

**Submission
No 760**

SYDNEY'S NIGHT TIME ECONOMY

Organisation: Australian Recording Industry Association Ltd

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AUSTRALIAN RECORDING
INDUSTRY ASSOCIATION

**ARIA SUBMISSION TO THE JOINT SELECT
COMMITTEE ON SYDNEY'S NIGHT-TIME
ECONOMY**

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Executive summary

The Australian Recording Industry Association (**ARIA**) welcomes the opportunity to participate in the Joint Select Committee's inquiry on Sydney's Night-Time Economy and thanks the Joint Select Committee for considering ARIA's submission.

ARIA appreciates the importance of this inquiry given our belief that it is imperative for Sydney to have a world class, thriving, safe and fully functioning night-time economy.

Sydney has the potential to generate significant economic, social and cultural benefits from a successful night-time economy. ARIA draws the Joint Select Committee's attention to the valuable research and findings on this issue undertaken by various committees and organisations in recent years as referred to in this submission.

Moreover, there is a deep symbiotic relationship between the night-time economy and the music industry.

In summary:

- The Australian recorded music industry is currently experiencing resurgent growth largely due in part to investment in innovative digital business models and the increased adoption by consumers of streaming services. This is consistent with global industry figures, and the global outlook for the music industry is optimistic.
- The music industry is a key contributor to the night-time economy, in Sydney and New South Wales, generating revenue and creating employment and business opportunities. Sydney has traditionally been the centre of the Australian music industry with the majority of multinational labels and publishers, together with key representative bodies and collecting societies based here. However, growth in Sydney and New South Wales is slowing and other cities and States are moving towards a leadership position.
- The availability of live music venues is important not only to the development of the cultural identity of Sydney and New South Wales, but also is an integral element of the music industry as a whole. It is critical that the live music industry is strengthened in New South Wales if the Australian music industry is to experience continued growth in line with global standards, and be well positioned to export its creative output.
- Live music has proven benefits and value for the community beyond economic indicators, promoting health and well-being and a sense of unity and cultural identity. It forms part of the cultural fabric of our society and is how we present our unique identity to visitors from interstate and abroad. There is a growing demand for more artistic and cultural activity options in the night-time economy and conversely, a concern that Sydney is falling behind not only other cities around the world but other cities within Australia. Sydney has the potential to be a world-class 24-hour city and yet in this regard has not reached its full potential.

ARIA appreciates that in the past 12 months, the importance of taking appropriate action has been recognised at local, state, and federal levels. In particular, the revitalisation of Sydney's night-time economy is at the forefront of the minds of key decision makers and steps have been taken to act on recommendations made.

However, there is further work to be done. ARIA supports the recommendations put forward in the New South Wales Legislative Council Portfolio Committee Report, 'The Music and Arts Economy in New South Wales' and the four areas of focus raised in the Committee for Sydney Report, '*Sydney As A 24 Hour City*' as set out below:

- expanding the diversity of night-time activities;
- effective governance and regulation;
- an integrated approach to planning and transport; and
- promoting greater Sydney as a 24-hour city.

ARIA also echoes the sentiments of the Chair for the Committee for Sydney, Michael Rose AM, and the Chair of the Legislative Council Portfolio Committee, The Honourable Paul Green MLC, and heeds their warnings that if Sydney and New South Wales fail to have a vibrant and successful night-time economy, of which live music plays a crucial part, this will have serious economic and social ramifications.

This submission is put forward to begin a dialogue with the Joint Select Committee and we look forward to working towards a final report which contains tangible, achievable recommendations which can attain bi-partisan support and immediate action.

Introduction

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

ARIA is active in many key areas of the music industry, for example:

- acting as an advocate for the industry, both domestically and internationally;
- supporting Australian music, and creating opportunities to help it be heard both in Australia and globally;
- playing an active role in advancing the protection of creators' rights and making submissions to government on copyright reform, regulation and other issues where it has the information and expertise to do so;
- collecting statistical information from members and retailers and compiling numerous ARIA Charts with data provided by retailers and data suppliers across Australia;
- providing, in certain cases, a reproduction licensing function for various copyright users on a non-exclusive basis; and
- staging the prestigious annual ARIA Awards which recognises the achievements of Australian recording artists.

