

Deloitte Access Economics

The economic, social
and cultural
contribution of
venue-based live
music in Victoria

Arts Victoria

20 June 2011

Contents

Executive Summary.....	i
1 Background to the analysis.....	1
1.1 Research framework.....	1
1.2 Policy context.....	4
1.3 Report structure.....	8
2 Venue-based live music in Victoria.....	9
2.1 Industry overview.....	9
2.2 Economic structure.....	14
3 Economic contribution.....	19
3.1 Modelling approach.....	19
3.2 Industry income estimates.....	20
3.3 Economic contribution estimates.....	22
3.4 Sensitivities and limitations.....	24
4 Social and cultural contribution.....	25
4.1 Culture.....	26
4.2 Community.....	37
4.3 Quality of the environment.....	41
5 Music festivals.....	43
6 Challenges and opportunities for Victoria’s live music sector.....	47
6.1 Broader live music landscape.....	47
6.2 Licensing (liquor and gaming).....	50
6.3 Property rights and amenity.....	53
7 Conclusions.....	54
References.....	55
Appendix A : Acknowledgements.....	60
Appendix B : Key data sources.....	61
Appendix C : Survey questions and approach.....	62
Appendix D : Survey responses.....	72
Appendix E : Economic contribution.....	77
Limitation of our work.....	80

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Charts

Chart 2.1 : Typical operating week – Victorian live music venues.....	11
Chart 2.2 : Change in number of live performances provided (performers and venues).....	12
Chart 2.3 : Number of ‘live music’ venues by capital city	13
Chart 4.1 : Genre of music most often provided (venues).....	27
Chart 4.2 : Victorian attendance at selected cultural venues and events, 2005/06	33
Chart 4.3 : Victorian attendance at selected cultural venues and events by age group, 2005-06	34
Chart 4.4 : Reason for attending live music performances (patrons).....	38
Chart 4.5 : Live music performances as a proportion of all social outings (patrons)	39
Chart 5.1 : Live music location preferences (patrons)	44

Tables

Table 2.1 : Summary of live performance overhead estimates.....	16
Table 2.2 : Performer income sources	17
Table 3.1 : Victorian venue count by live music financial dependency	20
Table 3.2 : Total turnover by Victorian venue type (\$m)	21
Table 3.3 : Victorian performer average live performance income 2009/10	21
Table 3.4 : Victorian performers’ total live performance income 2009/10 (\$m)	22
Table 3.5 : Direct economic contribution 2009/10.....	23
Table 3.6 : Total economic contribution 2009/10	23
Table 3.7 : Total economic contribution sensitivities	24
Table C.1 : Patron survey.....	62
Table C.2 : Performer survey	65
Table C.3 : Manager survey	67
Table C.4 : Venue survey	69
Table D.1 : Patron survey demographics	75
Table D.2 : Profile of performer/manager survey responses.....	75

Figures

Figure 2.1 : Revenue allocations ('door deal' model)	15
Figure 4.1 : Typical performer career path	29
Figure D.1 : Distribution of Victorian patron survey respondents.....	72
Figure D.2 : Distribution of APRA registered live music venues in Victoria	73
Figure D.3 : Distribution of APRA reported live music expenditure in Victoria.....	74
Figure E.1 : Output compared to value-added	77
Figure E.2 : Incremental contribution of live music in 'supported' venues	78

Glossary

ABS	Australian Bureau of Statistics
APRA	Australasian Performing Rights Association
EPA	Environment Protection Authority
FTE	Full-time equivalent
GOS	Gross operating surplus
GSP	Gross state product
SEP	Special Entertainment Precinct
SEPP	State Environment Protection Policy

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Executive Summary

The Victorian Government is interested in generating new and improved forms of evidence in relation to the significance of the contribution of the Victorian **venue-based** live music sector. In addition to this, there is a strategic need for the live music sector to consider its current position and identify opportunities for, and potential limits to, future growth and viability.

This report provides a quantified estimate of the economic contribution of live music in Victorian venues as well as a qualitative discussion of the social and cultural values that are accruing. In addition, the report outlines possible challenges and opportunities for the Victorian live music sector in its immediate future, and the implications for policy makers and the industry alike.

Venue based live music in Victoria

The focus of this study was live music performance in Victorian hotels, bars, nightclubs, cafes and restaurants.

Data collected through surveys of patrons, venues and performers, and validated through industry consultation, confirmed that live music plays a significant role in the Victorian – and in particular Melbourne’s – cultural scene:

- Melbourne has more live music venues than any other Australian city, including around 370 hotels, bars, nightclubs and restaurants featuring live music.
- Some 600 venues throughout Victoria collectively provide an average of 3,000 live performances per week, equating to about five performances per venue per week.
 - On average, venues provide live music three nights per week.
- Victorian live music performers provide an average of 23.5 performances in Victorian venues per year, or an average of two per month.
- Victorian performers earn an average of \$19,500 per year from live music performance, with 69% of this amount - or \$13,455 - derived from venue-based performance.
- Live music patrons attend an average of two performances in Victorian venues each month:
 - 41% are occasional or casual patrons attending one performance or less per month;
 - 40% are committed or regular patrons attending two to three performances per month; and
 - 19% are ‘die-hard’ patrons attending at least four performances per month.

Economic contribution of live music in venues

The basis for the economic contribution is the value-added and employment created by the provision of live music in Victorian venues.

The economic contribution is calculated as the sum of the value-added and employment created components of the following:

- the direct economic activity generated by performers and live music venues including:
 - turnover in live music venues and payments to sound technicians, production hire and rental, advertising, security and employees involved in delivering the live music product; and
 - payments to headline performers providing live music in venues, and their direct support payments including to managers, booking agents, sound technicians, advertising, supporting performers and merchandise and record manufacturers.
- the indirect economic activity (or multiplier effects) generated by live music in venues.

Based on this specification, it is estimated that live music in venues generated an additional **\$501 million** in gross state product (GSP) to the Victorian economy in 2009/10, and increased full-time equivalent (FTE) employment by approximately **17,200 persons**. The direct economic contribution component was **\$301 million** in GSP and approximately **14,900 FTE** positions.

Applying the average expenditure per patron attendance to the estimated increase in direct expenditure suggests there were approximately **5.4 million attendances** at live performances in Victorian venues in 2009/10. This compares with approximately 4.3 million attendances to Australian Football League matches in Victoria in the 2010 home and away season, and 4.7 million ticketed attendances to other live performances in Victoria in 2009.

These findings indicate sizeable economy-wide benefits are derived from the provision of live music in Victorian venues.

Broader social and cultural values

The venue-based live music industry is also found to make a significant contribution to the Victorian social and cultural landscape.

- Live music nurtures creativity by providing scope to perform original music.
 - 74% of venues surveyed regularly feature original bands and performers.
 - 86% of patrons surveyed believe that live music in venues encourages individuality in Victoria.
- The opportunity to perform live in music venues plays a crucial role in developing music careers and incubating talent. Live music performance is especially important in terms of building a profile and developing performance skills, ensuring that performers have the fan-base and stagecraft to sustain them through each career phase.
 - Consultations suggested that performers in the early phase of their career will typically need to play live at least once or twice per week in order to build a profile.

- Live music in venues makes an especially strong social contribution in providing an opportunity for performers and patrons to develop their social networks – this has particular resonance for young people.
 - The patron survey shows that 76% of 18 and 19 year olds felt that their friendship group had expanded through attending live music performances.
- Indeed individuals place high value on the social benefits derived from attendance at live music performances.
 - Live music performances are at least as important as other social outings for 86% of patrons (even though live music performances comprise less than one-quarter of all social outings for 55% of patrons).
 - Patrons have high willingness to spend on live music performances, with 42% of personal weekly expenditure on out-of-home recreation and entertainment allocated towards attending live music.
- These private benefits foster social engagement and connectedness, leading to enhanced community wellbeing. Patrons overwhelmingly indicated that live music can have positive impacts for the community.
 - 92% of patrons believe that venue-based live music improves quality of life.
 - 84% of patrons stated that live music in venues provides a welcoming and safe environment.

Challenges and opportunities for Victoria's live music sector

Though the Victorian live music scene is widely acknowledged as presently in a 'healthy' state, there are both concerns as to the sustainability of this status and opportunities for this status to be further enhanced.

These trends and opportunities relate to:

- an underdeveloped regional touring circuit compared to New South Wales;
- quality of live performers, as a key inhibitor to the increased provision of live music;
- the demand-supply dilemma for Victorian performers;
- issues relating to the application and enforcement of liquor licensing conditions; and
- compounding property rights and amenity issues for venues.

While the recent response and commitment by the Victorian Government to address certain liquor licensing conditions and aspects of property rights issues are likely to ease pressures here, policy makers and the industry are still faced with the dilemma of how to best improve the financial and career development situation for Victorian performers, as well as how to ensure the overall sector grows at an optimum rate.

A series of possible solutions were revealed in the consultation component of this study and are presented accordingly:

- **Planning** for an enhanced regional touring circuit, as part of a broader strategic growth plan for the sector.
- Improving the standard of live performers in Victoria, through **increased performance opportunities** for those less established.

- **Promotion** of understanding among performers of ways to successfully induce demand for live performances and self-manage more broadly, supported by **appropriate career guidance** at particular stages.

Where policy makers intend to provide direct funding to encourage these values, a cost-benefit assessment should be undertaken, and targets and performance metrics set to ensure a payback is being accrued to the state.

Conclusions

Live music makes an important economic, social and cultural contribution to Victoria. Furthermore, as with any industry, the conditions affecting the ongoing commercial viability of live music are subject to a range of influences, particularly in relation to regulatory and policy developments. Careful consideration should be given to any government interventions that might directly or indirectly restrict or indeed promote the provision of live music.

Deloitte Access Economics, June 2011

1 Background to the analysis

Deloitte Access Economics has been engaged by Arts Victoria to analyse the economic, social and cultural contribution of the venue-based live music industry in Victoria.

Live music in Victoria is performed in a range of venues and settings: concert halls and other performing arts venues; mass entertainment and sports venues; festivals of all sizes; local halls and community centres; through to busking on the streets. The focus of this study is live music performance in pubs, bars, nightclubs, cafes and restaurants – a sub-sector of the live music industry which plays a significant role in the professional development and careers of contemporary musicians and bands, but about which there are limited reliable data.

Motivating this study, the Victorian Government is interested in generating new and improved forms of evidence in relation to the contribution from the Victorian venue-based live music sector, in order to inform future policy deliberations. Beyond this, there is also a strategic need for the live music sector to consider its current position, and identify opportunities and potential limits to future growth and viability.

In this section the background to the analysis is broadly outlined – in terms of the research framework and the policy context – in anticipation of the analysis and findings that follow in later sections.

1.1 Research framework

The research framework for this study is a product of the research objectives, the existing data and literature, as well as the scope of surveying and consultations that were undertaken.

1.1.1 Research objectives

Largely informed by findings of previous research and remaining gaps in the evidence base for policy makers, the broad research objectives for this study comprise:

- a comprehensive and robust estimate of the economic contribution of live music in Victorian venues;
- a broad (but tangible) social and cultural contribution framework – around the provision of live music in Victorian venues; and
- an identification of the current and likely future impediments to and opportunities for the provision of live music in Victoria venues.

Economic contribution

The economic contribution considers both the direct and indirect contribution of live music in Victorian venues – as they are defined for the purposes of this study (see Section 2.1). However, in any economic contribution study, the line must be drawn between what can be considered within the sector – and therefore a component of the direct effect – and what should be considered a flow-on – and therefore captured in the indirect effect.

In light of this, it was determined that in this study the direct economic contribution would include the value-added and employment created by:

- the proportion of live music venue gross operating surplus (GOS) that can be attributed to live music, and the venue payments to sound technicians, production hire and rental, advertising, security and employees involved in delivering the live music product;
- payments to headline performers providing live music in venues, and their direct support payments including to managers, booking agents, sound technicians, advertising, supporting performers and merchandise and record manufacturers; and
- the tax revenue accruing to the government that can be attributed to the provision of live music in venues.

Any other service or labour type was considered to be outside the direct contribution – and therefore captured indirectly – to ensure a simple and robust analysis.

Social and cultural contribution

In the first instance, it was determined that analysing the full range of social and cultural contributions to the state from live music in venues would not be possible in this study, due to their often intangible nature and the difficulty in reliably estimating them.

A social and cultural impact framework was then developed, with its broad structure informed by Vanclay (2002), other literature on the social impacts of arts and culture, and particular research questions proposed for this study. The broad categories of the framework included culture, community, quality of the environment and health and social wellbeing.

