

Submission
No 29

**INQUIRY INTO LIQUOR AMENDMENT (MUSIC
FESTIVALS) REGULATION 2019 AND GAMING AND
LIQUOR ADMINISTRATION AMENDMENT (MUSIC
FESTIVALS) REGULATION 2019**

Organisation: ARIA
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Australian Recording Industry Association Ltd.
ABN 72 002 692 944 ACN 002 692 944

Level 4, 11-17 Buckingham Street
Surry Hills NSW 2010

PO Box Q20
Queen Victoria Building
NSW 1230

Telephone: (02) 8569 1144
Facsimile: (02) 8569 1181
Website: www.aria.com.au

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Committee Secretary
Legislative Council – Regulation Committee
Parliament House, Macquarie Street
Sydney NSW 2000

Via online submission

Dear Committee,

INQUIRY INTO MUSIC FESTIVAL LICENSING REGULATIONS

We refer to the request for submissions to the Legislative Council inquiry into the Liquor Amendment (Music Festivals) Regulation 2019 and the Gaming and Liquor Administration Amendment (Music Festivals) Regulation 2019 (the “**Inquiry**”). We thank the Committee for the opportunity to comment on this important issue for the music industry.

Background to ARIA

The Australian Recording Industry Association Ltd (“**ARIA**”) is the peak trade body for the recorded music industry in Australia. It is a national industry association proactively representing 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 organisations and very large companies with international affiliates.

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

- acting as an advocate for the industry, both domestically and internationally;
- supporting Australian music, and creating opportunities to help it be heard;
- playing an active role in protecting copyright and making submissions to government on copyright reform, piracy, 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, music streaming services and data suppliers across the country;
- providing, in certain cases, a reproduction licensing function for various copyright users; and
- staging the highly prestigious annual ARIA Awards.



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.

Prior to the enactment of the Liquor Amendment (Music Festivals) Regulation 2019 and Gaming and Liquor Administration Amendment (Music Festivals) Regulation 2019 (the "**Regulations**"), ARIA called on the NSW Government to commit to consultation with the music festival sector prior to and following the enactment of the Regulations, to ensure that the Government was equipped with the relevant information about the impact of the Regulations on the NSW music festival sector. We acknowledge that this Inquiry is an important first step in this requested consultative process, and we trust that this Inquiry marks the beginning of ongoing collaboration and engagement with the music festival sector. In order to do so, ARIA recommends the commencement of meaningful engagement with the Australian Festival Association ("**AFA**") who are an industry association that represents the interests of the festival industry. The membership base of the AFA is broad and includes not only festival promoters, but other participants in the wider industry ecosystem such as security agencies, site managers and infrastructure suppliers and medical providers. The AFA will be well placed to assist the Committee with this Inquiry.

The Terms of Reference of the Inquiry are to inquire and report on the impact and implementation of the Regulations. ARIA is not a promoter of music festivals, but many of our members are either involved in the staging of music festivals or their artists perform at the many festivals that are held in NSW. These Regulations have the potential to negatively impact on these businesses from a cost, logistics and operational perspective. While ARIA is not best placed to provide specific comments on the utility of the Regulations and whether the Regulations provide the best means for addressing matters of public health and safety, we can provide insight into the importance of music festivals to the music industry and the NSW economy, and the importance of a comprehensive review of the Regulations.

A snapshot of the music industry and the contribution of the music festival sector to the economy

ARIA is a strong proponent of live music and we work closely with the NSW Government agency Destination NSW on the annual ARIA Awards. The ARIA Awards is the premier event of the Australian music calendar and it celebrates the achievements of artists and creators in the Australian music industry. The ARIA Awards generates significant national and international media attention for our local recording artists. In the lead up to the ARIA Awards, ARIA stages "ARIA Week", which is a series of showcase gigs, events and music industry conferences. In collaboration with Destination NSW, ARIA strives to position Sydney and NSW as the music capital of the Asia-Pacific region.

NSW performing and recording artists have conquered international stages, won Grammy awards and topped international charts. Artists from NSW such as Flume, Gang of Youths, 5 Seconds of Summer and Alison Wonderland have achieved international success and acclaim. Their international success is a benefit not just for the artists, but also for our cultural landscape and the NSW economy. Their success helps to position Sydney and NSW on the world stage as a dynamic location where music flourishes. Many of our international success stories have honed their talent on the stages of local venues and music festivals. Music festivals are an important part of the local music industry. They provide a platform for artists to perform, introduce audiences to a broad range of music, create jobs and contribute significantly to the economy.

The music festival industry is part of an interdependent network which boosts the economy in both the cities and the regional areas. Music festivals such as *BluesFest* (Byron Bay), *Deni Ute Muster* (Deniliquin) and the *Tamworth Country Music Festival* bring thousands of people into these regional areas each year – boosting tourism, stimulating the local economy and promoting NSW as a music destination. Within Sydney, festivals



such as *Download* showcased greater Western Sydney as a music destination and *Laneway Festival* brought music fans together in Sydney's inner west.

The Australian music industry's contribution to the economy is significant. In the recent PwC study prepared in September 2017 for the Australian Copyright Council, it was found that the Australian music industry (including theatrical productions) contributed **\$10.554 billion** to the Australian economy in 2016¹. The industry also employed **92,379 people**². In NSW, festivals (contemporary music) generated **\$55,062,137** in revenue.³

Live music has benefits for the community beyond the economic value that it generates. Attendance at music festivals and concerts has been a rite of passage for many generations of music fans around Australia – from the Sunbury Festival to the Australian Made Festival through to the Big Day Out, and it provides a positive influence on society. The arts (including music), contributes to the wellbeing and happiness of the nation⁴ leading to improved productivity. Music festivals provide a positive environment where people of all ages and backgrounds can share in their mutual love of music. It would be unfortunate if the Regulations caused unintended detriment to the sector through a lack of meaningful consultation.

