

**Submission
No 248**

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

Organisation: Secret Sounds

Date received: 28 February 2018



Submission to NSW Parliamentary Inquiry into music & arts industries

BACKGROUND

Secret Sounds is an Australian-grown diversified music company operating in Australia with interests extending into New Zealand and Asia. We employ over 80 permanent staff year-round, and have offices in 5 key locations (Byron Bay, NSW; Brisbane, QLD; Sydney, NSW; Melbourne, VIC and Lorne, VIC). When running events, our contract staff number in the thousands.

Our core business initially developed since the late 90's from running music festivals, managing artists, promoting artist tours and booking artist tours; in recent years our business has diversified, leaving us today as one of Australia's largest full service music businesses.

Our interests & partners comprise:

- **FESTIVALS**
 - o **Splendour in the Grass** : Australia's leading multi-day camping festival. In 2017 Splendour hosted 219 acts and performance artists over 4 days performing to a sold-out 32,500 capacity crowd with total daily visitation of 117,500 people;
 - o **Falls Festival** : music & arts festival held over the new year period in 4 locations (Lorne, Victoria; Marion Bay, Tasmania; Byron Bay, New South Wales and Fremantle, Western Australia). Most recently, in late 2017/early 2018, Falls Festival hosted over 80,000 patrons in 4 locations over a total of 12 event days with total daily visitation of more than 200,000;
 - o **Sydney City Limits** : the inaugural festival was held in Sydney on Saturday 24 September in Centennial Park;
 - o **Download Melbourne** : a new rock & heavy music festival being held in Melbourne in late March.
- **Secret Service Artist Management** : an artist management company, most well-known for managing Powerfinger and Bernard Fanning throughout their music careers;
- **Village Sounds** : a booking agency, booking tours for local artists such as Powderfinger, Bernard Fanning and many more;
- **Secret Sounds Touring** : an artist touring company that promotes tours with established and developing domestic and international artists;
- **Secret Sounds Connect** : A commercial rights business that sells sponsorship and brand partnership opportunities for our group festivals and other businesses. Also works with brands to develop strategies for their participation in the music sectors;



- **Secret Service Public Relations** : Public relations services for group companies and third party music industry clients;
- **Dew Process Records** : longstanding Brisbane-based record label;
- **Create/Control** : hybrid record label offering non-traditional, more flexible recording contracts to artists;
- **Dew Process Publishing** : Business representing rights of songwriters, the catalogues of their works and representation in Sync rights;
- **North Byron Parklands** : 660 acre purpose-built outdoor music festival site in Byron shire, NSW. Parklands has submitted a standalone submission to this inquiry;
- **The Triffid** : 800 capacity music venue in Brisbane, established in 2014.

We have also recently entered into a 20 year lease in Brisbane's Fortitude Valley to run a custom-built 3,500 capacity venue, filling a crucial and needed hole in the city's vibrant live music scene since Festival Hall closed its doors.

As well as servicing our own businesses, our best-in-class services are used by many high-profile third party clients in areas such as ticketing services and greenfield connectivity.

SUBMISSION

Security of tenure at North Byron Parklands

Having been held in Byron every year since its inception in 2001, in 2010 and 2011 the event was forced to relocate to Queensland (to Woodfordia, the home of Woodford Folk festival) due to delays in Parklands' initial planning application.

Since 2013, Splendour in the Grass and Falls Festival Byron have taken place at North Byron Parklands (as described above) and operate under Parklands' concept plan and project approval granted in April 2012 for a 5-year trial period. A recent modification extends the trial period to 31 August 2019. Parklands is seeking approval for permanency via a State Significant Development application recently submitted to the NSW Department of Planning & Environment. The public exhibition has recently closed with around 7,000 submissions in support, including many from the local area itself. Without security of tenure the risk remains that the festivals would need to relocate to Queensland once more (<https://www.theindustryobserver.com.au/mat-morris-north-byron-parklands>).

With youth unemployment in the Northern Rivers at 21.6% in late 2016 and regional unemployment a recognised problem across NSW and Australia, the economic benefit from approving this development to the local community would be huge.

Total economic output from the 2 events and venue in 2016 was measured at \$126.4 million, with Byron Shire accounting for \$34.6 million (27%) of this number. The creation of



246 equivalent full time jobs in Byron shire in 2016 represented 2.25% of the local workforce, which would disappear overnight if the festivals relocated back to Queensland. This development however could see this employment increase up to 561 local jobs.

We hear that numerous local event suppliers and local businesses would not be viable without the benefit of event-related business. The timing of Splendour alone in the otherwise quieter winter period creates a dispersal of tourist visitation and meaningful increase in bed nights across the shires of Byron and Tweed.

With permanency would come the ability for Parklands to invest in more world-class infrastructure, creating yet more benefit for local suppliers and businesses. Indeed there are products and services that are currently imported from Queensland and further afar that could be nurtured and developed locally with the advent of additional event days for Parklands and patron capacity for Splendour.