Within the framework, all those values that could be identified were assessed for relevance and ease of measurement, and prioritised on that basis. Ultimately, those themes that were determined to be ‘first order’ were considered the priority in the survey instruments and the analysis.

It was determined that the analysis would draw on the strong body of existing literature to inform the social and cultural contribution, supported by anecdotal evidence from consultations and patron, performer and venue survey data.

Opportunities and threats

An assessment of the immediate opportunities to promote the economic, social and cultural values of live music in Victoria – and the on-going impediments to their sustainability – was also undertaken, given that these values may not necessarily be purely self-sustaining.

The following drivers of change were assessed:

- the competitive landscape – including the demand for and supply of live performance;
- the regulatory environment for venues – including liquor and gaming licensing; and
- property rights and amenity – including the development pressures of urban in-fill.

Consideration of how these factors/trends might be diminished or enhanced to maximise the values the live music sector provides to the state was developed based on stakeholder consultations, findings in related research and basic economic theory.

1.1.2 Existing data and literature

As a foundation for the analysis, and in order to determine the priorities for the development of the study's survey instruments, the strong body of existing evidence of the economic, social and cultural contribution of live music was collated and assessed, along with any information on the drivers of change.

While a broad range of data and studies on particular components of the research objectives were available, no study prior to this had sought to collectively present economic, social and cultural contribution findings and apportion or attribute the outcomes directly to the provision of live music in Victoria venues. Existing analyses were also largely completed prior to more recent regulatory and policy changes in Victoria, and therefore did not capture any actual or potential impact on the venue-based live music sector (see Appendix B for an outline of key studies).

The primary research undertaken for this study was based on key conclusions drawn from the literature review. The purpose of the primary research was to further draw out relevant findings and/or test assumptions that had been employed in these existing analyses.

1.1.3 Survey tools and approach

An important component of the study's methodology was the collection of primary evidence from the critical points at which economic, social and cultural values are created and incurred. This required the development of survey instruments targeted at the three key parties in the live music 'transaction':

1. Patrons as the downstream consumers.
2. Venues as the intermediary.
3. Performers as the upstream supplier.

Overall, a broadly sufficient volume of responses was provided by each survey target audience to make inferences in the analysis with reasonable confidence (see Appendix C for details):

- The patron survey was determined to be most effectively conducted via face-to-face interviewing at a sample of prominent Victorian venues, where the patron catchment was broad enough to ensure the greatest degree of Victorian live music demand was captured. The surveying was conducted by Newspoll on 14 occasions between 11 August and 21 August 2010, across 13 different venues – 8 in the CBD, 3 in the inner-suburbs and 2 in regional Victoria – capturing a total 427 responses.
- The performer/manager surveys were determined to be most effectively conducted via phone. The survey sample selected by Arts Victoria had experienced varying degrees of success in their performance careers to date, and were identified as being likely to be willingly involved. A total of 71 performers/managers were contacted between 23 August and 3 September 2010, from which 51 responses were generated.
- The venue surveys were also determined to be most effectively conducted via phone, drawing randomly on the full population of live music hotels, bars, nightclubs and cafes and restaurants registered with the Australasian Performing Rights Association (APRA). A total of 165 hotels, 92 bars, 98 cafes and restaurants and 33 nightclubs were contacted between 23 August and 3 September 2010, from which 51 hotel, 25 bar, 19

cafe and restaurant and 8 nightclub responses were generated, a total of 103 responses representing around 17% of the target population.

Consultations were also conducted with a selection of key stakeholders who have a strong understanding and experience in the sector (see **Error! Reference source not found.**). These consultations were also used to validate survey results.

1.2 Policy context

State, local and intergovernment policies and programs impact on the venue-based live music industry in Victoria, either through provision of industry support or regulation affecting the industry.

1.2.1 Victorian Government

The live music industry in Victoria is supported by a number of State Government programs and initiatives. Regulations affecting live music performance in venues are administered through the Department of Justice, under the Director of Liquor Licensing supported by Responsible Alcohol Victoria; through the Environment Protection Authority (EPA); and through planning policy.

Arts Victoria

Arts Victoria is a part of Victoria's Department of Premier and Cabinet and reports to the Minister for the Arts.

Under the *Arts Victoria Act 1972*, Arts Victoria's roles and responsibilities are to:

- develop and improve the knowledge, understanding, appreciation and practice of the arts;
- increase the availability and accessibility of the arts to the public;
- encourage and assist in the provision of facilities to enable the arts to be performed or displayed;
- continually survey and assess the arts and report to Parliament on potential improvements; and
- administer the Act and cooperate with other parts of Government and the arts industry.

Victoria Rocks

Victoria Rocks, introduced in 2007, is the State Government's funding package for the local music industry, drawing together the expertise of Arts Victoria, Office for Youth and Tourism Victoria. Arts Victoria's component of Victoria Rocks is the contemporary music grants and support program that aims to encourage the creative growth and viability of the Victorian contemporary music industry.

Total funding under this program for 2008-09 was \$757,951 (Arts Victoria, 2010). The program comprises three categories:

- Music Career Building Grants (with funding available for recording, product presentation and website and digital tools);

- Music Touring Grants (supporting transportation costs, accommodation, conference/festival registration fees and tour promotion campaigns); and
- Strategic Music Industry Partnerships (with funding for initiatives that promote access, education and innovation for Victorian musicians to further their careers).

Victoria Rocks also offers scholarships to support Victorian musicians and music managers attend key industry events and conferences.

Tourism Victoria

Tourism Victoria's arts and cultural heritage tourism action plan (entitled *Victoria's Arts and Cultural Heritage Tourism Action Plan 2010-2014*) highlights research findings identifying Melbourne as the cultural capital of Australia. A key action for the next four years is to consolidate Melbourne's positioning as a creative capital by raising the profile of Melbourne's live music scene.

FReeZA and The Push

The Victorian Government provides funding and support for youth-focused live music through FReeZA, a youth development program managed by the Office for Youth within the Department of Planning and Community Development. The program supports young people aged between 12 and 25 years to organise music, artistic and cultural events within their local communities. Live music performance forms a strong component of FReeZA, with events managed by FReeZA Committees of young people. There are 78 FReeZA Committees across Victoria (FReeZA, 2010).

FReeZA also provides funding for The Push, a Victorian non-profit youth entertainment organisation. The Push was established to provide opportunities for young people to attend affordable, alcohol-free events and also provides information, support and training to young people who would like to develop a music industry career.

Music Victoria

Music Victoria was established in early 2010 as Victoria's first contemporary music industry peak body. Its operational objectives are to:

- promote and celebrate the contemporary music community of Victoria;
- advocate on behalf of contemporary music in and from Victoria; and
- support the professional development of the contemporary music sector.

In addition, Music Victoria operates with the aim of being a strong, financially viable and relevant industry peak body for the contemporary music community of Victoria.

Responsible Alcohol Victoria and Director of Liquor Licensing

Most live music venues which were the focus of this study are licensed premises, and are therefore subject to liquor licensing legislation and regulations administered by the Director of Liquor Licensing supported by Responsible Alcohol Victoria (within the Department of Justice). The *Liquor Control Reform Act 1998* sets out the various licence categories, which include

general licences, on-premises licences, restaurant and café licences, late night (general or on-premises) licences for venues authorised to trade past 1 a.m., and full club licences.

Licensees must comply with all obligations of their liquor licence, including any other specific conditions that have been attached to their licence by the Director of Liquor Licensing (such as trading hours, patron capacity and installation of security cameras). The Compliance Directorate has primary responsibility for ensuring that licensees meet their responsibilities, with the Victoria Police also playing an enforcement role.

Live Music Accord

The Live Music Accord was an agreement between the former State Government and the live music industry signed on 23 February 2010. The Accord was struck following public and music industry concerns regarding the effect of liquor licensing fees and policies concerning licence conditions for smaller live music venues.

The key music industry stakeholders involved in the negotiation of the Accord were Music Victoria, Fair Go 4 Live Music and SLAM (Save Australia's Live Music).

In addition to recognising the importance of the live music scene as a cultural, social and economic driver, the Government agreed to reform policies around licence conditions for live music venues, and to review licence conditions of live music venues in certain circumstances (State Government, 2010a).

Following the Accord, the Director of Liquor Licensing established a process to review licence conditions of live music venues in certain circumstances. On 6 October 2010, the then Minister for Consumer Affairs, the Director of Liquor Licensing and Victoria's live music community signed a further agreement recognising the importance of live music, agreeing to examine further policy and legislative reforms with respect to live music and proposing a modified approach to assessing licence conditions for live music venues.

Consistent with this agreement, a new policy for assessing licence conditions for live music venues was implemented by the Director of Liquor Licensing in October 2010 requiring live music venues to be assessed for licence conditions on the basis of their individual circumstances and providing licensees with a greater opportunity to contribute to this assessment.

Following the State election in November 2010, the Liberal Nationals Coalition Government came into power in Victoria. During the election campaign, the Liberal Nationals Coalition made a number of commitments in relation to live music including:

- to amend the objects of the *Liquor Control Reform Act 1998* to reflect that live music is an important part of the hospitality industry and the wider community; and
- to ensure that blanket high-risk conditions do not apply to licensed premises featuring live music but that venues are assessed on their circumstances.

Environment Protection Authority

Live music venues are also subject to noise-related regulation administered by the EPA. State Environment Protection Policy (Control of Music Noise from Public Places) No. N2 is the key

policy that regulates noise generated by live music venues. It provides requirements for noise levels, with varying noise limits at different times of the day.

Noise requirements based on this policy are often included in a venue's liquor licence or planning permit. Local councils or the Victoria Police have the authority to enforce these rules, and under the *Environment Protection Act 1970*, police are empowered to instruct a venue to abate any entertainment noise after midnight (which remains in effect until 8 a.m.).

Planning

Under the *Building Act 1993* and Building Regulations 2006, live music venues ('places of public entertainment') must comply with standard building regulations as well as occupancy limits and additional compliance requirements including fire safety requirements, as outlined in a venue's occupancy permit.

Under the State planning scheme – Clause 52.27 Licensed Premises – a planning permit issued by local government is required where a new or different type of liquor licence is required, where trading hours are to be extended, or the number of patrons is to be increased. In assessing such applications the local planning authority must consider the impact of the changes on the amenity of the surrounding area.

1.2.2 Local government

As well as their planning responsibilities with regard to licensed premises, local governments may support the venue-based live music industry through funding, grants and promotional initiatives.

Councils often provide funding for arts-related programs, including live music programs and events. For example, the City of Melbourne provides grants for music activity through programs such as Artplay workshops, Arts House artist presentations, Arts Projects, Signal workshops, events and creative development, and Young Artists presentations (Homan and Newton, 2010).

Yarra City Council, which encompasses many live music venues in areas such as Collingwood and Fitzroy, has recently formed a Live Music Working Group to provide Council with advice and guidance on issues affecting the local live music scene. The group is due to report back to Council in 2011 (City of Yarra, 2010).

The City of Melbourne recently held the inaugural Melbourne Music event, in conjunction with a number of other event, industry and media partners. The program aimed to showcase the local music industry, and included free concerts, public lectures and workshops, and performances in various live music venues.

1.2.3 Intergovernment

The Cultural Ministers Council (an intergovernmental forum for arts and culture ministers in Australia and New Zealand) established a Contemporary Music Development Working Group in 2006. The purpose of the working group is to identify opportunities for cross-jurisdictional projects to support the contemporary music industry, in areas such as cultural development, business skills development, market access and live performance.

In 2009, the Commonwealth, State and Territory Ministers endorsed *Supporting Australia's Live Music Industry: Suggested Principles for Best Practice*, a document which examined live performance issues affected by government regulation, and which proposed a set of best practice principles including planning and local government processes, liquor licensing, industrial relations and occupational health and safety, the employment of minors, and funding models.

1.3 Report structure

The report proceeds as follows.

- Section 2 provides an overview of the venue-based live music industry in Victoria. It canvasses the reputation and health of the scene, and outlines the economic structure of the industry.
- Section 3 outlines in detail the economic contribution of the live music sector. It specifies the modelling approach, details the key inputs and assumptions, and provides the economic contribution estimates, sensitivities and limitations.
- Section 4 presents the social and cultural contribution of venue-based live music. It briefly describes the analysis framework and then outlines the various contributions in terms of culture, community and quality of the environment.
- Section 5 introduces the significance of Victorian music festivals for consideration alongside the contribution of live music in venues (and as a basis for future study).
- Section 6 presents issues and opportunities for the sector's future sustainability and growth. The evidence that was available is presented alongside the anecdotes that were revealed in the consultations and surveying, as well as some basic principles of government intervention.
- Acknowledgements are outlined in Appendix A; Appendix B outlines key data sources; Appendix C sets out the patron, performer, manager and venue survey questions and approach; Appendix D provides some basic information from the survey responses; and additional technical detail on the economic contribution methodology is outlined in Appendix E.

