

The Hon Paul Green MLC  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000



Dear Mr Green

**RE: INQUIRY INTO THE LIVE MUSIC AND ARTS ECONOMY IN NEW SOUTH WALES**

Thank you for the opportunity to present on behalf of the City of Sydney at the Live Music and Arts Economy hearing on 26 March 2018. Questions raised by the Committee are addressed in the attached supplementary responses: I include the below as summary and further context.

The Inquiry is welcome and timely: securing the future of the Live Music and Arts Economy in Sydney is vital for New South Wales and essential for the sustainability of our cultural, social and economic life. Our submission and responses highlight how regulatory inconsistencies, the lockout laws and licensing freeze and the squeeze on appropriate and affordable space, have had a chilling effect on the Live Music and Arts Economy.

Research included in our response shows that gambling and related industries have seen a significant upswing, while cultural industries have struggled to keep pace with population growth, providing evidence that current regulation discourages a diversity of night time activity. The City of Sydney determined this through analysis of employment in our local government area: we recommend the NSW Government measure the nature of economic activity taking place in the night time economy, not just foot traffic, to truly understand the impact of the lockout laws and liquor license freeze on the Live Music and Arts Economy.

Leadership, consistency and clarity are required across government agencies and at the scale of metropolitan Sydney, which could begin by expanding the activity of the Night Time Economy Taskforce across Greater Sydney, and elevating it to a state priority. A night time economy master plan with central coordination at the highest level of State Government could knit together the roles of Police, Liquor & Gaming NSW, the Department of Planning and local government, which today result in confusing, inconsistent requirements and expectations. This would support Live Music and Arts Economy business operators who currently navigate multiple systems for development and liquor licence approvals.

The Committee has asked the City to quantify the impact of the lockout laws. It is our estimate that 60 per cent of venues within the affected zone have suffered adverse impacts. In addition to this, we cannot measure the extent of the lost opportunity for the Live Music and Arts Economy caused by the freeze on liquor licences. The freeze prohibits new licences for public entertainment venues, including cinemas, theatres and live music venues in the Kings Cross and Sydney CBD Entertainment precincts. The City has worked with prospective music and performance venues who could not obtain the liquor licence required to make their business

viable due to the license freeze. With the freeze likely to be renewed on 1 June 2018 it would now be timely and appropriate to conduct a review of the liquor licence freeze to understand its impact on the live music and live performance landscape, with a view to increasing live music and theatre venues and further diversifying the night time economy.

It is essential that affordable spaces for creative production and music performance are secured within the City of Sydney and the Greater Sydney area. In developing major urban renewal projects such as the Bays Precinct, Central to Eveleigh and Redfern/Waterloo, the NSW Government is well-placed to retain and develop a range of creative productive spaces.

Without leadership from the state government, there is a risk that the Live Music and Arts Economy will be priced out of Sydney, and built out as appropriate building stock is lost. Based on employment projections provided to the City by the Greater Sydney Commission, creative industries growth is likely to generate more than 50,000 new jobs in and around the Sydney local government area. Yet a study undertaken for the City by the Western Sydney University notes a decline in the supply of suitable buildings, with increasing demand falling on the City's Creative Spaces program.

This study notes a 'misconception' that creative enterprise can relocate towards the Western and outer suburbs, citing both a lack of suitable space and comparably high property prices.

Central to this issue is the loss of small scale light industrial land in the face of large scale residential development. The City's 2014 Employment Lands Analysis and Opportunities Study found "Increasing demand for adaptively reused warehouse space by 'creative uses', whether for light industrial or commercial uses," yet the 2012 Floor Space and Employment Survey noted a 34% decline in manufacturing activities.

This has national ramifications, with a recent federally funded study, *Made in Marrickville*, noting "over two-thirds of manufacturing employing in Greater Sydney is involved in the making of cultural industry products", including apparel, furniture, industrial design, micro manufacture and the like." Indeed, the Creative Industries Innovation Centre estimated 14% of the cultural workforce was employed in manufacturing, with a further 15% employed in associated industries, such as wholesale trade and warehousing. These enterprises are an important part of a broader supply chain, generating employment, creating intellectual property, and allowing our economy to diversify behind its primary industries. Currently, Australia is widely reliant on imports to fill this sector, with the Centre for International Economics noting our country imports of cultural products almost doubled those produced domestically.

This raises concerns regarding Australia's ability to compete in a global knowledge economy in the long term. It will not be addressed through arts infrastructure alone, and nor can it be managed only by local government. As Western Sydney University found, applications to the City of Parramatta seeking creative workspace had increased 400% in recent times. For the City to deliver the necessary cultural industries employment growth to meet Greater Sydney Commission's job projections would require an estimated \$4 billion worth of buildings. A new and more strategic approach is clearly necessary to address the lack of suitable land for cultural production and employment.

The City of Sydney has embraced our leadership role in supporting the Live Music and Arts Economy by providing 50 per cent of the publicly funded creative workspaces in Sydney, commissioning research and investing \$400,000 this year alone in grants to support live music and the night time economy in Sydney. The City is using every mechanism at its disposal to

effect change. The NSW Government must use its powers to enact all the necessary regulatory reform and secure affordable, appropriate space for the Live Music and Arts Economy.