It is clear that the music festival sector is important to NSW for a range of social, cultural and economic reasons. To ensure the continued sustainability and viability of this sector, it is important that the Regulations are properly reviewed with clear evidence about the impact of the Regulations on businesses that operate within the music festival sector. ARIA believes that any review of the Regulations must be considered in light of evidence based research. To this end, ARIA would suggest as part of the ongoing consultation process with the music festival sector, the initiation of research which reviews the legislative framework, the health and societal issues and economic aspects of this issue as a whole.

Policies to support a diverse and vibrant music and arts culture across New South Wales

The music industry has undergone a significant transformation over the past decades. The emergence of internet and mobile technology has fundamentally changed the way Australians consume music. The adoption by the public of the music streaming services has meant that Australians are now able to easily access the history of recorded music whenever and wherever they want for a modest subscription cost or for free via advertising supported services. As a result, the recorded music market is now predominantly digital. In 2018, downloads and streams accounted for over 80% of the overall Australian recorded music market by value⁵ whereas a decade ago, digital music accounted for less than 20% of the Australian recorded music market value.⁶ After many years of declining revenue, primarily due to the proliferation of online music piracy, the music industry has embraced innovative new business models to return to growth.

However, whilst the growth of the value of the recorded music industry is welcomed, the current recording revenue results are still some 40% below those achieved for the 2003 calendar year, being the last year prior to the impact of digital disruption taking effect.

¹ *The Economic Contribution of Australia's Copyright Industries 2002-2016*, prepared by PwC and published in September 2017, page 13 and 23 available at

[https://www.copyright.org.au/acc_prod/ACC/Research Papers/PwC Report- Value of Copyright Industries.aspx](https://www.copyright.org.au/acc_prod/ACC/Research%20Papers/PwC%20Report-Value%20of%20Copyright%20Industries.aspx)

² *ibid*

³ *Live Performance Australia Ticket Attendance and Revenue Report 2017* (see <https://reports.liveperformance.com.au/pdf/2017/state-data-nsw.pdf>)

⁴ 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 wellbeing and happiness. This is an increase from 52% in 2013.

⁵ ARIA Media Release 4 April 2019: <http://aria.com.au/documents/ARIAreleases2018wholesalefigures.pdf>

⁶ ARIA Wholesale Sales Figures 2006 to 2011: <http://www.aria.com.au/pages/documents/physdigsalesxvalueunit.pdf>



So, whilst there are more opportunities for artists to release their music to the world and to share in digital opportunities, the ability to perform live remains essential for most artists to be able to earn a living and expand their fan base.

A healthy local music scene is important to the development of recording artists, and critical to the success of our local record labels, many of whom are small businesses. The International Federation of the Phonographic Industry (“**IFPI**”)⁷ is an organisation that represents the global recording industry. IFPI published a report titled *The Mastering of a Music City*⁸ which outlines the steps that can help local authorities, businesses, community groups and the creative sector to capitalise on the potential of music to build and strengthen their cities.

Using examples from 22 cities from all continents, *The Mastering of a Music City* report identified recommendations in seven strategic areas that are an effective means to grow and strengthen a city’s music economy:

1. music and musician-friendly policies, from licensing and liquor laws to parking and planning regulations to affordable housing and artist entrepreneur training;
2. the creation of Music Offices to help musicians and music businesses navigate the broad range of government policies and regulations that impact music;
3. the formulation of Music Advisory Boards to engage the broader music community in a collaborative way and to facilitate dialogue with city governments;
4. engaging the broader music community to ensure the people most affected by music policies are involved and informed;
5. access to spaces and places for artists to practice, record and perform at every stage of their career;
6. 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
7. 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.

It is in this context that we ask the Committee to consider the efficacy of the Regulations. Whilst we acknowledge that not all of the recommendations set out in *The Mastering of a Music City* report are applicable to the music festival sector, we believe that ongoing comprehensive consultation with representatives from the impacted sectors, with the good faith intention of reaching a solution that balances the competing interests, is a desired outcome for all involved. The music festival sector is important to NSW. It is mutually beneficial for the Government and the music festival sector to foster a strong, collaborative relationship that supports the Australian music festival sector, which in turn will support artists, the broader music industry and NSW economy as a whole. The establishment of an ongoing live music roundtable which comprises NSW Government representatives and music industry stakeholders, would assist in the delivery of policy outcomes that are workable for all involved.

⁷ International Federation of the Phonographic Industry: <http://www.ifpi.org/>

⁸ Available at: <http://www.ifpi.org/downloads/The-Mastering-of-a-Music-City.pdf>



Conclusion

A collaborative approach with the festival and broader music sector is required in order to resolve the problems that have arisen as a result of the hasty implementation of these Regulations. Through greater consultation, the impacted parties can work together to develop strategies that address the identified health and safety issues raised by the Government whilst ensuring that music festival organisers are able to operate their businesses within a regulatory environment that is not unduly costly and burdensome – and thereby providing a music ecosystem that will enable our local artists and industry to thrive and succeed.

It is immensely important that NSW has the right policy settings in place to ensure that NSW has a local music industry that creates jobs, exports and contributes to the NSW economy while also ensuring that our creative and artistic communities and talent continue to grow.

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

Yours sincerely,

Dan Rosen
Chief Executive Officer