2 Venue-based live music in Victoria

The Victorian venue-based live music sector considered in this study includes all APRA registered:

- public hotels;
- bars;
- nightclubs; and
- cafes and restaurants.

The sector typically provides contemporary music in privately owned venues, and is largely self-sustaining in a free market. In addition, the presentation of live music is not necessarily the primary business focus in many of these venues, in other words possibly only a component of the business model.

It is important to note at this point that the definition of venue-based live music excludes music festivals, which are instead introduced in a standalone section of this report, acknowledging their vital importance to the live music sector.

2.1 Industry overview

2.1.1 History and reputation

The live music industry plays a significant role in the Victorian – and particularly Melbourne’s – cultural landscape. As noted by the Live Music Taskforce in 2003:

The live music scene is a cultural asset. Melbourne has a world-class contemporary music culture that contributes both culturally and economically to the State (Carbines, 2003:37).

Victoria has a long and celebrated history of nurturing live music, demonstrated by the emergence of nationally and internationally successful performers such as Kylie Minogue, Nick Cave, Dan Sultan, Jet, Missy Higgins, Cat Empire and The Temper Trap. Just as significant are the number and diversity of local musicians, with the genres performed ranging from punk rock to experimental jazz to swamp folk.

A ‘trademark’ of Victoria’s live music industry is its strong focus on independence, originality and experimentation, evidenced through a rich tradition of small ‘indie’ record labels. There are estimated to be about 120 independent recording companies in Melbourne, and the diversity of these labels helps to drive and sustain niche audience interests (Homan and Newton, 2010).

The community radio sector in particular has provided a strong platform for the exposure and promotion of independent local music. For example, Melbourne-based Triple R is Australia’s

largest community radio station with over 12,000 subscribers (Triple R, 2010). Its code of practice specifies that, of all music programming, it will broadcast at least 25% of all Australian music played over a calendar month. None of its programs are playlisted, ensuring that presenters have scope to play a diverse range of (non-commercial) music. Other radio stations with a charter to support local music include 3PBS and SYN-FM.

Melbourne in particular has a global reputation for the quality and diversity of its live music venues (Homan and Newton, 2010). Alongside premier live music venues such as The Hi-Fi, The Forum, The Corner Hotel, The Esplanade Hotel, The Tote, Northcote Social Club and East Brunswick Club Hotel are a myriad of smaller venues such as the The Old Bar, Bar Open, Ding Dong Lounge, Yah Yah's, The Laundry and the Brunswick Hotel. In addition to pubs and bars, live music is also played in nightclubs, cafes, restaurants, and at festivals and events. APRA data confirm Melbourne's pre-eminence as the capital of live music in Australia, with more venues than any other city - numbering around 480 venues of all types (Chart 2.3).

Live music venues are also diverse in terms of locality and are not confined to one unique precinct. Rather, live music venues are located throughout the inner-metropolitan region. Noted areas that have a predominance of live music venues include Melbourne CBD, Brunswick Street in Fitzroy, High Street in Northcote and Acland and Carlisle Streets in St Kilda. Live music venues are also located throughout regional Victoria, in towns such as Ballarat and Bendigo.

2.1.2 Types and number of venues

The size and scope of the Victorian venue-based live music sector is derived from APRA live music venue registrations. The APRA data has been judged the most comprehensive and consistent source available, given the ongoing efforts to update and cross-match the database, as well as its close proximity in count to other industry approximations produced in the ABS publications and in work being conducted by academics in this field. Therefore, where venue counts are utilised in the analysis, they refer to the APRA figures.

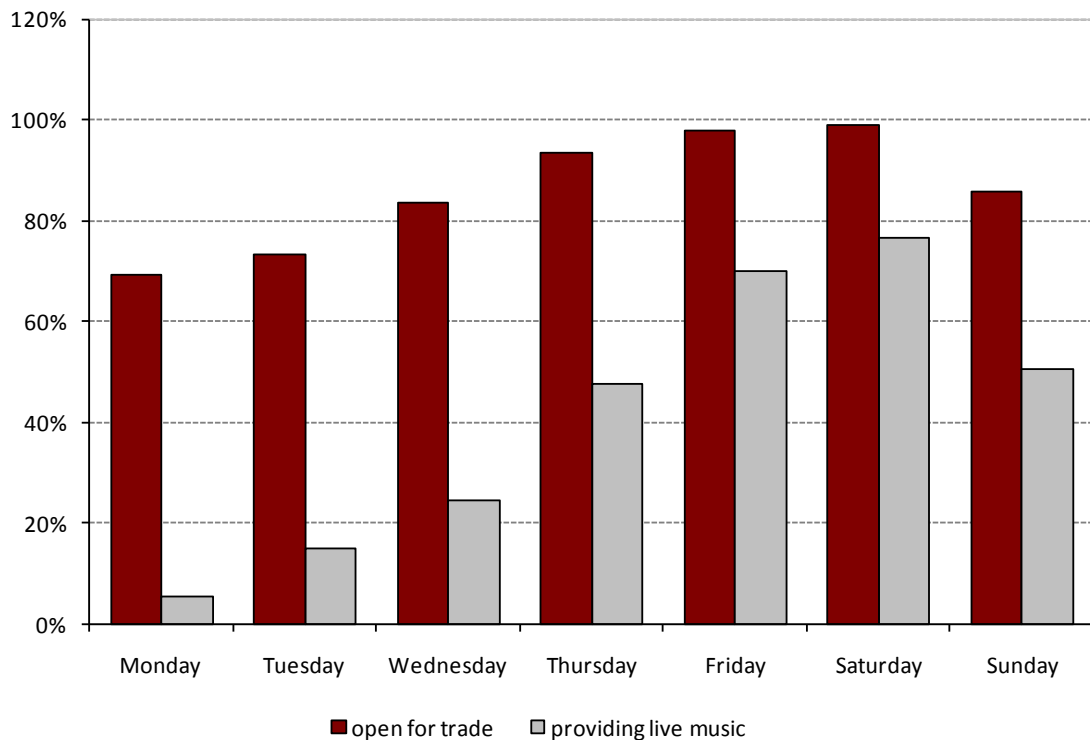
According to APRA, Victoria has approximately 950 venues registered as live music providers. Of these:

- 374 are public hotels;
- 118 are cafes and restaurants;
- 85 are bars; and
- 34 are nightclubs.

The scope of this study is limited to these venue types, given their typical association with providing original contemporary music – survey results suggest 74% of these venues regularly feature original performances – and the high proportion of all APRA reported live music expenditure that is accounted for by these venue types (71%).

According to the survey results, these venues have on average been operating with live music for nearly 10 years and provide a live music floor space that will accommodate 227 persons – with 36% providing a dedicated band room. The distribution of their operation and live music provision throughout a typical week is provided in Chart 2.1 below.

Chart 2.1: Typical operating week – Victorian live music venues



Source: Deloitte Access Economics

Live music has and continues to be provided in Victorian venues for a range of reasons. Live music venue survey results suggest:

- 49% of venues have an interest in or appreciation of live music and feel it should be supported;
- 41% of venues regard live music as an essential component of managing demand and viability – both throughout an evening (for example to capture an earlier crowd for a venue that is typically ‘late night’) and throughout the week (for example to draw an alternative crowd);
- 41% of venues believe patrons demand live music – as a complementary service to the drinking and/or dining experience, generating additional value; and
- 35% of venues believe – likely through a combination of the above factors – live music improves the profitability of other venue functions.

The ability to induce attendance and turnover from patrons is clearly central to the provision of live music in venues in many cases.

2.1.3 Health of the scene

By almost all accounts in the consultation component of this study – which included Victorian venues, performers, performance managers and booking agents – the Melbourne live music scene is ‘healthy’, and possibly more so than in the recent past.

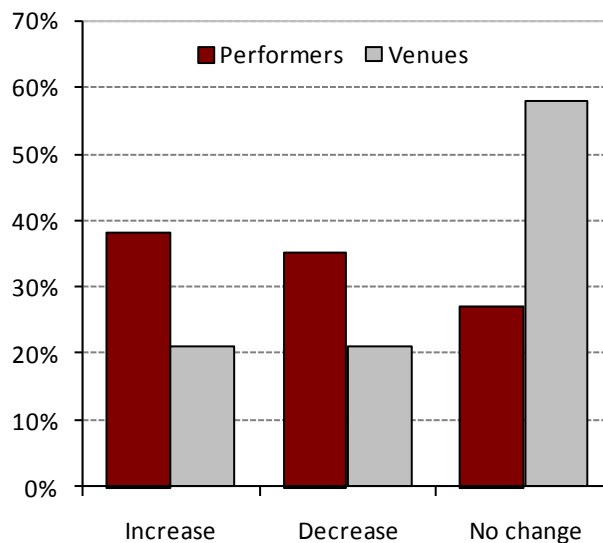
By way of overview of the frequency of live music provision/attendance, and based on the surveying results:

- Victorian live music venues are providing an average total 3,000 live performances per week, approximating five per venue per week or three nights per venue per week (with 1.7 per night).
- Victorian live music performers are providing an average of 23.5 performances in Victorian venues each year, or an average of two performances per month.
- Victorian live music patrons are attending an average of 2.3 live performances in Victorian venues each month.

Applying the average expenditure per patron attendance to the estimated increase in direct expenditure (estimated later in the report) suggests there were approximately **5.5 million attendances** at live performances in Victorian venues in 2009/10.

Despite various pressures, venue and performer survey results indicate the volume of live performances in the last 12 months has approximately remained the same, if not slightly improved (Chart 2.2). For the performers, 38% were providing more live performances compared to 35% who were providing less. For the venues, 21% were providing more live performances compared to 21% providing less – of which 54% were providing more than one day/night of additional live performances compared to 33% providing more than one day/night less.

Chart 2.2: Change in number of live performances provided (performers and venues)



Source: Deloitte Access Economics

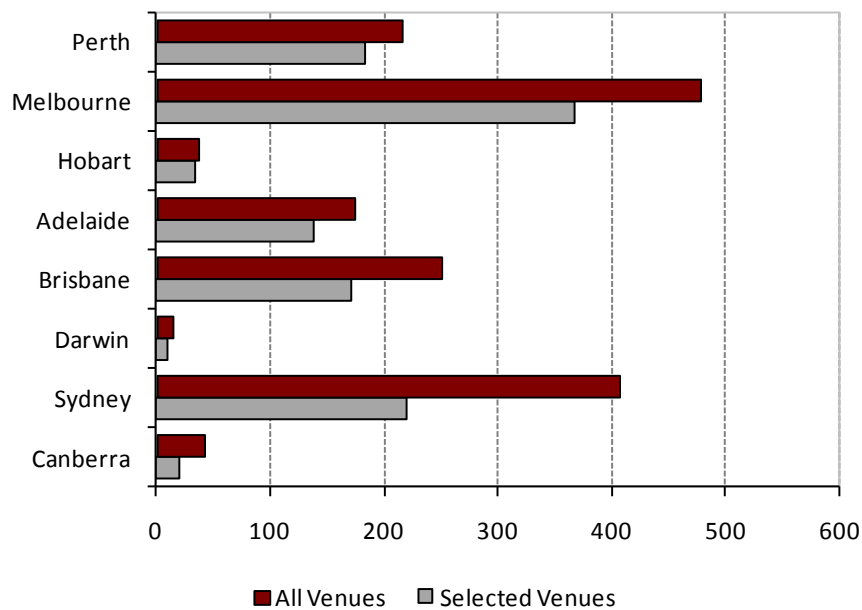
In terms of live performance type, a diversity of genres are provided across a vast number of venues and locations, catering to a broad population of live music patrons and performers. In Victoria, the dominant live music genre – rock – represents 20-30% of all live music provided. Also significant is popular music, independent music, folk music and jazz music, each accounting for around 10% of all live music provided. The remainder is spread evenly over a large variety of other types, with many venues indicating a willingness to provide any music type the patron demands.

As a possible indication of the status of the Victorian live music scene, solo performers and bands continue to relocate to Victoria – particularly from Tasmania, Western Australia and South Australia. This could be driven by a perception of increased opportunities to play live music in Victoria – almost 80% of performers and performance managers surveyed believed there are greater opportunities to perform live music in Victoria than elsewhere in Australia.