Regulation & Compliance

Splendour in the Grass and Falls Festival Byron are recognised leaders in event operations on both a national and international level. These events have proactively implemented best practice initiatives – in areas such as emergency management, safety management, WH&S, planning, sustainability, noise, ecology, environment, logistics, traffic, transport, etc) - with acknowledgement as such from many key stakeholders.

We would like to see government policies that adopt a more consistent approach to compliance and regulation in line with other events throughout the state. Policies should also draw on best practices from other states, again to provide a more standardised approach to event compliance and regulation. Currently in NSW there are a number of areas where bureaucratic red tape and inflexible planning laws prohibit smooth process. A more practical and consultative process needs to be considered so that support is given to the music and arts industry allowing for growth and longevity, rather than creating obstructions.

Policies need to be developed to incentivise businesses within the music and arts sectors to conduct their events in NSW, with a specific focus on regional areas to support cultural development and provide much needed opportunities for youth in these areas to participate in and interact with music and the arts.

The cost of compliance for events in NSW is prohibitive, and by far the most expensive in Australia. This has seen events move to other states where costs can be reduced significantly, and regulatory guidelines are more practicable. Consideration must be given to the costs applied to run an event in NSW and bring this back in line with those applied in other states. Police user pays charges are one example.



Lockout laws

The lock out laws in Sydney have seriously impacted the live music scene. It is our belief that the statistics that are being used to justify the policy are misleading – with no people populating areas previously frequented at night, it is surely an obvious consequence that there are fewer violent incidents in those areas. This doesn't mean however that underlying behaviours have changed and that the policy is effective. Live music revenue in areas affected by lock out laws is reported to have declined by 40%. As we mention below, Sydney (and New South Wales) are at risk of being overtaken by other more progressive states. In 2016 NSW commanded the highest share of live performance revenue of any state (35%) which would appear to be precarious at present.

Economic impact & Government funding

The contemporary music industry contributes significantly to the Australian economy:

- \$4 - \$6 billion contribution
- More Australians attend live music events than sport
- Contemporary music industry generates revenues of \$1.5-\$2.0 billion annually
- Expenditure associated with live music making is estimated to generate more than 64,000 jobs over half of which are full time

Source: http://musicaustralia.org.au/wp-content/uploads/2017/08/Australian-Contemporary-Music-a-billion-dollar-industry_2017.pdf

The commercial risk entered in to in running music festivals is significant. Access to government funding – both seed funding for business initiatives and grass roots support for artists - remains skewed towards the fine arts with contemporary music often overlooked. This is despite contemporary music and festivals comprising some \$577 million or 40% of the live music industry. Live performance and recorded music together account for an industry worth \$1.43 billion in revenue

(source: <http://reports.liveperformance.com.au/pdf/2016/LPA-Ticket-Survey-2016.pdf>).

This revenue has declined since 2013 and 2014. To put this in context, this is more than the combined attendances at AFL, NRL, Soccer, Super Rugby, Cricket and NBL in 2016 (Australian Sporting Attendances 2016, Stadiums Australia).

Research for APRA AMCOS (http://musicaustralia.org.au/wp-content/uploads/2017/08/Australian-Contemporary-Music-a-billion-dollar-industry_2017.pdf) by Ernst & Young has shown that tax incentives for Australian music could generate:

- 250,000 additional public performances each year



- Over 30 million additional attendances at live music performances
- Increased investment in sound recordings by new and current artists
- Cashflow positive economic activity that returns \$40 M to the Australian economy

Internet and mobile connectivity

With the growth in content production and distribution as a cornerstone in the development of the live music industry in recent years, connectivity – both fixed line and mobile – is becoming more critical to our business. The slow roll out of NBN, and issues with mobile connectivity particularly in greenfield locations is limiting our business potential. We would encourage the government to introduce policies to encourage & prioritise the provision of connectivity.

SUMMARY

Secret Sounds and its extended partner family has demonstrated a track record of ongoing continuous improvement across a range of measures and has developed excellent relationships with various government agencies, councils and community groups.

In our experience the political, regulatory and compliance environment in NSW is significantly more difficult to do business in than other states – Queensland, Victoria and Western Australia in particular. Compounded with the lock-out laws in Sydney, what was once a vibrant music scene in NSW is already under threat from other states and at risk of becoming even less relevant if recent policies are continued with.

We are looking to state and local governments to provide policies that:

- recognise the significant economic, social and cultural benefits that the music and arts sector provides to NSW;
- encourage and maintain the establishment of new and existing music and arts venues across NSW;
- support music and arts venues and reduce the likelihood of these venues and events moving to other states and territories;
- provide clear operating guidelines that are uniform across events and across the state covering a range of matters relevant to this important and growing industry; and
- to provide business certainty to the operators who invest millions of dollars in this industry sector.

Matthew Evans
Chief Operating Officer
28-Feb-18