ARIA's primary objective is to advance the interests of the Australian recording industry. The role of ARIA is not to monitor, supervise or intervene in the pricing or other commercial decisions of its members.

Growth of the music industry

Today the Australian music industry is a digital growth industry. However, over the past 20 years, the Australian music industry has faced enormous challenges and disruptions which has caused the industry to evolve at an unparalleled rate. From nearly an entirely physical product market, the music industry is now predominantly digital, in the form of downloads or streaming.

In 2018, the Australian recorded music industry continued its resurgence. The recorded music market value in Australia grew 5.08%, the fourth consecutive year of growth.¹ The increase to a total of \$410 million has been largely fueled by consumers' uptake of streaming services, which from 2014 has risen from \$23 million in revenue to \$281 million.² Revenue from streaming

¹ 2018 ARIA Yearly Statistics, <<http://www.aria.com.au/pages/documents/ARIAYearlyStatistics2018.pdf>>.

² *ibid.*

platforms has increased by 32% from last year and accounts for over two-thirds of revenue.³ This is a remarkable statistic given that some of these services only entered the market seven years ago.

This is also a reflection of the growth of the recorded music industry internationally. Global recorded music revenues in 2018 experienced growth of 9.7% and totaled USD\$19.1 billion, with total streaming revenue increasing by 34%.⁴ Australia is the eighth largest music market in the world.⁵ In 2018, Australasia and Asia became the second largest global region for physical and digital revenue, posting growth of 11.7%.⁶

According to the Goldman Sachs '*Music In The Air*' report into the music industry, it is estimated that global music revenues will hit \$131 billion by 2030, which includes recorded revenue of \$80 billion and live music revenue of \$38 billion.⁷

While the growth the music industry has experienced to date and the optimism for the future is welcomed, ARIA submits that in order for the Australian music industry to continue to succeed on a global scale, it is crucial that Sydney develops a vibrant, healthy, and fully functioning night time economy.

Need for availability of live music venues

Performing and recording artists from Sydney have demonstrated their world standing in recent years, with local artists such as Flume, DMA's, Gang of Youths, Client Liaison, Alison Wonderland, The Preatures and RUFUS all enjoying international sales, critical acclaim and chart success. Such export success not only benefits the NSW economy, but helps to position Sydney and NSW on the world stage.

However, many Sydney based artists that go on to be successful in Australia and the world started their careers playing smaller venues, working on their craft and honing their skills for years in order to build an audience and ultimately record and release the music that we now love and cherish.

In order for artists to flourish it is necessary to have live music venues catering to a range of audience sizes, particularly small 'incubator' venues for emerging artists. Since the introduction of lockout laws in 2014, closures of live music venues in Sydney is estimated to be in the hundreds, thereby limiting the range of venues types available.⁸

³ *ibid.*

⁴ IFPI Global Music Report 2019.

⁵ *ibid.*

⁶ *ibid.*

⁷ 'Music in the Air', Goldman Sachs, < <https://www.goldmansachs.com/insights/pages/infographics/music-streaming/index.html>>.

⁸ 'The Music and Arts Economy in New South Wales', Legislative Council, Portfolio Committee No. 6 – Planning and Environment, Report No 8, November 2018, p32
<<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2471/Final%20report%20website.pdf>>.

The damaging effect is fewer performance opportunities for young, emerging and local artists.⁹ Many successful Sydney and NSW artists who were afforded the abundance of live music venues in Sydney prior to their closures cite this as a necessary part of their success.¹⁰ There are serious concerns that the next generation of Sydney and NSW artists coming through the ranks who hope to have a similar career path to those before them, are currently not afforded those same opportunities. The pathways to success have been disrupted in Sydney, as has Sydney's reputation as a hotbed of artist talent in Australia and around the world. The disruption to national touring networks has also been noted.¹¹

Absent immediate action, there are concerns that New South Wales may experience a 'cultural drain' whereby there is an 'exodus' of artists (and subsequently, audiences) to states such as Victoria,¹² who in 2018 announced a \$27 million contemporary music package over four years.¹³ Whereas Sydney has experienced the closure of a number of live music venues,¹⁴ in 2017 Melbourne had over 553 live music venues, more per capita than any other city in the world.¹⁵ Further, as discussed below, Victoria is edging closer to surpassing New South Wales as the biggest contributor of live music and attendance in Australia.