Further validating this status, Victorians aged 15 years and above are estimated to have an involvement rate in ‘work’ as a live music performer of 19.4 per 1,000 persons (ABS, 2007). Acknowledging the possible limitations of the definitions in this source, the relativities nonetheless suggest only South Australia exceeds this rate – with 20.8 per 1,000 persons – while the remaining jurisdictions are well behind with a national average 15.5 per 1,000 persons.

The number of Melbourne venues featuring live music as compared to other capital cities provides additional evidence of the health of the live music scene. As Chart 2.3 below shows, Melbourne has a greater number of hotels, bars, nightclubs and restaurants and cafes providing live music than any other Australian city.

Chart 2.3: Number of ‘live music’ venues by capital city



Source: APRA

Note: ‘Selected venues’ includes hotels, bars, nightclubs, restaurants and cafes.

As standalone values, these are indicative of a significant and healthy live music scene in Victoria. Nationally comparable figures, including as a time series, are required to further validate these findings.

2.2 Economic structure

2.2.1 Business models

Three business models are utilised across the population of Victorian live music venues:

1. **The 'door deal' business model**, where the performer is not paid by the venue but rather through entry ticket sales, while the venue recovers from the performer a small fee per ticket sale to cover a proportion of live performance overheads, and is otherwise accruing turnover through food and beverage sales.
2. **The 'guarantee' business model**, where the performer is paid a pre-determined amount by the venue – often depending upon the night of the week and the ability to draw a crowd of live music patrons – with the venue then earning turnover from food and beverage sales and possibly a venue entry charge.
3. **The 'room hire' business model**, where the performer effectively hires the facility for a pre-determined amount, set to cover all or at least a large proportion of venue overheads on the night – effectively 'guaranteeing' the venue – with venue profit then determined by food and beverage sales.

It was determined from the consultations that the 'door deal' model most likely accounts for the greatest share of all revenue that is accruing to live performance in Victoria, and is therefore the chosen structure for this economic modelling exercise.

The benefit of the 'door deal' business model to the venues is that they are able to transfer a proportion of income risk to the performer. Live performances in mid-to-large sized Victorian venues have been largely transitioned to this business model over time – most notably since the early to mid 1990s – as performer bargaining positions declined with their increased supply.

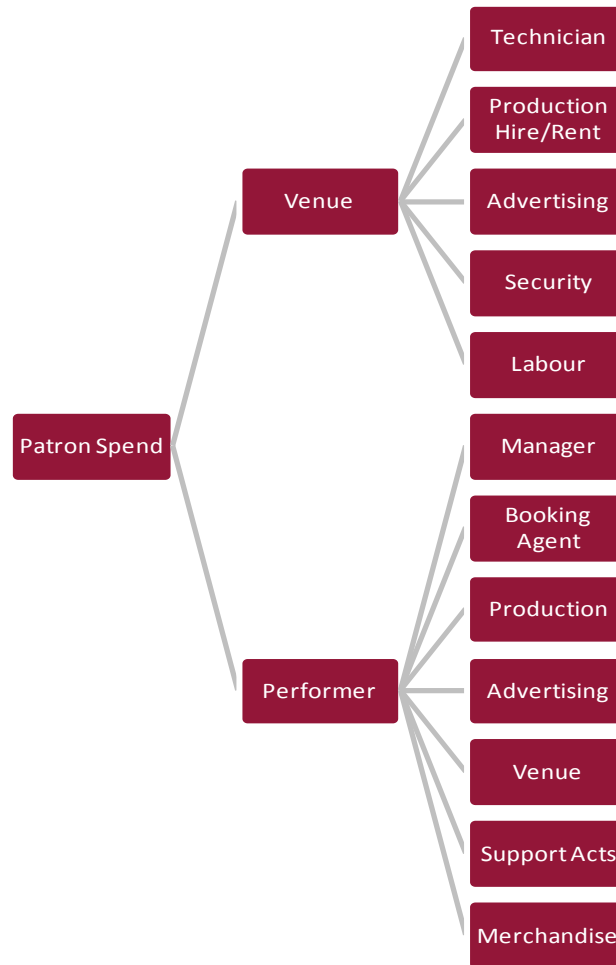
Entry ticket pre-sales are now also being increasingly adopted – as patrons adjust to this concept – given their value in mediating risk for venues and as a promotional device for the performance. Where a venue requires a minimum level of pre-sales – with the performer to meet the difference where this minimum is not achieved – this is in-effect a 'room hire' model.

The total transfer of risk to the performer might be more than is optimal from a broader economic and social perspective¹. It could be concluded therefore that any 'guarantee' is risky, and the optimal risk distribution lies in a specification of the 'door deal' model, again reflected by its prevalence.

Figure 2.1 below indicates the structure of payments under the 'door deal' model. In the first instance patron spend is split across venues and performers, with expenditure then flowing immediately through a second-round distribution. The second round represents payments to live performance overheads by the venues and performers. Any further expenditure beyond the second-round is determined to be 'indirect' for the purposes of this analysis.

¹ Generally speaking, if a performer ends up paying to play and paying more than they would be willing to pay – that is, more than they value the opportunity – this is a welfare reducing outcome from their perspective and potentially more broadly.

Figure 2.1: Revenue allocations ('door deal' model)



Source: Deloitte Access Economics

A summary of live performance overheads for venues and performers – as derived from the consultations and surveys – is provided in Table 2.1 below. These benchmarks indicate the proportion of annual turnover for a venue, and/or annual venue-based income for a performer, that is distributed as payments to other income earners in the sector. The significance of these overhead rates is that they are before tax and other more generic business/operational costs, and therefore highlight the typically low profit margins in providing live performance, particularly among artists. As Table 2.1 shows, approximately 83% of an established performer’s income is distributed as payments to other industry income earners including managers, venues and advertising.

Acknowledging that not all of these costs will always be incurred at these rates, for simplicity this is assumed to be representative of the ‘typical’ payment structure for the ‘average’ live performance. In section 3.4, a sensitivity analysis is provided to reflect the difference in economic contribution where these rates vary.

Table 2.1: Summary of live performance overhead estimates

Overhead	Description	% of Turnover/Income
Venue: A refined 'door deal' model in a medium sized venue (200-300 capacity):		
Technician	Sound and lighting operation	4%
Production rent	Sound and lighting equipment hire or rental	4%
Advertising	Posters, community radio, street press and some mainstream media	3%
Security	Additional security guards required for live performance	12%
Labour	Additional bar staff and permanent staff required for live performance	25%
Performer: An established headline act, managed and playing predominantly in mid-size venues:		
Manager	Performer management services	20%
Booking Agent	Venue/performance booking services	6%
Production	Sound and lighting technician	6%
Advertising	Largely posters, though some other press and media	15%
Venue	Venue live performance overheads	11%
Support Acts	Payments to supporting bands/performers	11%
Merchandise	Merchandise and record purchase costs	14%

Source: Deloitte Access Economics

Note: Payments to consumables and rent comprise an additional 40% of turnover for venues.

2.2.2 Economic hierarchy

Further reflecting the business models employed in Victoria, an economic hierarchy exists, where dependence on live music as an income stream varies. According to the survey results, the sector is comprised of those venues that:

- are strictly live music venues, and only operate when a live music performance is provided – for example those with a dedicated band room – or only operate because live music performance is provided (**41% are 'dependent' on live music**);
- play live music to manage demand throughout the week and/or throughout the night – that is, the typical hotel or bar (**16% are 'supported' by live music**); and
- play live music to provide an atmosphere to the surroundings – typically those cafes and restaurants that provide live music at certain times (**for 43% live music is 'incidental'**).

Those venues that are live-music focused, i.e. where their financial viability depends upon the provision of live music, must provide a minimum number of live performances each week to cover their overheads. Therefore, despite live music not generating all the revenue they accrue, it is reasonable to assume that these venues would not operate but for the provision of live music. Given this, their entire turnover can be attributed to the provision of live music.

Those venues that occupy the economic middle-ground, and are utilising live music as a demand management tool, do so to strengthen trade:

- beyond traditional nights;
- between meal hours and late night trading; and/or

- to draw-in crowds for a meal and a performance – the concept of a ‘destination’ venue.

How successfully the demand is managed depends on the experience and understanding of the venue operator. In any case, only an increment in the turnover of these venues can be attributed to the provision of live music.

Those venues that provide live music purely due to the owner’s interest or for atmosphere – largely paying ‘guarantees’ – and therefore do not attempt to minimise income risk or manage demand through live performance, will typically see little increase in turnover from providing this service (if any). Given this, it is determined that none of the turnover in these venues can be attributed to the economic contribution of live music.

2.2.3 Performer financial position

According to the performer and manager survey results, the average gross income for Victorian artists from live performance in 2009/10 was approximately \$19,500. This compares to an average \$19,300 for all Australian musicians in the 2007/08 financial year (Throsby and Zednik, 2010).

Surveys also confirmed that for many performers, their music career only provides a proportion of their annual earnings, with non-music related work also undertaken to supplement income. Indeed the average proportion of total income derived from non-music sources was equal to the proportion derived from live performance at approximately 40% (Table 2.2).

Table 2.2: Performer income sources

Income Source	Survey Findings		Literature Findings	
	\$2009/10	% of Total	\$2007/08	% of Total
Live Performance:				
Performance	15,000	77%	13,500	70%*
Merchandise	2,000	10%	2,900	15%*
Royalties and records	2,500	13%	2,900	15%*
Total Live Performance	19,500	40%	19,300	44%
Other Music Related	9,800	20%	11,000	25%
Non-Music	19,500	40%	13,600	31%
Total All Income	48,800	100%	43,900	100%

Source: Deloitte Access Economics

*As indicated in consultations

The figures above confirm the findings of previous studies – that music is mostly an unpaid profession in terms of employment and career status, and only a small proportion of musicians are able to earn a decent wage from performing, composing or even teaching (Holmes, 2009). Indeed Throsby and Zednik (2010) estimated that 57% of all practising professional musicians

in Australia earned less than \$10,000 from music-related work in 2007/08, and only 16% of practising professional musicians earned more than \$50,000.²

It is worth noting at this point – and as confirmed in both the surveying and the consultations – that venue-based performance accounts for approximately 69% of live performance income (\$13,455 per annum) for the typical Victorian performer, with the remainder derived from festivals and other event-based performances such as weddings³. Furthermore, merchandise, records and royalties comprise a not insignificant share of total income for the typical artist (9-13%), with almost all of those sales/royalties accruing at live performances, particularly as more traditional distribution channels decline. Up to 30% of live performance income is derived from merchandise and recorded music sales.

Net position

After accounting for the typical overheads of live performance from a performer's perspective, retained earnings are minimal, and where they do occur are often used to repay debt or reinvest rather than drawn as a wage. For up and coming performers or where live performance shows do not sell well, performers will often lose money, and are instead playing as either an investment in future success or purely for the non-monetary gain.

During a consultation with a performance artist business management company, it was suggested that from a sample of 100 performers who are accruing a sufficient turnover to justify the services this business offers, approximately 5 performers could feasibly draw wages from their annual earnings. The remainder are either re-investing the funds to attain a break-even position (approximately 35-40 performers), while others are in fact accruing debt (55-60 performers) in the order of thousands of dollars. This compares with a distribution revealed in the performer survey of 39% making profit, 37% breaking-even and 24% accruing debt⁴.

In any case, applying a benchmark 20-30% profit on live performance after all expenses – though before reinvestment, repaying debt and tax – a gross income of \$19,500 translates to at best \$5,850 per annum. The implication is that for the average Victorian performer, a performance career will not support living expenses.

Regardless of the financials, almost all performers are motivated by their passion for music, and their desire to pursue a music career can be described as a calling rather than a choice. This passion becomes especially important when considering the drivers for those performers who are unable to earn a primary income from music. Involvement in the music industry is viewed as a lifestyle choice that is fuelled by an innate desire to perform. It provides performers with a creative outlet that is so important to them that they will continue to devote resources (time and money) to music performance, even where their labour is unpaid.

² The category of musician includes instrumental musicians, singers and music directors, and is not confined to live music performance artists.

³ For larger acts, this will be skewed more so to outside Victoria – reflecting their national profile.

⁴ The variation between the two distributions might be explained by a difference in the way an individual and a management company calculate the net position, and at what profit point a performer can feasibly draw a wage.

3 Economic contribution

The economic contribution of live music to the Victorian economy in 2009/10 is estimated in this section.