I look forward to seeing the recommendations of the Inquiry, and am hopeful that it will deliver on your commitment to foster a vibrant Live Music and Arts Economy in Sydney and across New South Wales.

Yours sincerely,

**Councillor Jess Scully**  
4 May 2018

**Supplementary Questions to  
Committee No. 6 Planning and  
Environment: The Music and Arts  
Economy in NSW**

City of Sydney  
Town Hall House  
456 Kent Street  
Sydney NSW 2000

**City of Sydney Response**

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The following document contains the City of Sydney's response to the Supplementary Questions provided to the City by Committee No. 6 Planning and Environment: The Music and Arts Economy in NSW.

The document answers both Questions on Notice and the 'Supplementary Questions' provided to the City.

## Question on Notice One

**The Hon. JOHN GRAHAM:** I want to ask some questions specific to the City. I refer to the foot traffic figures that you have for the City of Sydney. You may take this question on notice. Do you have information on the recent foot traffic in various areas of the city? I think we have some discussion in relation to Kings Cross but it would be useful to see figures for elsewhere.

The City routinely undertakes data on pedestrian traffic. A summary of this is provided in response to the Supplementary Questions 4, 5, 6 and 7.

## Question on Notice Two

**The Hon. JOHN GRAHAM:** I want to ask about a specific piece of information which would be very helpful for the Committee. The City of Sydney produced some figures about how many venues were lost over a decade. In the City of Sydney area we lost 61 per cent of venues up to 2013, I believe. Does the City of Sydney have figures about what has happened since then?

In developing the City's *Live Music and Performance Action Plan*, the City commissioned a study of live music and performance listings in gig guides in the Sydney Street Press publication *The Drum Media* (now known as *The Music*), which showed a 61% decline in gig listings over a nine year period (from 540 in a sample week in 2004 down to 213 in the same period in 2013). Note this reflects a decline in listings, not venues.

As gig guides have grown less important to the live music sector over time, this data should be taken as indicative, as is noted in the Policy. There is no single regulatory or licensing category for music venues, making it hard to track the exact number or change in numbers of venues hosting live music over time.

However, as an outcome of the Live Music and Performance Action Plan, the City has undertaken research to better understand changes in the local music sector. These include mapping studies undertaken with Western Sydney University, a Cost/Benefit study undertaken by the University of Tasmania, and analysis of APRA:AMCOS and Australian Bureau of Statistics data.

The City's analysis of this data suggests both venues and music professionals have sought to adapt their business models to suit a changing economic environment, but their capacity for innovation has been inhibited by a number of factors beyond their control, including high costs of living, property costs, and restrictive regulatory barriers.

In analysing changes in the number of venues, there are two key sources. Firstly, APRA:AMCOS captures data on its members, grouped by postcode. This provides an estimate of venues hosting live music in and around the City of Sydney area. The City holds APRA data from 2013 to 2016, and has requested more recent data.

Secondly, the City's *Mapping Culture* study with Western Sydney University's Institute of Culture and Society utilised APRA and other data, along with a more general audit, to identify the number of performance spaces in the Sydney local government area in 2016.

APRA data suggests around 159 member venues in Sydney 2016, increasing from 143 in 2013. However, when we consider their expenditure and reporting of receipts from live music ticketing sales, we see a core group of between 18 to 23 venues generating the bulk of live music activity. Whilst the larger venues within this category have remained relatively static over time, the medium group – with receipts for live music totalling \$10,000 to \$100,000 has declined from 12 in 2013 to 4 in 2016.

Similarly, Western Sydney University's study found 344 venues suitable for performance, including 197 hotels, cafes, bars and clubs. Similar to APRA, they found only 10 primary purpose music venues.

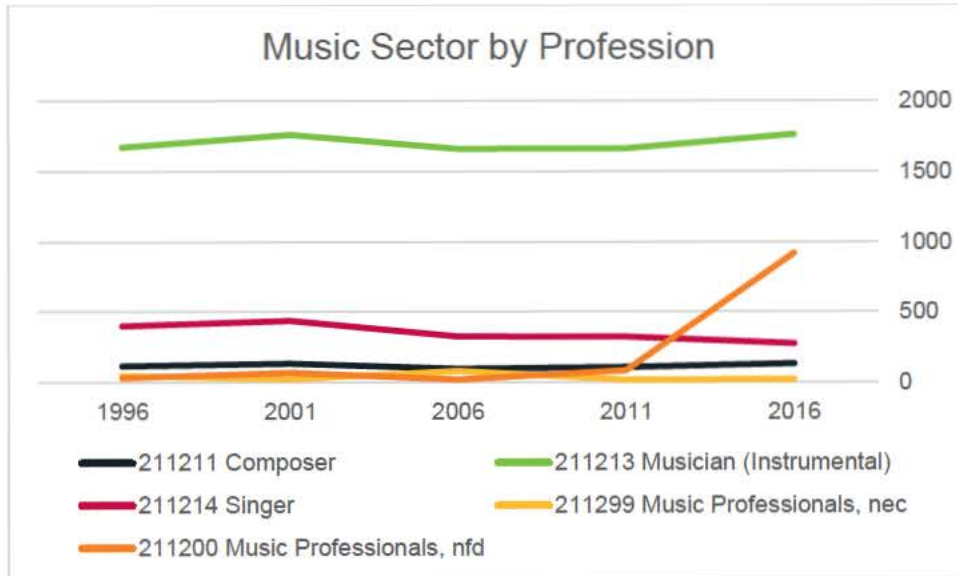
The University of Tasmania's study into the social and economic impact of live music venues, commissioned by the City in 2016, provides useful additional detail on understanding the current situation facing live music venues. Comparable to Western Sydney University and APRA data, it notes barriers to small and medium primary purpose music venues, noting:

[P]romoters and managers commented on a lack of smaller and intermediate (200-300 capacity) venues in the City of Sydney. In particular there was a perceived lack of incubator venues offering incidental live music that serve as key developmental steps in the careers of emerging performers and promoters; and that feed talent and audiences into larger venues. [...] It was noted that, particularly in the absence of more intermediate sized venues, performers are either constrained by playing smaller venues than they may be able to fill, or are forced to take on significant risk by playing venues that are larger than they might be ready for.

The study notes the primary sources of income for music venues are ticketing (29.2%) and food and beverage (38.2%). This second figure is of interest as APRA data suggests 12 of 20 of core city music venues have been affected by the Lock-Outs. A preliminary study of alcohol consumption in live music venues "indicates a possible link between live music and lower overall alcohol consumption by patrons in licensed premises." This may suggest a reduction in trading hours provides a disincentive to live music programming, as venues are required to optimise alcohol sales to retain commercial viability.

However, the number of venues alone does not indicate the health of a music sector. It is useful also to consider data on live music professionals. With respect to music professionals, census data for the period 1996 to 2016 suggests the number of people primarily employed as instrumental musicians and composers has remained virtually static across Greater Sydney, despite substantial population growth. The number of professional singers has declined steadily since 2001.





Growth in the sector appears to be for musical professionals marked as ‘not defined’ within the census. This could suggest a lack of detail within ABS data gathering, or a shift towards other, less readily definable income streams has occurred within the music sector.

The recent Australia Council study *Making Art Work* notes, musicians have a median creative income of \$9,900, the lowest for any creative profession other than writing. Like much of the creative sector, the work force has grown older over time. In 1993, 17% of musicians were aged over 55, and 43% were aged under 35. Today the figure is 33% aged over 55, and 21% aged under 35, suggesting a lack of sustainable career paths into the sector over time.

On the whole, the City’s analysis points to a number of common phenomena impacting on the live music sector as well as the cultural sector more generally. These include:

- A decline in small to medium scale spaces
- A need for new and mixed use business models
- Difficulty negotiating regulatory barriers, particularly as relates to the adaptive re-use of existing buildings
- A decline in suitable buildings for creative uses, due both to high rent and the demolition of suitable space through re-zoning for new development
- A trend towards innovation and new types of creative activity, inhibited by the above factors

Much focus has been placed on the ‘Lock-Outs’, but the City’s data suggests Sydney’s music sector has been under pressure since at least the turn of the century, subject to multiple factors which have complicated the viability of both music venues and music professionals.

## Supplementary Questions

### Question One

**In your submission, you mention the impact of the built environment on the music, arts and cultural sector. The City of Sydney is home to almost 4,000 poker machines, not counting those in Star Casino. This is one of the highest number of poker machines in a local government area. What affect do you feel gambling has had on the arts sector, particularly live music, in your local government area?**

**a. You mention a decreasing number of spaces for creative enterprises. Do you feel that space in venues that is currently occupied by poker machines would be better utilised for creative purpose, such as live music?**

In 2016, the City of Sydney Council unanimously agreed to support the Proudly Pokies Free campaign, noting that poker machines have had an adverse impact on Sydney's live entertainment offering, with entertainment rooms in hotels being converted into gaming rooms, and lost opportunities for live music, pub, theatre and cabaret.

With respect to poker machines, Professor Shane Homan has noted:

The shift to poker machines is partly a common sense commercial response to continuing problems accommodation the pub/club crowd. The individual poker machine player is more easily incorporated into building, noise and liquor codes.

As Professor Homan's quote notes, the current regulatory environment is generally designed for larger venues, including those larger pubs and clubs licensed for pokies. The application of this system to smaller arts and cultural venues produces substantial hurdles, as the City has noted in its *Open and Creative City Discussion Paper*.

Accordingly, when the City notes the impact of the built environment on the cultural sector, it wishes to draw attention to a variety of factors, such as the pace with which new development has removed the supply of suitable buildings, driven up the cost of accessing them, and connected with a regulatory system which many smaller cultural enterprises find difficult to navigate.

Additionally, it is important to understand that culture does not take place in pubs and clubs alone. Small venues, community spaces, rehearsal, studio and workspace are all equally important. Whilst the reform of the Place of Public Entertainment policies provided exemptions for pubs, clubs and bars, smaller, community and primary purpose cultural venues have continued to raise concerns.