The pathways that venues provide are also vital for the industry as a whole, as a primary function of the music business is centred around the development of artistic careers. Live performances (and licence fees earned from such performances) also provide an additional revenue stream for emerging artists and for many artists the ability to perform live is an essential part of their livelihoods.

The health of the night-time economy also impacts ARIA as an organisation directly. ARIA works closely with the NSW Government agency Destination NSW on the annual ARIA Awards. The ARIA Awards are the pinnacle of success for Australian artists and generate significant national and international media attention for our local artists. It works to position Sydney and NSW as the music capital of the Asia-Pacific region. With the success of 'ARIA Week' – a series of showcase gigs, events and industry conferences – the ARIA Awards has attracted thousands of visitors to Sydney from intrastate, interstate and international destinations. The financial and marketing support of Destination NSW is an essential component of the success of ARIA in achieving these outcomes. However, while there are conferences and events during the day, many artist showcases take place during the night-time economy hours. In order for this success to continue there must be a healthy and vibrant night-time economy to ensure visitors come to Sydney from intrastate, interstate and internationally – which is a key objective for ARIA Week.

⁹ *ibid*, pp41-49.

¹⁰ *ibid*. See for examples the case studies of KLP, Set Mo, Client Liaison and Mr Scott Baldwin, p41-47.

¹¹ *ibid*, p45.

¹² *ibid*, p46.

¹³ *ibid*, p15.

¹⁴ *ibid*, pp32-25.

¹⁵ 'Melbourne Live Music Census 2017 Report', Music Victoria, April 2018, p6
<<https://www.musicvictoria.com.au/assets/2018/MLMC-2017-Report-compressed.pdf>>.

Becoming a Music City

ARIA draws the Committee's attention to the work of IFPI – representative of the global recording industry - on the development of music cities. Their report '*The Mastering of a Music City*' outlines the steps that can help local authorities, businesses, community groups and the creative sector capitalise on the potential of music to build, grow and strengthen their cities.¹⁶

It cites examples from 22 cities from all continents to explain what a music city is, why it is beneficial, and – critically – the most effective strategies and policies that can be implemented to nurture active music hubs. *The Mastering of a Music City* report has identified recommendations in six strategic areas that are an effective means to grow and strengthen a city's music economy:

- music and musician-friendly policies, from licensing and liquor laws to parking and planning regulations to affordable housing and artist entrepreneur training;
- the creation of Music Offices to help musicians and music businesses navigate the broad range of government policies and regulations that impact music;
- the formulation of Music Advisory Boards to engage the broader music community in a collaborative way and to facilitate dialogue with city governments around the Live Music / Night-Time Economy and major events;
- engaging the broader music community to ensure the people most affected by music policies are involved and informed;
- a focus on audience development, ensuring that there is an engaged and passionate audience for local musicians as well as international touring artists, now and into the future; and
- music tourism or the development of a Music City brand to leverage a thriving live music scene, rich music history, or large music festivals in order to reap the significant benefits associated with music.

ARIA suggests that these concepts should be considered in respect of the formulation of any policy or strategy to enhance Sydney's night-time economy. Although the Terms of Reference of this inquiry focus on Sydney's night-time economy, the importance of a thriving music scene should not be confined to our metropolitan capital cities. Ensuring that there are strong regional music cities has a two-fold positive effect. It provides community building and positive entertainment options for young people in the region, as well as expanding the opportunities for regional touring for Australian artists. Any broad music strategy should include encouragement for regional music development and touring.

¹⁶ 'The Mastering of a Music City', IFPI, <<https://www.ifpi.org/downloads/The-Mastering-of-a-Music-City.pdf>>.