The key metrics adopted are gross state product (GSP) and full-time equivalent (FTE) employment. These are standard measures of economic significance at the state level, and are derived from the value-added by all economic activity undertaken in Victoria in a particular year. Value added in this context reflects gross payments to labour, gross returns on capital and other indirect taxes (less subsidies).

Economic activity in the venue-based live music sector is derived from patron demand. Patron demand implies spending and therefore:

- turnover for businesses;
- earnings to labour;
- employment of labour; and
- tax revenue to government.

3.1 Modelling approach

The basis for the economic contribution estimated here is the direct value-added and employment created by venues, labour and production taxes that can be attributed to the provision of live music in Victorian venues. This is then combined with a selection of input-output economic multipliers to determine the indirect/flow-on contribution to the state.

The direct economic contribution is calculated as the sum of the value-added and employment created by:

- the proportion of live music venue gross operating surplus that can be attributed to live music, and the venue payments to sound technicians, production hire and rental, advertising, security and employees involved in delivering the live music product;
- payments to headline performers providing live music in venues, and their direct support payments including to managers, booking agents, sound technicians, advertising, supporting performers and merchandise and record manufacturers; and
- the tax revenue accruing to governments that can be attributed to the provision of live music in venues⁵.

Any other service or labour type was considered outside the direct contribution – and therefore assumed to be captured indirectly.

Estimation of the economic contribution of the Victorian venue-based live music industry is based on:

⁵ Value-added by production taxes and taxes on intermediate inputs is derived from the indicated rates in ABS (2006), and cross-checked against ABS (2009b). The inclusion of these taxes in the contribution estimate is further justified in the Productivity Commission Inquiry Report on Gambling (PC, 2010).

- The calculation of income attributable to venue-based live music performance comprising income to venues and income to performers.
- The application of an input-output economic framework to determine the direct economic contribution of this income stream to GSP and employment created.
- The application of appropriate multipliers to determine the indirect economic contribution to State GSP and employment created.

The sum of the direct and indirect contributions determines the total contribution to GSP (value-added) and FTE employment in the economy.

3.2 Industry income estimates

Estimates of industry income – made up of both venue income and performer income attributed to live performance – are the basis for the calculation of the economic contribution (Figure 2.1).

Venue income is calculated on the degree of dependency on live music, for instance total venue turnover is included for venues that reported their ongoing viability to be dependent on live music. Performer income is calculated on the share of average income attributable to live performance in Victorian venues, for instance performing fees, sales and merchandise.

Venues

Based on the outcomes of the venue survey, the average turnover⁶ for all venues is **\$1.25 million** in 2009/10⁷. Applying the financial dependency proportions to the population of venues – by venue type – returns the following venue count provided in Table 3.1.

A total of 239 venues are financially dependent on live music, and would otherwise not be operating but for the ability to provide live music. A further 90 venues utilise live performances to improve the profitability of their businesses, over and above a non-live music baseline.

Table 3.1: Victorian venue count by live music financial dependency

Live Music Status	Bars and Hotels	Nightclubs	Cafes & Restaurants	Total
Dependent	186	14	39	239
Supported	71	5	13	90
Incidental	201	15	66	282
Total	459	34	118	611

Source: Deloitte Access Economics

Note: Dependency proportions applied are as reflected at section 2.2.2, with the exception of cafes and restaurants where a more conservative approach has been adopted (that is, only 33% dependent and 11% supported).

⁶ Venue turnover includes revenue from all sources.

⁷ This was cross-checked against the averages provided by ABS (2006) and ABS (2008) – with growth factors applied. Despite the notional difference in the venues being considered, survey results suggest that where these venues are providing live music they are on-average quite similar in their turnover and employment size.

The increment of the average venue turnover in 2009/10 that can be attributed to live music is applied to this venue count. The increment is straight-forward for those 'dependent' and 'incidental' venues at 100% and 0% respectively. For 'supported' venues, the live music share of annual revenue – calculated according to the sum of the daily live music share of weekly revenue – is estimated to be 20.5% (see Appendix E).

Applying these incremental turnover proportions (100%, 20.5% and 0%) to the venue counts in Table 3.1 and the average venue turnover figure of \$1.25 million, it is estimated that live music in venues generated **\$322 million** in additional revenue in the sector in 2009/10 (Table 3.2).

Table 3.2: Total turnover by Victorian venue type (\$m)

Live Music Status	Bars and Hotels	Nightclubs	Cafes & Restaurants	Total
Total Turnover				
Dependent	233	17	49	299
Supported	89	7	16	112
Incidental	252	19	83	353
Total	574	43	148	764
Live Music Increment				
Dependent	233	17	49	299
Supported	18	1	3	23
Incidental	0	0	0	0
Total	251	19	52	322

Source: Deloitte Access Economics

Performers

As referenced earlier at Table 2.2, average live performance income for Victorian artists in 2009/10 is \$19,500. Also, the proportion of this income that is derived from Victorian venues is 69%.

Applying this proportion to the average income by category, Table 3.3 presents the gross average income per Victorian performer in Victorian venues in 2009/10. From this it can be seen that these performers earned an average \$13,455 in gross income in Victorian venues last year.

Table 3.3: Victorian performer average live performance income 2009/10

Income Type	All Performances	Victorian Venues
Performance	\$15,000	\$10,350
Merchandise	\$2,000	\$1,380
Royalties and records	\$2,500	\$1,725
Total	\$19,500	\$13,455

Source: Deloitte Access Economics

In order to determine the total performer income that can be attributed to live music in Victorian venues, the number of Victorian performers providing live music in venues is

estimated. It is estimated that there were 15,760 Victorian performers providing paid live performances in licensed venues in 2009/10 (see Appendix E).

Applying the average gross income figure to the estimated number of Victorians with some paid involvement in live music performance, it is estimated that live music in Victorian venues is generating **\$212 million** in additional income to Victorian live performers in 2009/10 (Table 3.4).

Table 3.4: Victorian performers' total live performance income 2009/10 (\$m)

Income Type	All Performances	Victorian Venues
Performance	236	163
Merchandise	32	22
Royalties and records	39	27
Total	307	212

Source: Deloitte Access Economics

Conclusions

The sum of the additional income to Victorian live music venues and Victorian live music in-venue performers in 2009/10 is \$534 million. However, since a proportion of the turnover of live music venues is a payment from the performer – estimated to be 11% (\$23 million) of live performance income (see Table 2.1) – the total is reduced to eliminate the double-count.

Therefore, it is estimated that live music in venues generated an additional **\$511 million** in income to Victorian venues and performers in 2009/10.

By way of illustration, dividing this figure by the average expenditure per patron at a live music performance⁸ returns a conservative **5.4 million attendances** at live performances in Victorian venues in 2009/10. This compares with an estimated 4.3 million attendances to AFL matches in Victorian venues during the 2010 home and away season⁹, and 4.7 million ticketed attendances to other live performances in Victoria in 2009 (LPA, 2009).

3.3 Economic contribution estimates

An input-output economic framework is applied to the direct income attributed to live performances in venues, in order to determine the direct and indirect contribution to value-added and employment in the state.

Direct contribution

The value-added share and employment created differs depending upon the industry sub-sector this expenditure is directed to. Given the expenditure splits identified in Figure 2.1 and Table 2.1 – as they apply to the \$511 million and the value-added and employment created ratios presented in the ABS Input-Output Tables – Table 3.5 below presents the direct

⁸ Equal to \$95 – as generated through the patron surveys –and inclusive of entry ticket, food and beverage and merchandise purchases

⁹ <http://stats.rleague.com/afl/crowds/2010.html>

economic contribution of live performance in Victorian venues in 2009/10. Before accounting for the flow-on effect of this expenditure, GSP has increased by **\$301 million** and FTE employment by approximately **14,900 persons**.

Table 3.5: Direct economic contribution 2009/10

	Venues	Performers	Other - Performer	Other - Venue	Total
Revenue (\$m)	248	59	130	74	511
Value-added labour (\$m)	80	60	42	55	237
Value-added GOS (\$m)	21	0	19	4	44
Value-added taxes (\$m)	18	0	2	0	20
Total value-add (GSP - \$m)	119	60	63	60	301
Employment (FTEs)	2,900	10,200	700	1,100	14,900

Source: Deloitte Access Economics

Note: 'Other Performer' reflects the direct payments to performer live performance overheads identified in Table 2.1 (excluding payments to supporting performers which is kept in the 'performer' total), while 'Other Venue' reflects the direct payments to venue live performance overheads identified in Table 2.1.

The relatively high number of FTEs created by the income to performers, and the relatively low number of FTEs created by the income to performer overheads, is reflective of the implied wages in these sectors. Further, the relatively high value-added by labour, and the relatively low value-added by GOS, is reflective of the labour intensity of the sector, and the low profit margins for venues. The close proximity in size of value-added by taxes to value-added by GOS further reiterates a low margin in the sector after tax, and therefore the importance of the inclusion of these taxes in total value-added estimated here.

Total contribution

Economic multipliers are applied to direct value-added components to determine the flow-on effect in the Victorian economy – beyond the venue-based live music sector. Adding the flow-on effect to the direct effect gives the total contribution to the state (Table 3.6). After accounting for the flow-on effect of the direct value-added, GSP has increased by **\$501 million** and FTE employment by approximately **17,200 persons**¹⁰.

Table 3.6: Total economic contribution 2009/10

	Venues	Performers	Other - Performer	Other - Venue	Total
Value-added labour (\$m)	161	60	70	59	349
Value-added GOS (\$m)	100	0	44	8	152
Total value-add (GSP - \$m)	261	60	114	67	501
Employment (FTEs)	4,700	10,200	1,100	1,200	17,200

Source: Deloitte Access Economics

Note: 'Value-added taxes' is included in 'value-added GOS'.

¹⁰ This result implies an overall ratio of indirect value-added to direct value-added of 0.67 – for every dollar of direct value-added by live performance in Victorian venues, an additional 67 cents of value-added is created in flow-on.

In summary, in 2009/10:

- it is estimated that venue-based live music performance generated **\$511 million** in **income to Victorian venues and performers**;
- the **direct economic contribution** of this additional income was an increase of **\$301 million** to GSP and an increase in FTE employment of approximately **14,900 persons**; and
- **the total direct and indirect economic contribution** of the venue-based live music industry was estimated to be an increase of **\$501 million** to GSP and an increase in FTE employment of **17,200 persons**.

3.4 Sensitivities and limitations

Reflecting possible variations in key assumptions applied here, the following sensitivity analysis is provided. Table 3.7 below presents the outcomes of the indicated high and low variations:

- a 20% decrease and increase in average venue turnover for all venues; and
- a one-third decrease and increase in performer live performance gross income.

It can be seen that a 20% variation in venue turnover is roughly equivalent to a 33% variation in performer turnover, and varies the total economic contribution by only 11-13%.

Table 3.7: Total economic contribution sensitivities

Sensitivity	Low (\$m)	High (\$m)	% Difference (Low)	% Difference (High)
Average venue turnover	435	566	-13%	+13%
Performer gross income	456	572	-11%	+11%

Source: Deloitte Access Economics

Note: '% Difference' to estimated \$501 million in total economic contribution.

Estimate limitations

While the estimated economic contribution of live music in Victorian venues captures the greatest share of all increased economic activity that can reasonably be attributed to the provision of live music in venues, what is not fully captured in this estimate is:

- the total trip expenditure of interstate and international tourists who visit Victoria specifically for live music performances in venues; and
- live performance venue and performer capital expenditures where these are incurred – with the exception of venue capital rental which is included.

Nevertheless, consultations suggest many venue operators do not make a sufficient return to justify substantial capital alterations or improvements, and that in any case most venues are leased. Furthermore, patron survey results suggest only 3% of live music patrons in Victorian venues reside outside Victoria, and the proportion of these patrons whose primary reason for visiting Victoria was in fact to attend a live music in-venue performance is unknown.

4 Social and cultural contribution

The current social and cultural contribution of the venue-based live music industry in Victoria is outlined in this section.

Social and cultural contributions are largely additional to economic contributions, though are often intangible and difficult to value in dollar terms. Accordingly, the analysis that follows does not attempt to quantify the social and cultural contributions, but describes them qualitatively. Patron and performer survey data are used as indicative measures, and are considered together with anecdotal evidence from consultations and other literature to form a more complete picture.

Ultimately, in policy formulation and decision making, these social and cultural contributions should be considered alongside the economic contributions, with the weight attached reflecting the identified needs and priorities of the community.

Analysis framework

The social and cultural contributions of Victoria's venue-based live music industry are set out here according to four main categories.