In Supplementary Question 9 the Committee raises an example related to Sydney Fringe. This is a good illustration of the issues faced by the music and wider cultural sector. Regulatory measures discouraging cultural activities such as dancing and music require venues to seek other activities to attract clientele and generate income. As Professor Homan suggests, gaming machines and a focus on alcohol sales offer viable alternatives.

In response to this, the City's submission suggests adapting the regulatory and planning environment to support other types of activity. It is important to allow new and emerging business models to emerge so as to offer an alternative to gambling, and gambling focused venues. Licensing changes to facilitate small bars are a good example of this, providing a more diverse evening economy and alternatives to larger pubs and clubs.

The City's submission notes a need to focus on four core areas:

- Regulatory approvals related to building, planning, environmental health and liquor licensing law.
- The decline of suitable building stock, particularly fine grain and light industrial buildings, for cultural activities.
- The prohibitive impact of property prices on both creative enterprises and workers.
- The lack of cohesive cultural policy across regional, state and federal jurisdictions.

The City's submission recommends a number of ways the NSW Government could address these issues, and calls for a more holistic understanding of the built and regulatory environment's impact on the cultural sector.

## Question Two

**Your first key recommendation is for the State Government to develop and oversee the implementation of a NSW night time economy master plan that would support local governments. Do you think that night mayors roles, such as in London, should be part of this plan? (Not a single night mayor, but in LGAs with a significant night time economy).**

The City's submission drew attention to the need for a dedicated team in State Government that could develop a NSW Night Time Economy Master Plan/Strategy.

With respect to the role of a 'night mayor', internationally these roles generally serve as an advocate to all levels of government, focused on the night time economy. If the concept of a Nightlife Mayor was adopted in Sydney, then a single position would be most effective to ensuring key messages are clearly communicated across all of Sydney, not just the CBD and surrounds.

As per models developed in other global cities, an advisory panel/board would be required to support the Nightlife Mayor and government as it seeks to better understand the needs of business and the barriers and opportunities to develop a vibrant, diverse and safe night time economy for Sydney. This group would further support the dedicated State Government team in the development and delivery of the Master Plan/Strategy.

However, whilst such a position may be extremely useful in advocating for policy reform, without the capacity or commitment within NSW Government to deliver that reform, the role is largely tokenistic.

Imperative to support the efforts of a Nightlife Mayor is for each Council to develop their own strategy or plan that draws from the NSW NTE Master Plan framework. Development of an outcomes focused plan in consultation with local communities will facilitate visioning to develop vibrant, diverse and safe night time economies. Such a focus would require a position at each council that takes responsibility for development and reporting of the night time economy strategy or plan.

The existing NSW Night Time Economy Council Committee is a group that is supporting development of this framework and already has plans to run night time economy masterclasses in 2018 covering strategy development, business engagement and urban planning. The Committee comprises 9 of the largest metropolitan and regional councils including Sydney, Parramatta, Canterbury-Bankstown, Liverpool, Waverley, Northern Beaches, Wollongong, Newcastle and Lake Macquarie. The NTEC network comprises 70 staff from across 32 metropolitan and regional councils.

The framework for councils is progressing well; what is required is NSW Government leadership and a master plan that is developed in consultation with local government. A 'night mayor' may be a useful part of this, but it will still require a far more cohesive policy response by the NSW Government.

### Question Three

**There have been submissions to this inquiry which highlight the difficulty for musicians to access venues, in terms of loading and unloading their equipment and suggestions that more loading zones be put near venues. What are your thoughts on this? And given the density and existing difficulty of parking in the City of Sydney, what planning suggestions do you have to overcome this kind of logistical issue?**

Following the adoption of the Live Music and Performance Action Plan, City staff have thoroughly investigated available options for the delivery of the City's commitment to address access to loading zones adjacent live music venues for musicians. However, addressing this issue requires NSW Government reform.

Currently, NSW Government regulations allow the use of loading zones for:

- a public bus that is dropping off, or picking up, passengers, or
- a truck that is dropping off, or picking up, goods, or
- any of the following vehicles:
  - o a vehicle that a person is getting into or out of or getting on or off, a station wagon or a motor bike that has 3 wheels and is constructed principally for the conveyance of goods,
  - o a motor vehicle constructed principally for the conveyance of goods.

This is the principal barrier to providing access to loading zones for musicians, who often do not own trucks, station wagons or other vehicles designed principally for the conveyance of goods. Should the NSW Government wish to allow the use of loading zones for musicians, it should consider altering this definition.

Within the City of Sydney's powers, the City has recommended amendments to our Neighbourhood Parking Policy to allow for more flexibility and long-term parking near cultural facilities to better service musicians transporting instruments to and from performance venues. The proposed amendment reads:

### **3.3 Community, recreational and cultural facilities**

#### **Duration of parking and hours and days of operation**

Parking controls adjacent to community, recreational, social and cultural facilities, including parkland, should allow for turnover that is consistent with their desired use. The City will increase the number of mobility parking spaces and provide dedicated on-street car share spaces adjacent to community, recreational, social and cultural facilities to increase social inclusion.

Regional parks and sporting facilities should have a minimum parking restriction of 2P on weekdays and 4P on weekends and holidays and an appropriate level of mobility parking. This allows for access for those enjoying organised sports, picnics and casual recreation.