Live music's contribution to the NSW economy

Music, particularly contemporary music, continues to play a vital role in the economic vitality of New South Wales. However, in Chairing the recent inquiry, Mr Green commented that the contemporary music ecosystem in New South Wales appears to be slowly disintegrating.¹⁷ Should this decline continue, the impact on the New South Wales economy cannot be understated. New South Wales has the most potential nationwide of any state in respect of live music and a thriving night-time economy. And yet, at the same time, New South Wales and Sydney in particular, needs to be able to harness its full potential.

In 2017, New South Wales had the largest night-time economy in Australia, home to over 36,000 night-time economy establishments and employing over 320,000 people with turnover of \$38 billion.¹⁸ It has been reported that Sydney's night-time economy is currently valued at \$27 billion, employing over 230,000 people.¹⁹ However, Australia's night-time economy only comprises 3.8% of the nation's economy, whereas in the UK it comprises 6%.²⁰ If Australia matched the UK, the potential night-time economy of Sydney would grow to an estimated \$43 billion.²¹

The total economic visitation value of arts and cultural infrastructure and events in NSW is currently valued at \$1.4 billion per year.²² Live music concerts is the second largest contributor to visitation value, at \$284 million.²³

In 2016, New South Wales had the largest share of Australia's contemporary music activity generating the highest share of contemporary music revenue at \$157.6 million (35.8% national market share) and attendance at 1.91 million (33.7% of national market share).²⁴

In 2017, New South Wales again had the largest share of Australia's contemporary music activity generating the highest share of contemporary music revenue at \$270.13 million (32.7% of national market share) and attendance at 2.76 million (32.6% of national market share).²⁵ Contemporary music revenue and attendance is the greatest contributor in New South Wales at 43.9% and 40% respectively (up from 29.7% and 31.4% last year).²⁶ This is reflected nationwide, with contemporary music generating 44% of nationwide revenue and 37% of attendance for live performance events.²⁷

¹⁷ Above n 8, Chair's Foreword, ix.

¹⁸ 'Measuring the Australian Night Time Economy 2016-2017, Ingenium Research, 14 September 2018, p7 and p10 <http://www.lordmayors.org/wp-content/uploads/2018/09/Measuring-the-Australian-NTE_2016-17_FINAL_2018-09-14-1.pdf>.

¹⁹ 'Imagine Sydney – Play 2019', Deloitte, p29 <<https://www2.deloitte.com/au/en/pages/media-releases/articles/imagine-sydney-economic-social-potential-playful-city-150219.html>>.

²⁰ *ibid.*, p34.

²¹ *ibid.*

²² *ibid.*, p3.

²³ *ibid.*, p7.

²⁴ 'LPA Ticket Attendance and Revenue Survey 2016, Live Performance Australia, <<https://reports.liveperformance.com.au/ticket-survey-2016>>.

²⁵ 'LPA Ticket Attendance and Revenue Survey 2017, Live Performance Australia, <<https://reports.liveperformance.com.au/ticket-survey-2017>>.

²⁶ *ibid.*

²⁷ *ibid.*

The benefits spread to the rest of the community at large. In 2016, Sydney enabled at least \$353 million worth of valuable outputs across the community and producers and consumers of live music spent over \$757 million in ancillary sectors such as accommodation, internet and telecommunications, heritage, museums and the arts, retail trade and road transport.²⁸

However, while New South Wales still leads the nation in contemporary music activity, its percentage share has decreased in both revenue and attendance from the previous year. Further, in 2017 Victoria recorded the highest revenue and attendance nationwide for live performance for the first time since 2010. Prior to 2017, New South Wales had consistently recorded the highest revenue and attendance.²⁹

Although the New South Wales sector is growing, it is doing so at a slower rate than that of other states. If appropriate steps are not taken New South Wales could also fall behind Victoria in contemporary music revenue and attendance share.