- **Culture** – private values include career development and incubation, and attendance opportunities; public values include nurturing culture and creativity, cultural vibrancy and cultural diversity.
- **Community** – private values include enhanced social networks and social engagement (including the provision of a welcoming and safe environment); public values include community identity and pride.
- **Quality of the environment** – public values include amenity concerns and adequacy of physical infrastructure.
- **Health and social wellbeing** – private values include increased self-esteem and skills development.

Private values are those experienced by individuals directly involved in the 'live music transaction' – such as performers and patrons – whereas public values are those experienced by the broader community. Public values will in many cases reflect the accumulation of private values – in which case it is difficult to classify these values as purely private or public in nature.

Public values are not restricted to the individuals who attend or are involved in live music performances. This means that individual community members cannot be excluded from the enjoyment of these values (non-excludable) and the feeling of wellbeing generated in one person does not impact the amount of wellbeing felt by another (non-rivalrous). Though this public good nature cannot be effectively captured by markets, it does not diminish the justification these values provide for future support of the live music industry.

A broader set of social and cultural themes than those presented here were in the first instance assessed in terms of their relevance to the study. The analysis below concentrates on those themes that were considered first order in terms of significance and ease of capture.

4.1 Culture

Live music makes a significant contribution to the Victorian cultural landscape. In particular, the venue-based live music industry has a number of important public and private benefits:

- nurturing culture and creativity;
- cultural vibrancy;
- career development and incubation (performance opportunities);
- attendance opportunities; and
- youth participation.

4.1.1 Nurturing culture and creativity

The live music industry in Victoria fosters culture and creativity, in turn leading to the development of a 'local sound'. The benefits associated with this accrue not only to performers, but also to the wider community. By encouraging creativity and enabling performers to hone their skills through live music performance, higher quality outputs (i.e. music) are produced, improving the perception of the Victorian live music scene.

Independent music, originality and creativity

The trademark 'local sound' of Victoria is independent music. In this context, independent music has a broad application and does not refer to a specific music genre. Rather, it refers to individuality and experimentation (as opposed to a 'commercial sound'). As previously noted, Victoria has a rich tradition of small indie record labels, with about 120 independent recording companies in Melbourne.

The strength of the independent scene in Melbourne means that there is healthy encouragement of original music performance. This was confirmed by the venue survey, with 74% of venues regularly featuring original bands and performers.

It was also noted during consultations that venues provide an opportunity for artists to perform their original music, which was seen as important for reasons of personal fulfilment. That is, it offers an avenue for creative expression and allows performers to refine their sound, which is particularly important in the early phase of their music career.

Live music performance further nurtures creativity by providing an opportunity for like-minded people to come together and share ideas on music, leading to possible collaboration and richer levels of artistic expression. The networks that emerge through live performances in venues - encompassing not only performers, but also patrons, technicians, other music industry professionals and venue operators themselves - provide a stimulating environment that can inspire greater creativity in performers.

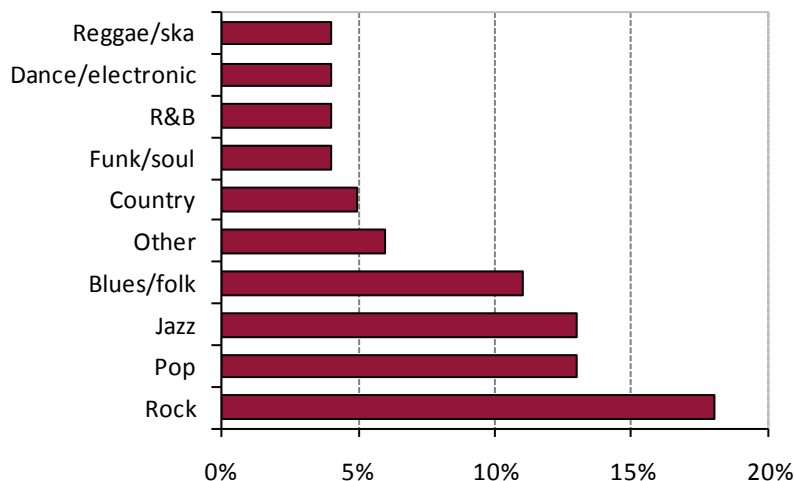
Recognition of the independent scene and creativity in the broader sense is confirmed through the patron survey, with 86% of patrons agreeing with the statement that live music in venues encourages individuality in Victoria.

As stated by Blackman (2010):

... Melbourne is a wonderful city for people seeking creative inspiration, for those who appreciate a supportive artistic community or who want to think outside the musical square. Amazing music is made here every day...

The range of music genres provided by venues further demonstrates the creative diversity that exists throughout Victoria, with flow-on benefits to the community. Individuals are provided with substantial choice in terms of music genres that they can hear performed live, and fans of particular music styles are catered for. Chart 4.1 below shows the findings of the venue survey in response to the question ‘What genre of music does your venue mostly provide?’ Rock is the most popular genre (18% of all venues mostly provide this type of music), followed by pop (13%) and jazz (13%).

Chart 4.1: Genre of music most often provided (venues)



Source: Deloitte Access Economics

Note: Chart shows the 10 most popular genres according to venue survey results.

4.1.2 Cultural vibrancy

Live music performances contribute to the cultural vibrancy of Victoria. Evidence suggests that Victorian cultural vibrancy is capable of inducing both visitation and migration, operating as a visitation drawcard and contributing to a ‘liveable’ environment for performers and non-performers alike.

Live music as a visitation drawcard

The perception of Melbourne as the capital of live music in Australia is supported by *Cultural Participation* research conducted by the Open Mind Research Group (2006) for the Department of Premier and Cabinet. In a survey of over 2,200 Victorian residents,

international visitors and travellers from Sydney, Brisbane and Adelaide, 78% of respondents identified Melbourne as the best place for live music. These findings are supported by APRA data, which indicate that Melbourne has a higher number of live music venues than other Australian cities, particularly in hotels, bars, restaurants and nightclubs.

Cultural visitor data provides an indication of Victoria's cultural vibrancy and the number of visitors that are attracted by cultural offerings such as music performances. Cultural visitors are defined as those who participated in a cultural tourism activity while on their trip, such as visiting a museum or art gallery, visiting a history or heritage site, or attending an Aboriginal performance.

While the data does not distinguish between attendance at live music performances in venues, and attendance at other types of performances, it shows that cultural visitors in 2009 were more likely to attend performing arts in Victoria than elsewhere in Australia:

- 30% of international cultural visitors to Victoria attended theatre, concerts or other performing arts, compared to 23% of international cultural visitors across Australia.
- 30% of domestic overnight cultural visitors to Victoria attended theatre, concerts or other performing arts, compared to 23% of domestic overnight cultural visitors across Australia (Tourism Victoria, 2010a).

Tourism Victoria's Brand Health Survey, which measures consumer perceptions of the state's product strengths, affirms that cultural vibrancy plays a role in attracting visitors to Melbourne and Victoria. In the 2010 survey, respondents from across Australia ranked Melbourne as the leading destination for 'interesting cafes, bars and nightlife', 27 percentage points ahead of the second-ranked destination. Live music in venues is likely to be a significant contributor to this attribute (Tourism Victoria, 2010b).

Consequently, Victoria's live music scene is promoted by Tourism Victoria, and information on the scene is included in a range of Tourism Victoria promotional activities and material. For example, the consumer website *visitvictoria* contains a live music section which includes a 'Melbourne Gig Guide' and links to information about band rooms, local music venues and regional music venues (Tourism Victoria, 2010c).

Relocation of performers

The relocation of performers to Victoria from other states and territories provides an additional indication of the vibrancy attributable to Victoria's live music scene.

Consultations indicated that performers continue to relocate to Melbourne – particularly from Adelaide, Perth and Tasmania – possibly due to the perception that Victoria provides greater opportunities to play live music and develop a performance career.

In the performer survey, 83% of respondents believed there are greater opportunities to perform live music in Victoria than elsewhere in Australia.¹¹

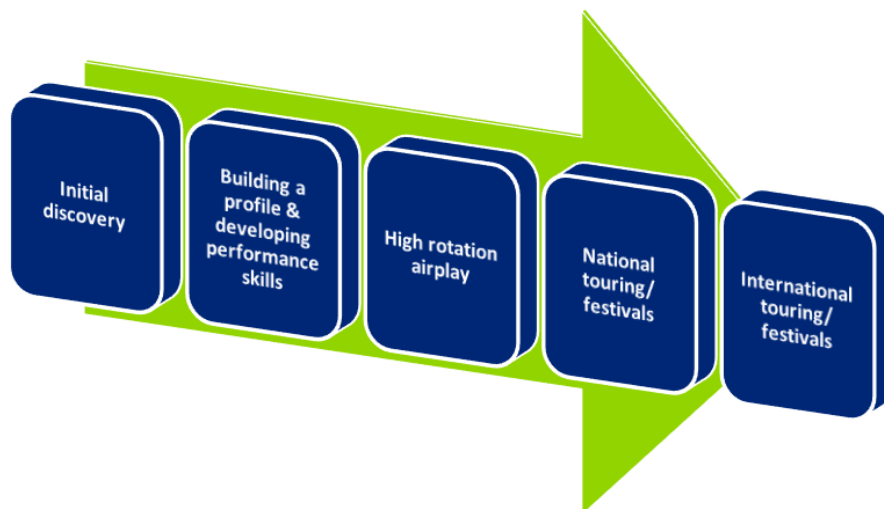
Relocations might also imply that Victoria’s live music scene possesses inherent characteristics that are highly valued by performers and others migrating on this basis. These characteristics may include the strong focus on originality and creative expression, referenced earlier as providing a sense of personal fulfilment in particular cases.

4.1.3 Career development and incubation (performance opportunities)

The role of the venue-based live music industry in developing music careers and incubating talent is particularly significant. Critically, live music performance in venues helps ensure a performer has the fan-base and the talent (including on-stage persona) to carry them through each phase of their career.

Consultations suggested that the typical career path for a successful performer would follow the trajectory outlined in Figure 4.1 below. However, not all performers will experience a completely linear pathway, and only a small percentage of performers will progress to the touring phase, let alone become internationally successful.

Figure 4.1: Typical performer career path



Talent is critical to success, in addition to dedication to the craft. Talent may well be the defining factor that separates those performing in small venues on a consistent basis, to those that are receiving high rotation airplay and being invited to play at festivals and on-tour.

¹¹ 23 respondents answered the question: Do you feel there are greater opportunities to perform live music in Victoria than elsewhere in Australia? 83% of these respondents answered ‘yes’; 17% answered ‘don’t know’.

Three stages of career development – initial discovery, building a profile and developing performance skills, and touring – and their dependency on performing live in venues, is explored in more detail below.

Initial discovery

Live performances in venues play an important role in the discovery of aspiring artists, in that they provide easy access to both live music fans and the industry (including venues, booking agents, managers and other performers).

Live music performance also operates as a filtering and refinement process. By playing to various crowds with differing musical tastes, performers are able to determine the alignment between what they can supply and what the market demands.

As noted in the consultations, live performance is almost a necessary precondition to establishing a successful career as an artist. In the process of ‘proving’ themselves, performers build a fan base and improve the quality of their music.

Some venues reserve certain nights of the week for young/developing bands. Venues typically provide this opportunity as:

- a commitment to the live music industry and a desire to foster young talent; and
- a way to manage demand e.g. non-established acts may induce patronage on traditionally quiet nights through friend and family attendances.

Young performers also have access to performance opportunities through all-ages events (discussed in Section 4.1.5).

It should be noted that the increasing role of online channels in discovery and distribution means that initial career success does not necessarily depend on live performance. It was stated in consultations that venue owners and booking agents will use the internet to find bands, and Blackman (2010) describes the growing importance of recording and releasing songs online to launch a music career. Nevertheless, this does not detract from the importance of live music performance in overall career development:

If the songs are there, in this age the live performance can come later, as long as it comes eventually. With CD sales falling more each year, bands make most of their money from touring, so a good live show is eventually going to be crucial (Blackman, 2010).

A detailed analysis of the emerging and important relationship between new technology, its impact on the distribution of music, live performance, and career development and progression is beyond the scope of this study.

Building a profile and developing performance skills

Following the initial break through, performers will need to play live in venues in order to build their profile and hone their performance skills (such as stagecraft).

Consultations suggested that performers in the early phase of their career will typically need to be playing live at least once per week in order to build a profile.

Live performance allows performers to interact with the audience, build a fan base and communicate band developments to these fans. The performer's profile can be further built by the audience – who via word of mouth spread reviews and opinions on the quality of the performer – and also by the media who provide performance reviews to the broader music community.