Parking controls adjacent to community, sporting and cultural facilities should generally not exempt permit holders during operating hours. This ensures all-day parking does not obstruct short-term access by a broad cross-section of the community.

Some community or recreational facilities, including parks, have small street frontages. In these circumstances, if period parking controls are used, they should be consistent with surrounding streets to minimise the potential for inadvertent non-compliance.

Time limits near cultural facilities will be reviewed on an as-needs basis to balance the needs of patrons and the local community.

The amendment was reviewed by Council's Transport, Heritage and Planning Committee and a decision has been deferred to a future meeting.

However, the City's amendment will not fully address the need for loading zones for musicians. This requires reform at the NSW Government level.

### **Questions Four, Five and Six**

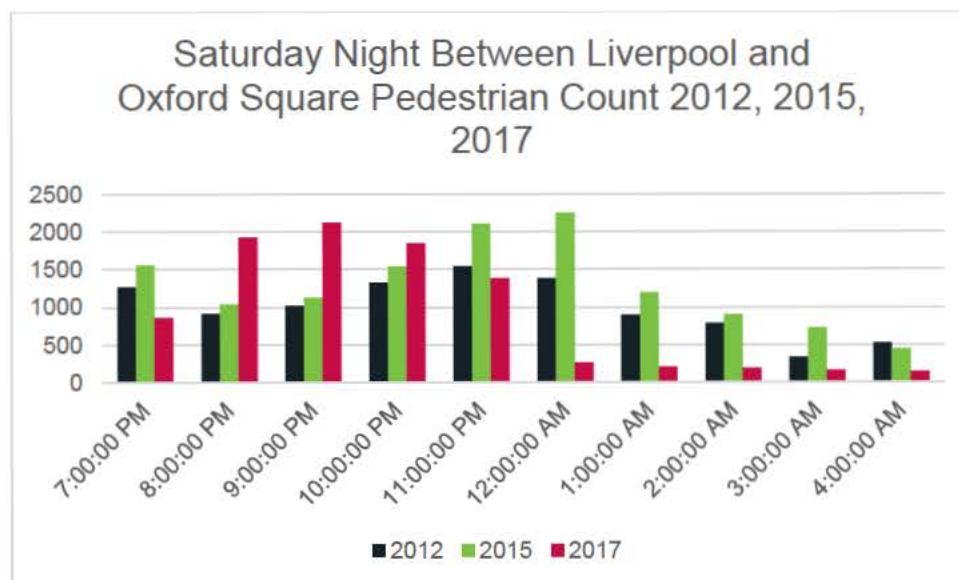
**4. Does the City have pedestrian foot traffic data from the Oxford St entertainment precinct on a Friday or Saturday night prior to the introduction of lockouts, if so could they please provide it to the committee?**

**5. Does the City have the same data from post the introduction of the lock out laws? If so could they please provide that to the committee?**

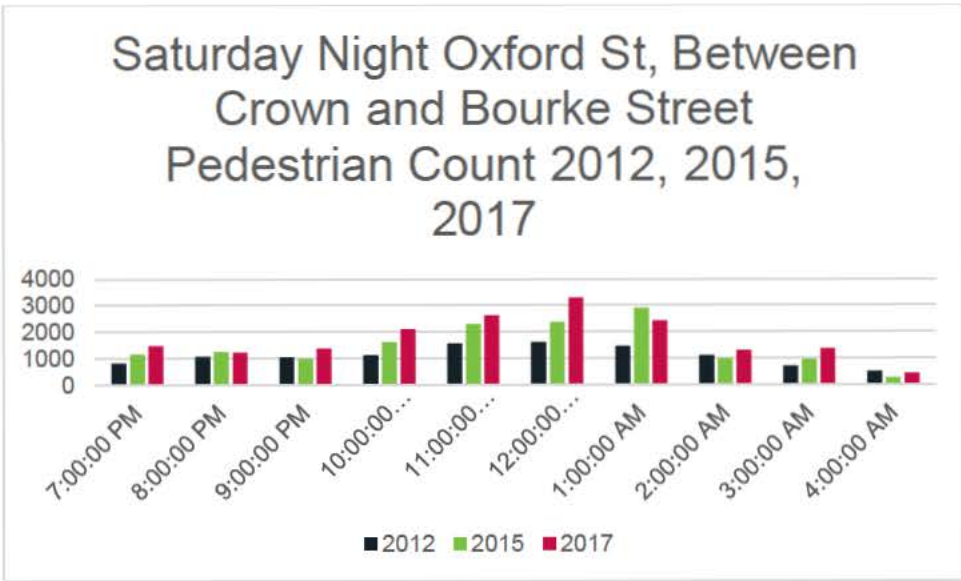
**6. If not, could the City commit to doing pedestrian foot traffic counts on Oxford St on a Friday or Saturday night one night and provide that information to the committee?**

The City conducted pedestrian counts on Oxford Street in December 2012, March 2015 and March 2017. The surveys use a methodology devised by Danish architect and urban design expert, Jahn Gehl, where counts are carried out for 10 minutes every hour then multiplied by 6 to provide an approximate count for a whole hour. It is important to note that the data does not uniformly cover the same time periods of each year and is better understood as 'moment in time' rather than longitudinal data. As such, it does not on its own provide a solid evidence base against which to assess the health of the cultural sector.

