2021/03/LPA-MR-LPA-calls-on-all-states-and-territories-to-move-to-100-capacity-in-live-entertainment-venues-and-keep-borders-open-as-industry-marks-one-year-since-shut-down-19March-2021.pdf>

In addition, the communication around the restrictions presents further challenges. We have experience announcements and notifications that are unclear, lacking in detail and very last minute. By way of example:

- there is a continuous loop where live music can fall under section 8 (entertainment venues) or section 11 (bar, clubs, etc);
- the Public Events Framework has been a very drawn out and arduous process for some of our members, with its eligibility criteria is still not completely understood.

Another associated challenge regarding restrictions is the inconsistency across borders, industries and settings. The nature of our events is that they are part of tours which cross borders. These inconsistencies are a source of extreme frustration, and a nightmare to navigate for those trying to simply do the right thing. (A chart comparing restrictions developed and maintained by Live Performance Australia can be provided upon request).

## **RECOMMENDATION 1:**

**Music Victoria would welcome the opportunity to continue to work closely with the Department of Health alongside Creative Victoria, and our members to find ways in which we can:**

- **minimise the risk,**
- **achieve consistency,**
- **simplify the process and speed of approvals for the Public Events Framework, and**
- **enable the density quotient restrictions to be removed for General Admission (non-seated indoor) venues.**

Whilst some degree of UNCERTAINTY is inevitable, the current operational climate is impossible for events.

Each time there is another COVID-19 cluster or a quarantine breach, any plans to trade again are halted. Musicians, sole traders, venues, clubs, festivals, music businesses and the industry remain out of work. Artists, festivals and venues (particularly those with more limited resources) may deem the current level of operational risk insurmountable or may not discover until too late the extent of the risk apportioned to them until something goes wrong.

As an industry we have worked together to try to secure support from insurance providers, however no-one will touch us<sup>8</sup>, and the delayed vaccination rollout has only

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<sup>8</sup><https://liveperformance.com.au/wp-content/uploads/2020/12/LPA-MR-LPA-calls-for-Business-Interruption-Fund-to-protect-against-future-COVID-related-shutdowns-9December2020FINAL.pdf>

further increased this need<sup>9</sup>. To mitigate the risk of delivering events in the creative sector, the State government has a role to play in underwriting some risk.

## RECOMMENDATION 2:

**The development of a Business Interruption Fund that underwrites the pandemic insurance risk. We have seen the Federal Government offer risk support for the Film Sector through a Temporary Interruption Fund,<sup>10</sup> and this kind of scheme would assist many event providers to begin delivering again.**

The OPPORTUNITY to perform live in music venues plays a crucial role in developing music careers and incubating talent, with live performance a critical step in their professional and career development.

If the current health restrictions cannot be urgently addressed, then financial support is essential to maintain the live music industry ecology and all 116,000 FTE jobs. While the Circuit Breaker Action Business Support Package provided vital support for some, it was ineffective in helping musicians who are overwhelmingly made up by sole traders earning under the \$75,000 threshold to be registered for GST.

## RECOMMENDATION 3:

**Targeted support that is provided as a wage subsidy but addresses the limitation of JobKeeper, and previous Business Support Packages by using ANZSIC codes.**

## SUMMARY

Music Victoria urges the Victorian State Government to swiftly take on board our recommendations, to save jobs, talent, skills, infrastructure, tourism, ensuring that the live music industry can continue to remain a vitally important part of the Victorian economy and culture.

<sup>9</sup><https://www.smh.com.au/business/the-economy/delayed-vaccination-rollout-will-cost-australia-tens-of-billions-say-economists-20210415-p57jk3.html>

<sup>10</sup><https://www.if.com.au/temporary-interruption-fund-will-cover-covid-19-risk/>