As noted by one performer during consultations:

... playing a gig every week or two in a small venue has allowed my band to develop our live show in a way that rehearsals never could. It has allowed us to road test songs and see what works and doesn't work, which has in turn informed decisions made during recording. We have learned to adapt to various stage, sound and lighting setups, interact with each other, and most importantly connect with the audience.

Networking that occurs through live performance in venues can also help to incubate careers, with many of those involved in live music operating in various capacities. A performer may develop contacts with a range of music industry professionals, including:

- venue operators;
- media;
- booking agents;
- festival organisers;
- touring company representatives; and
- other groups and performers.

These contacts can lead to increased career opportunities. For example, more established performers tend to recruit less established performers from live music venues to provide support on tours. The less established performer may then benefit from playing to a new audience, opening up new opportunities and potentially increasing their fan-base¹².

It should be noted that some performers may be unable to progress their career beyond playing live in venues, simply by virtue of the type of music played. Some artists may be appreciated only when playing live – this is particularly the case for certain genres such as experimental jazz. Therefore, these niche performers will be more heavily reliant on playing in 'grass roots' live music venues in order to sustain a career.

Touring

Following high rotation airplay on radio, performers are often able to commence touring, generally as a support act (initially as second support, then as main support) – eventually leading to festivals and national headline tours. Playing as support for well-known performers

¹² On-line promotion can be complementary to live performance in terms of building a profile, though very rarely a substitute (as confirmed in consultations).

and playing at festivals increases a performer's exposure, and can again launch the performer to the next phase of their career, as the following case study illustrates.

At this point it should be noted that touring is an important source of income, though is certainly not an option for all performers. Artists must 'rise through the ranks' by building a profile and honing their live performance skills before they are in a position to tour – reiterating the importance of playing live in venues.

Case study: Jen Cloher, singer-songwriter and touring artist

Jen Cloher, a Melbourne-based singer-songwriter who was nominated for the Best Female Artist Aria award in 2006, has completed several national tours – both with a band and as a solo artist. Her experiences illustrate some of the challenges faced by touring artists, even those who are established.

Jen describes her 'defining moment' – in terms of breaking through and progressing to the next level of her career – as receiving high rotation airplay on Triple J. By this stage, however, Jen's band had already earned a reputation as a good 'live band' (developed through performance in Melbourne's live music venues in front of crowds of between 50-100 people). This meant that the band was able to capitalise on the opportunity provided by national exposure on Triple J.

Jen's first national headline tour in 2006 was supported by Triple J – this was important not only in terms of assisting with the financial costs of touring, but it also operated as a promotional tool. The additional radio airplay of Jen's music and on-air promotion of the tour helped to encourage people to attend shows.

Most recently, Jen has toured solo but as a double headline with another performer. Even for highly successful performers, it can be difficult to attract sufficient audiences on a national tour to make a profit. By touring as a double headline, patrons are offered an additional drawcard and attendance is likely to increase.

Performers with high profiles, such as Jen, are rarely asked to support other touring artists – up-and-coming bands often present a cheaper support option. This means that the burden of organising a tour falls on the performer themselves (where they are self-managed), and they must take the initiative in approaching touring circuit venues to book in shows and the like. This requires strong business skills, such as negotiation skills, an understanding of the financial side of the music industry, and the ability to coordinate often complicated logistical arrangements.

Funding programs have been extremely beneficial to Jen in enabling her to tour, given the substantial costs involved – at least half of Jen's tours have been funded by the federal or state government (e.g. Victoria Rocks touring grants).

4.1.4 Attendance opportunities

Patron survey findings indicate current attendance opportunities in Victoria. Most notably, the average patron attends two venue-based live music performances per month.

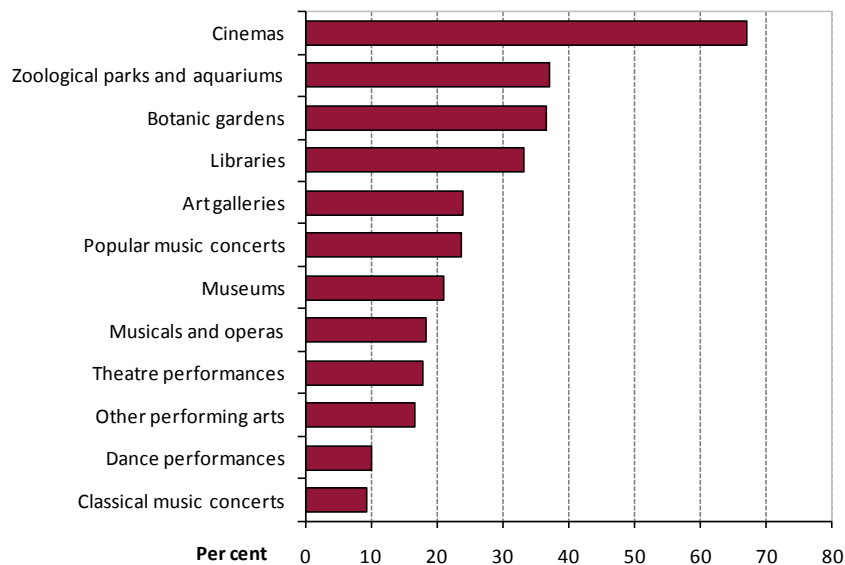
Patron survey results also indicate live music attendees can be categorised into three groups:

- occasional or casual attendees – attend one performance per month (or less), usually to see major acts at large venues, and comprised 41% of those surveyed;
- committed or regular attendees – attend two to three performances per month and tend to frequent well-known mid-sized venues, and comprised 40% of those surveyed; and
- ‘die-hard’ attendees – attend at least four performances per month, and tend to frequent iconic venues that are dedicated to the provision of particular live music genres, and comprised 19% of those surveyed.

These patterns of attendance indicate that a diversity of venues is important to satisfying consumer preferences.

Live music performance attendance opportunities can also be examined in relation to the broader Victorian cultural set (Chart 4.2). In 2005/06, about 85% of Victorians aged 15 years and over attended at least one cultural venue or event (ABS, 2007). Although ‘live music in venues’ is not a separate category, 24% attended popular music concerts¹³ (equally ranked with art galleries and more popular than other art-related offerings such as musicals and operas).

Chart 4.2: Victorian attendance at selected cultural venues and events, 2005/06

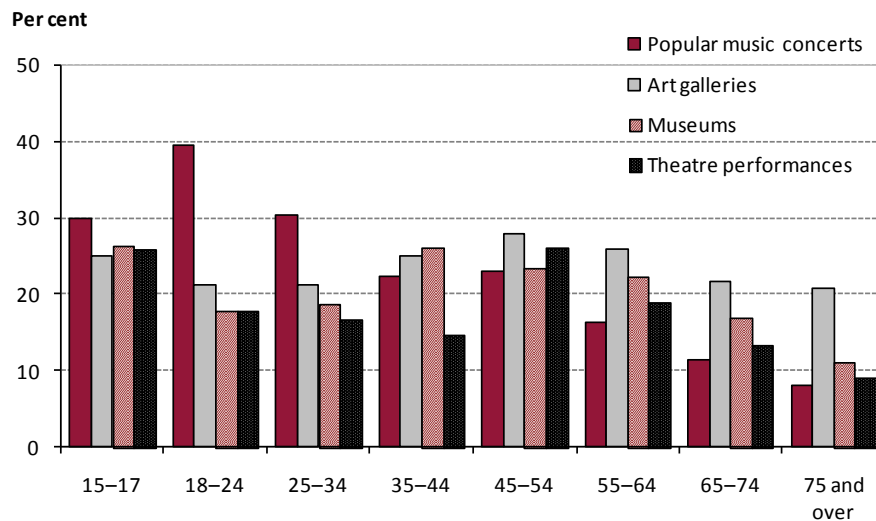


Source: ABS (2007)

Live music appeals in particular to younger people i.e. aged less than 35 years. Chart 4.3 shows attendance across age groups for four major ‘arts-related’ activities – popular music concerts, art galleries, museums and theatre performances. Of these four categories, popular music concerts had the highest attendance rates for those aged 15-34. Furthermore, 40% of Victorian residents aged 18-24 years attended popular music concerts in 2005/06.

¹³ According to the ABS, if the respondent to their survey asked for clarification of the definition of ‘popular music concerts’ they were advised to include country and western concerts, ethnic and multicultural music, pub bands, concerts in the park, performing disc jockeys, and watching the taping of popular music-based television shows.

Chart 4.3: Victorian attendance at selected cultural venues and events by age group, 2005-06



Source: ABS (2007)

4.1.5 Youth participation

FReeZA and The Push (through the Office for Youth) play an important role in providing live music attendance and performance opportunities for young people, particularly through all ages events.

FReeZA committees, formed by young people aged between 12 and 25 years, are provided with grants of up to \$38,900 over two years to deliver a minimum of 10 drug, alcohol and smoke-free events for young people in their local community (DPCD, 2009). In 2008/09, it was estimated that FReeZA committees throughout Victoria provided 450 events, with an attendance of approximately 130,000 young people across 110 venues (FReeZA, 2010).

The Push, which receives funding through FReeZA, also organises a number of large-scale live music events for young people. These events – which are drug, alcohol and smoke-free – include:

- FReeZA Push Start Battle of the Bands – a band competition which showcases performers aged between 15 and 21 years. In 2007/08, 303 bands performed to approximately 23,300 audience members (The Push, 2010a).
- Push Over – an annual all ages live music festival. Almost 2,800 people attended the 2010 Push Over festival (The Push, 2010b).
- Push It! – an annual free all ages hip hop event.
- Push Play performance events.

These all ages events provide significant benefits for young people, be they performers, event organisers or audience members. Positive impacts that flow from participation in creative activities include improved self-esteem and personal wellbeing, skill development and enhanced social engagement.

For young audience members, all ages events provide them with the opportunity to hear bands perform live in a safe, regulated environment. The events organised by FReeZA

committees are community-based – this is especially important in regional and rural areas where entertainment options for young people may be limited. Events will often be advertised through local schools, creating a strong sense of community spirit and ‘hype’ amongst the area’s young people.

All ages events often include headline acts with a national profile, enabling young audience members to see these acts perform live at an affordable price. This is particularly the case in regional areas, where high-profile performers are often keen to include a regional FReeZA show in their tour schedule as they are able to attract substantial crowds (sometimes up to 7,000 people).

Beyond just attendance opportunities, FReeZA and The Push help foster the development of young performers through a range of measures. For example, The Push provides advice and support to young performers on all areas of the music industry, including demos and rehearsals, playing live, managers and agents, CD manufacturing and merchandise. Young artists and bands are also able to register as a FReeZA Artist, with the database used as both an online promotional tool and a resource for FReeZA Committees when organising events.

In terms of broader music industry skills, FReeZA provides free annual FReeZA Worker and Committee training days, and The Push offers a range of workshops and training days for young people, on topics such as band bookings, lighting and production, and promotions and publicity.

The performance opportunities provided by FReeZA and The Push are particularly significant in terms of encouraging and nurturing talent. As noted by the 2007 winner of Push Start, a band competition for young performers:

Winning Push Over 2007 was a huge achievement for us. It gave us a sense of self confidence in our ability as musicians, and has opened up many opportunities in the industry. The competition provided an excellent arena to practise our stagecraft and extend our fan-base (The Push, 2010a).

Events organised by FReeZA committees often require that the support acts must be local bands (i.e. the performers must either live, work or study in the local area). This provides further opportunities for young musicians, who are able to perform in front of their peers, network with other local performers and develop contacts with established performers (the headline act).

Young people on FReeZA committees also gain substantial benefits through their roles as event organisers – in particular, they are able to develop their knowledge and skills in event management and the music industry more broadly. Being part of a committee also means that these young people have the opportunity to develop team-building skills and other interpersonal skills.

In fact, it was suggested during consultations that some FReeZA committees have built a reputation within the music industry as being highly professional. As a result, some agents directly approach these committees to enquire about performance opportunities for their artists. Anecdotal evidence from consultations also indicates that some young people have been able to build on the knowledge base acquired through their volunteer roles on FReeZA committees and progress to full-time careers in event management or the music industry.

Case study: Barriers and challenges to increased youth events

Anecdotal evidence from consultations indicates a healthy volume of all ages events are provided in Victoria, especially when compared to other jurisdictions. For example, 'Indent' is a NSW organisation that supports young people to access drug and alcohol-free all ages events and has a similar mandate to FReeZA and The Push. Indent has received core funding from the NSW Ministry of the Arts of \$250,000 per year since 2000 (Indent, 2010). In comparison, FReeZA has received over \$18 million in funding over the past 10 years (DPCD, 2009).