Particularly, pedestrian counts are subject to a variety of factors which can substantially alter the data, such as the weather on specific evenings. With respect to Oxford Street, some data suggests higher visitation in 2017, whilst other data suggests lower levels. The following examples illustrate this:



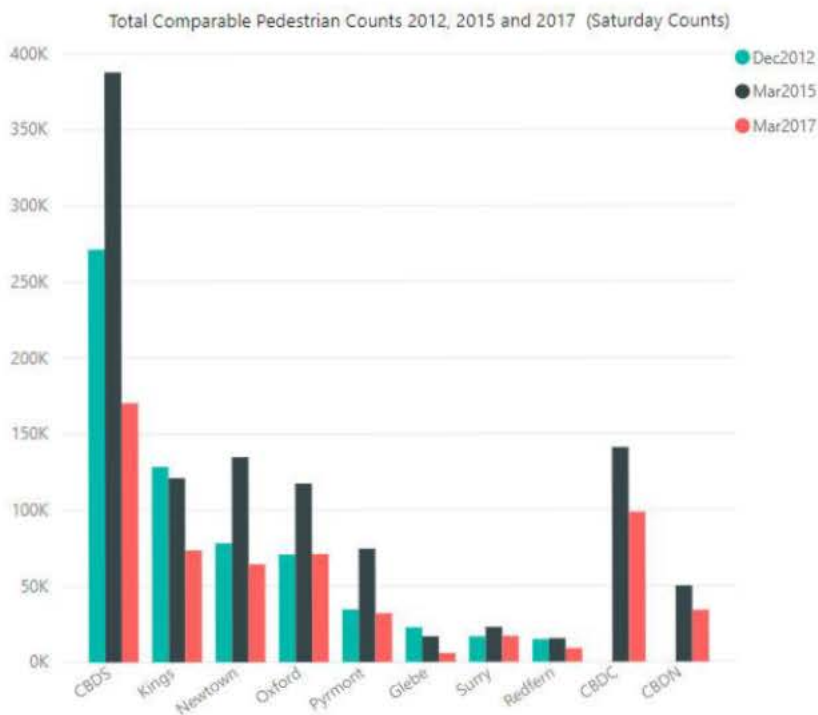
The above data suggests higher visitation in 2017 between the hours of 9PM and 10PM, declining sharply after midnight.



However, counts conducted on the same nights at another location suggest higher pedestrian traffic between 9PM and midnight, and again between 2 and 3AM.

A summary of the City’s pedestrian count data for the City as a whole is provided below, with more consistency trends evident across a wider geographic area, measuring visitation across precincts throughout the evening rather than by specific time brackets. This generally suggests night time pedestrian activity peaked in 2015 before declining to levels at, or below, those seen in 2012.

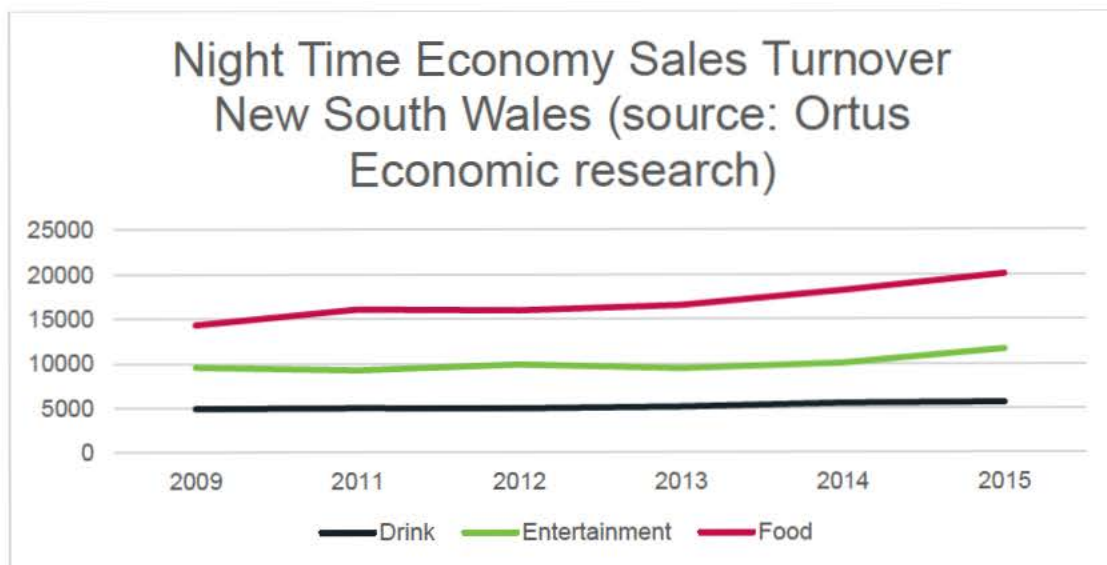
Note this data has not been corrected to reflect the rising residential population in the City of Sydney.