Nationwide, in 2017 over 8 million Australians attended contemporary music performances with a revenue of \$826 million.³⁰ The total revenue and attendance in 2017 for the live performance sector was \$1.8 billion and 23 million respectively, making contemporary music the biggest contributor.³¹ The live performance industry generated more attendances than the AFL, NRL, Super Rugby, Cricket and NBL combined.³²

Enhancing Sydney culture, health, safety and well-being

Music is part of our state's cultural fabric, and helps to define and reflect our unique character. For decades Sydney based artists have given a soundtrack to our lives and exported these sounds globally, taking our stories and perspective to the world and just as importantly, to visitors of our great state. The local music industry enables a broad ecosystem to flourish in both the cities and the regions – in the form of tours, festivals, live music venues, and local businesses.

The arts (including music), contributes to the well-being and happiness of the nation,³³ leading to improved productivity. Live music venues provide a positive environment where people of all ages and backgrounds can share in their mutual love of music. 75% of all Sydney residents participate in some form of arts and culture activities.³⁴ However, only 46% of Sydney residents are satisfied with Sydney's night-time leisure and entertainment offerings, particularly in the 18-24 year old

²⁸ 'The Economic and Cultural Contributions of Live Music Venues in the City of Sydney, University of Tasmania, 2016, p11 <https://www.cityofsydney.nsw.gov.au/_data/assets/pdf_file/0007/280996/Valuing-Live-Music-Venues-accessible.pdf>.

²⁹ Above n 25.

³⁰ *ibid.*

³¹ *ibid.*

³² *ibid.*

³³ According to the Australia Council survey, *Connecting Australians: Results of the National Arts Participation Survey June 2017*, at page 31, in 2016, 60% of Australians believed the arts impacted their sense of well-being and happiness. This is an increase from 52% in 2013.

³⁴ Above n 19, p3.

demographic.³⁵ There is also an appetite for more night time options, including live music.³⁶ Mr Rose has commented that Sydney is not a 24-hour city and does not harness the potential of its 'extraordinary cultural assets' and that residents dissatisfied with the city's eating, drinking and entertainment options, the lack of cultural activities, and the cost of living and tourists are deterred from visiting Sydney due to the lack of suitable night-time activities.³⁷

There is also no research available to suggest that music causes violence and instead, the majority of evidence received by the New South Wales Legislative Council Portfolio Committee suggested that music assists in preventing violence.³⁸ It has been submitted that having a greater diversity of late night activities and more public transport options, including live music, will have a positive effect on societal well-being and safety and may even reduce alcohol consumption.³⁹

Conclusion

It is imperative that the right policies are put in place to ensure that Sydney's night-time economy is amongst the best in the world. The live music industry of Sydney is dependent upon a successful night-time economy in Sydney and in turn, the opportunity that live music provides in respect of economic and social benefits cannot be ignored.

ARIA is grateful for the tremendous amount of work already undertaken in not only considering the issues and evidence raised by various stakeholders, but uniting on common ground to make achievable policy recommendations. To this end, ARIA supports the recommendations put forward in the New South Wales Legislative Council Portfolio Committee Report, '*The Music and Arts Economy in New South Wales*' and the four areas of focus raised in the Committee for Sydney Report, 'Sydney As A 24 Hour City':

- expanding the diversity of night-time activities;
- effective governance and regulation;
- an integrated approach to planning and transport; and
- promoting greater Sydney as a 24-hour city.

However, further consultation and collaboration between parties is important to address the issues Sydney is facing. Through greater consultation, various stakeholders can work together to develop further strategies to achieve what is undeniably a common goal to all those involved – a world-class, thriving, safe and fully functioning night-time economy.

We again thank the Joint Select Committee for considering this very important issue, and for providing us with the opportunity to participate in the Inquiry.

³⁵ 'Sydney as a 24-hour city', Committee for Sydney Report, March 2018, p11, < http://www.sydney.org.au/wp-content/uploads/2015/10/CFS_Sydney-24hr-City_SINGLES_WEB_V11.pdf>.

³⁶ *ibid*.

³⁷ Above n 8, p5.

³⁸ Above n 8, p54.

³⁹ Above n 35, p33.