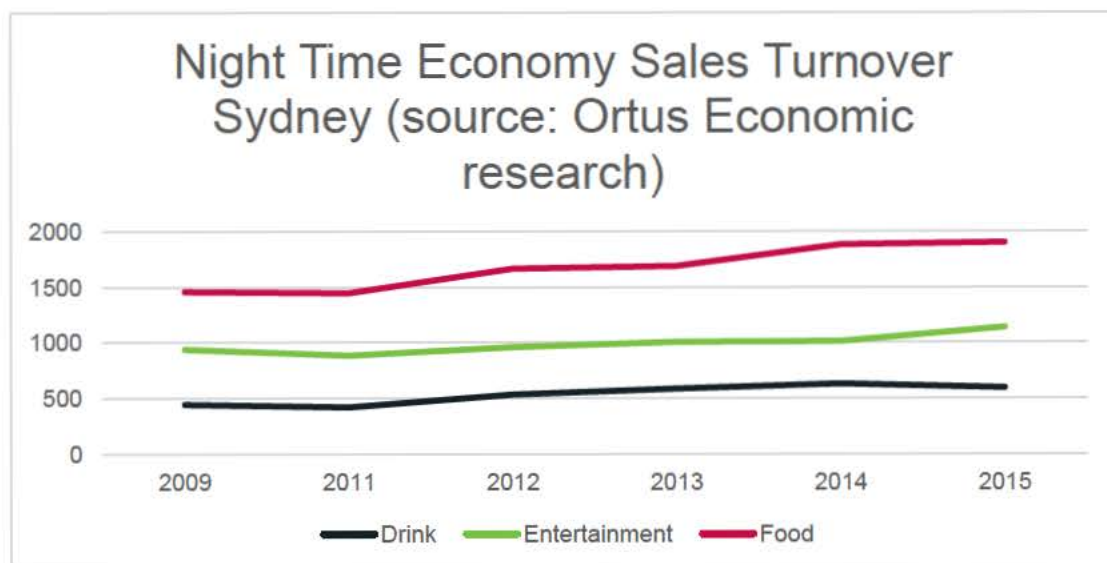
It is useful to contextualise pedestrian count data through comparison to other data sets. To this end, Ortus Economic Research recently completed a study, *The Australian Night Time Economy 2015*, for the national Local Government Drug and Alcohol Committee, of which the City is a member. This provides longitudinal employment, business and turnover data in core night time economy industries including 'drink', 'entertainment' and 'food.' The data is grouped at national, state and capital city levels, adding further context to pedestrian data.

Within Sydney and NSW more broadly, the study points to growth in night time economy establishments, employment and sales turnover over a six year period. However, it also notes inconsistencies, with growth in some areas corresponding to declines in others.

From this data, we can see how turnover within core night time economy businesses associated with drink, entertainment and food has altered over time, with the food sector generally increasing, entertainment increasing slightly, and drink remaining relatively static:



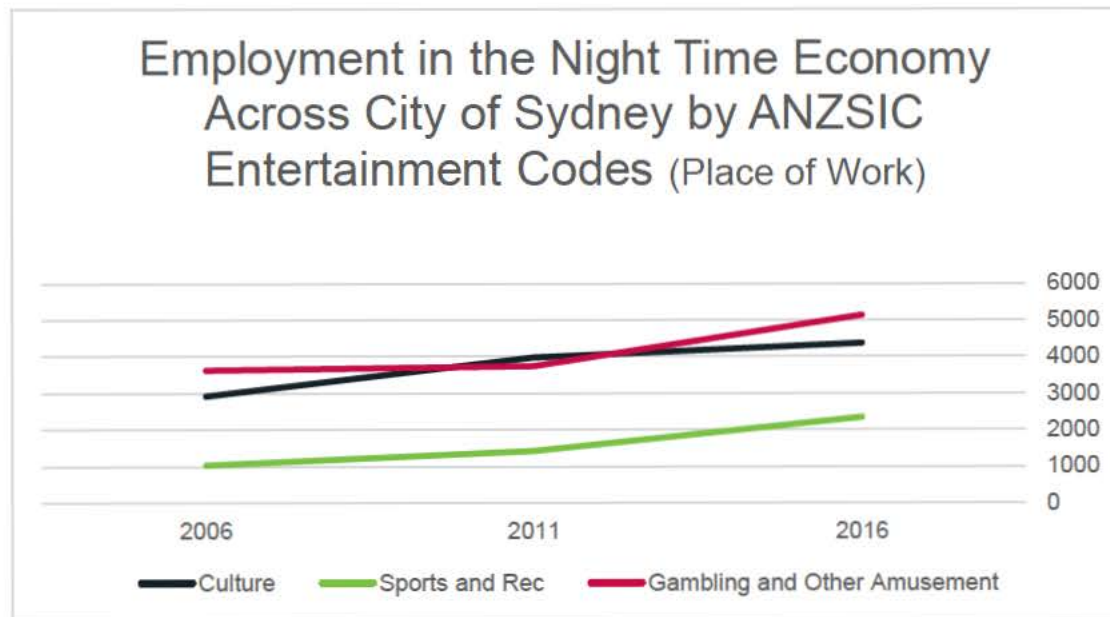
Within the Sydney local government area, however, these figures alter slightly, with food businesses becoming more static between 2014 and 2015, entertainment increasing slight, and drink declining:



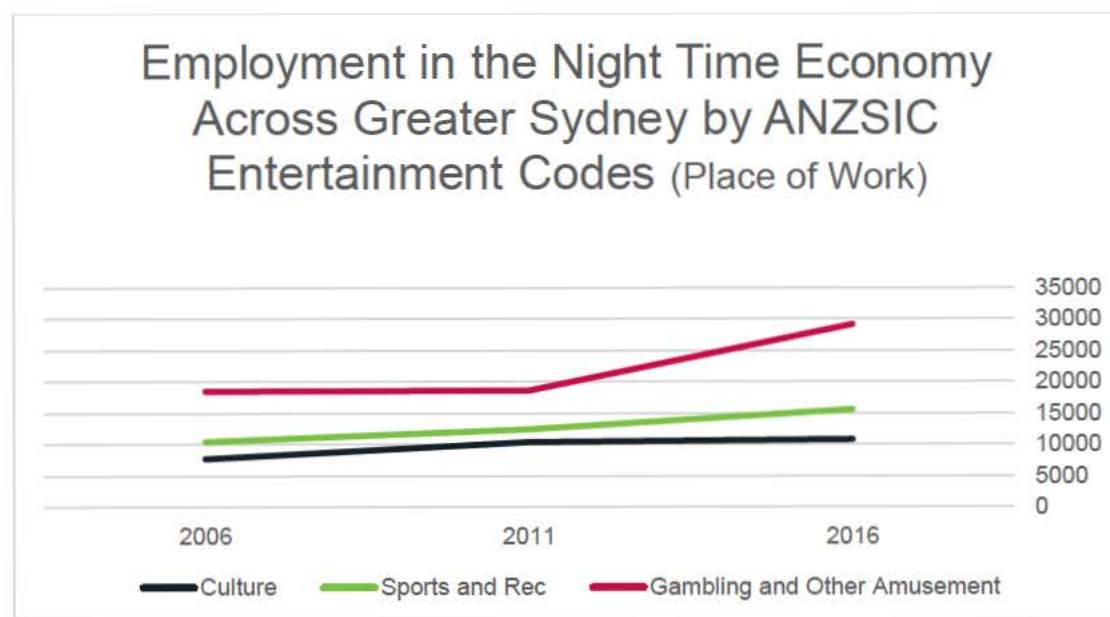


Note the Ortus research uses a fairly broad definition of 'Entertainment' built upon the Australian Bureau of Statistic's Australian and New Zealand Standard Industry Codes (ANZSIC). This incorporates an array of different forms of 'entertainment', including gambling, sports and recreations ranging from gymnasiums to horse and dog racing, and cultural activities such as performance and motion pictures.

Using 2016 census data, the City has prepared a more detailed longitudinal analysis of the Entertainment sector's ANZSIC data as it has been defined by Ortus:



This suggests the prime source of night time economy employment growth has been in gambling and related industries, whilst cultural activities have slowed somewhat since 2011. Similar trends are observable across Greater Sydney, with a sharp increase in gambling related employment, a slower rate of growth in sports and recreational employment, and static growth within cultural employment:



Such data provides some context not only to how many people may be engaged in night time economy activities, but what kind of activities they may be involved in. The trends largely conform to the comments made in response to Question Two related to Prof Shane Homan's data noting a general regulatory shift in favour of less culturally focused business models. One possible reading of the data is that current participation in the night time economy has shifted towards food and drink, and entertainment offers associated with sports and gambling, whilst visitation associated with live performance, theatre and the like has ceased to grow in line with more general population and employment growth.

## **Question Seven**

**Could you city also commit to doing the same counts on a night in the future when the Government announces a one-off suspension of the lockout as happened on Mardi Gras?**

The City is committed to understanding the movement of people around the city at night and is currently investigating technology which would provide 24/7 pedestrian counts once installed in various locations across the city. The City has suspended pedestrian counts for two years to enable investigation and introduction of pedestrian count technology. Once this is complete, the City may be able to provide more detailed, granular data specific to certain events or time periods.

## **Questions Eight & Nine**

**Could you please provide us with the rationale behind the ban on Mirror Balls and flashing lights in the DA conditions for the small bar, Goros on Mary St Surry Hills?**

**Could you also please provide us with the rationale behind the ban on dancing and DJs placed on the Sydney Fringe Festival DA in 2016?**

Questions 8 and 9 appear to have been originally directed to Paul Newsom, Deputy Secretary, Liquor and Gaming NSW.

The City has reviewed the development consent issued for the small bar known as Goro's at 84-86 Mary Street, Surry Hills (D/2016/1021). The City has not imposed a condition on the consent that prohibits the use of flashing lights or disco balls.

The City has also reviewed the development consent issued for the Sydney Fringe Festival's use of 215-225 Euston Road, Alexandria (D/2016/1830). The City did not impose a condition on the consent that prohibited dancing or DJs.

If such conditions were imposed it is possible they may have arisen from NSW Government agencies, such as Liquor and Gaming NSW or the NSW Police.