Nevertheless, despite the overall health of the scene, there are some barriers and challenges associated with the provision of all ages events that were identified in consultations:

- a lack of adequate transport in regional and rural areas;
- the alternative entertainment options for young people in metropolitan areas; and
- the general reluctance of licensed venues to host all ages or underage events.

In order to hold an underage event on licensed premises, the licensee must obtain approval from the Director of Liquor Licensing, as required under the *Liquor Control Reform Act 1998*. Generally, approval will be given only where attendance is restricted to those under the age of 18 and requests for approval must be submitted 45 days before the event. Approval will rarely extend beyond 10pm and all applications are referred to the Victoria Police.

Where approval is granted, a series of conditions are attached to the event. These include:

- all alcohol must be securely stored out of sight of patrons;
- there must be two crowd controllers at the entrance plus one crowd controller for every 100 patrons (and at least one-third of the crowd controllers should be female where possible);
- a first aid officer must be in attendance; and
- any event for adults must not commence for one hour after completion of the underage event (DoJ, 2006).

It was indicated during consultations that these conditions, and the compliance costs involved, generally restrict the ability of venue operators to host underage events.

However, the reluctance of licensed venues to host these types of events does not present an impediment to the overall provision of all ages events. Event organisers are able to find alternative venues for all ages events – usually town halls, which may often be provided to the event organisers for free as FReeZA committees are linked to local governments (with the additional benefit that funds that would otherwise be allocated towards venue hire can be directed towards securing a high-profile headline act).

Rather, the small number of all ages events in licensed venues can impact on the social welfare of young people who would prefer to attend these types of events in an 'adult environment' (albeit de-licensed) but are rarely afforded the opportunity to do so.

4.2 Community

Victorian venue-based live music provides key community-related benefits in the forms of:

- enhanced social networks and social engagement for performers and patrons, including the provision of a welcoming and safe environment; and
- community identity and pride.

4.2.1 Social networks and social engagement

Live music performances provide an opportunity for both performers and patrons to develop their social networks and expand their friendship groups.

These benefits associated with enhanced social networks are privately accrued. However, the sense of belonging that is generated through improved social networks also has a spillover effect to the wider community, as the positive feelings experienced by patrons are likely to influence their interactions with other community members. For example, through their involvement in the live music scene, young people may feel less isolated and may therefore be less likely to engage in antisocial behaviour.

Performers

Live music performances allow artists to connect with their peers and develop stronger social networks. The opportunity for collaboration can often result in the formation of new bands, with some performers belonging to several bands at the same time (or perhaps working as a solo artist in addition to being a member of a band). These connections clearly have a positive effect for performers, who derive support and friendship through these networks. As stated by one performer during consultations:

Playing gigs allows us to showcase our hard work, put on a performance, rise to the challenge of the live environment, receive immediate feedback, and include friends and loved ones in our passion. Not to mention have a great social life!

In terms of the relationship between performer and patron, venue-based live music performances comprise the “least mediated, ‘immediate’ connection between musician and fan” (Homan, 2010:2). Live music venues provide patrons and performers alike with a sense of intimacy, due to close physical proximity (as compared to festivals or concerts, where the size of the crowd inevitably dulls the ‘personal’ connection between performer and audience member).

During consultations, performers also reiterated that live music performances are important to them in terms of maintaining a connection with their fan-base and facilitating interaction before, during or after the performance.

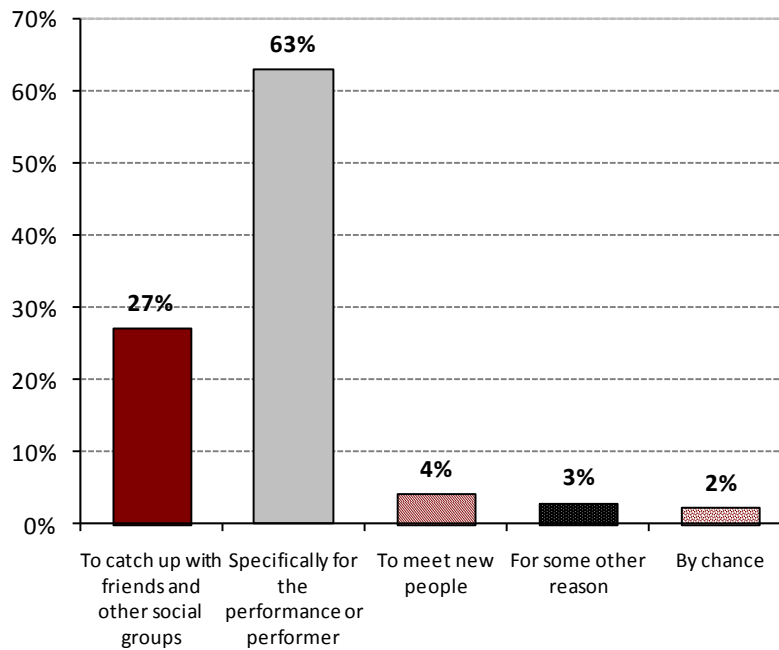
Patrons

Importantly, live music can lead to enhanced social networks for patrons. Young people, especially, value the social opportunities that arise through attendance at live music performances. For example, Topsfield and Donovan (2005) interviewed a 17-year-old music fan who stated:

I've been going to under-age gigs since I was 13 and I've met a lot of friends through it... Music really means something to us – we get excited beforehand, meet our friends and afterwards get some food and talk about who played the best. It's kept me from just hanging around malls or train stations.

Results from the patron survey provide evidence of the social network aspect of live music performances (a breakdown of patron survey demographics is provided in Table D.1 at Appendix D). Although the majority of patrons attend live music performances ‘specifically for the performance or the performer’, almost one-third of patrons stated that they attend live music performances to catch up with friends and other social groups (Chart 4.4).

Chart 4.4: Reason for attending live music performances (patrons)



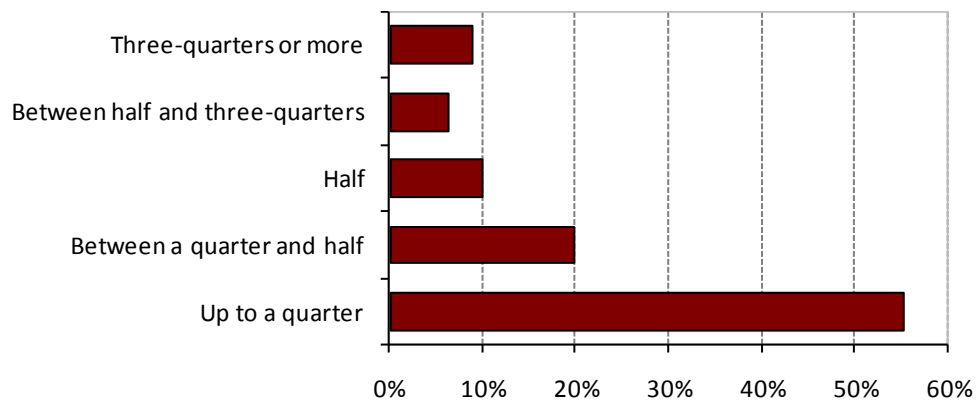
Source: Deloitte Access Economics

Significantly, although only 4% of patrons stated that they went to live music performances to meet new people, 11% of those aged 18 and 19 said they attend to meet new people.

Patrons were asked whether their friendship group or social network had expanded through attendance at live music performances – 70% of patrons agreed with this statement. This was especially true for those aged 18 and 19, with 76% of these patrons agreeing with the statement.

For 25% of patrons, live music performance comprises at least half of all their social outings, as shown in Chart 4.5. Interestingly, those patrons who stated that live music performances make up at least three-quarters of all social outings were more likely to be aged 30 to 49.

Chart 4.5: Live music performances as a proportion of all social outings (patrons)



Source: Deloitte Access Economics

Individuals place high value on their attendance at live music performances, with 86% of patrons stating that live music performances are at least as important as other social outings. Given live music performances comprise less than one-quarter of all social outings for 55% of patrons, this implies live music performances are held in special regard when compared to other types of social outings.

Patron expenditure, or ‘willingness to spend’, provides another measure of the value attributed to live music performances by individuals. The patron survey found that the average spend per attendance was \$95, comprising: an average entry charge of \$35; average food and beverage spend of \$48; and average merchandising spend of \$12. There was considerable variation in patron expenditure between venues, ranging from under \$60 up to \$160, with average entry charges varying from under \$20 to over \$80.

Translated into weekly expenditure, survey results show that, on average, live music patrons spend \$119 per week on all forms of out-of-home recreation and entertainment in Victoria. Notably, 42% of this total amount (i.e. \$50) is spent on attending live music performances in venues. It can be inferred from this high willingness to spend that patrons value the social benefits derived from attending live music performances.

More broadly, in terms of enhanced social engagement, patrons indicated that live music in venues improves quality of life and provides a welcoming and safe environment.

It was overwhelmingly indicated that live music can have positive impacts for the community – 92% of patrons surveyed believe that live music in venues improves quality of life, and 84% believe it provides a welcoming and safe environment.

These findings are supported by evidence obtained through consultations, where it was suggested that live music in venues can be a solution to many actual or potential social issues through the social connections it creates. A number of participants noted that live music often draws the focus of the crowd away from alcohol consumption and towards the music performance – the specific reason for attendance at the venue for 63% of patrons.

As noted by one consultation participant, live music performances draw together a “like-minded tribe of a disparate age” – patrons are music-lovers and this unites them and helps to provide a safe environment with minimal conflict. The social engagement of patrons is also described by Homan (2003b), who notes that audiences often develop ties with particular venues, “where regulars make passionate connections with musicians, music genres, venue owners and a local community” (Homan, 2003b:12). This type of connection clearly manifests in enhanced social engagement.

4.2.2 Community identity and pride

The Victorian live music industry is a source of community identity and pride, with positive legacy effects generated through publicity and exposure of particular venues, artists and/or music forms. Legacy benefits may spike following a specific ‘event’ but are often ongoing, as evidenced by Victoria’s long-standing reputation as a live music hub. Legacy benefits are public benefits, accruing to the broader community rather than individuals.

The role of live music in generating legacy benefits was described by Homan (2003a) in the context of the Australian pub rock scene in the 1970s and 1980s. Live music “served to distinguish local product in a global market” and the “renowned ferocity of bands and ‘punters’ provided a distinctive regional characteristic to a local industry built upon an imported cultural form” (Homan, 2003a:14). In other words, the Australian community derived a sense of identity and pride from the unique product that emerged from the live music scene during this period.

Within the current Victorian context, media coverage provides an indicator of community pride in the live music scene. There is substantial coverage of the live music industry by mainstream print media, street press such as Beat and InPress, music media such as Triple J and Triple R, and online sources such as Mess+Noise (an alternative music community website).

Live music coverage relates not only to artists, gigs or festivals, but also covers the galvanisation of the local community to ‘protect’ the live music industry i.e. the activities of interest groups such as Fair Go 4 Live Music and SLAM.

The formation of interest groups such as SLAM provides further evidence of the value attributed to live music by community members. The interest groups are a manifestation of community pride in the reputation and legacy of the live music industry, which they value as something ‘worthy of protection’.

For example, the SLAM rally held in Melbourne on 23 February 2010 reportedly attracted about 10,000 people, and a subsequent petition requesting the State Government to decouple the link between live music and high-risk liquor licensing conditions had about 22,000 signatories (Donovan, 2010).

Legacy benefits tend to diminish over time unless they are nurtured, which implies that complacency in terms of Victoria’s positive live music reputation could have adverse impacts. A statement made by Melbourne’s Lord Mayor during the recent announcement of the Melbourne Music event indicates an understanding of the need to continually foster a positive environment for live music:

Music plays a vital role in the city's economic, cultural and social life... Melbourne Music will create a platform for Melbourne's music scene to be celebrated and nurtured for years to come (City of Melbourne, 2010).

4.3 Quality of the environment

Possibly off-setting a proportion of the social benefits described to this point, live music in venues has a number of potential implications for the quality of the living environment – primary among these are amenity concerns for residents who live near live music venues.

4.3.1 Amenity

The provision of live music in venues can lead to residential amenity pressures due to noise and vibration from amplified music. The behaviour of patrons can also affect amenity due to possible antisocial behaviour.

Noise

Although live music can have a positive impact on the living environment by contributing to cultural vibrancy, it can also be a source of tension where nearby residents are adversely affected by music-related noise.

During consultations, it was indicated that noise complaints from residents continue to be an issue for some venues, with 42% of venues stating that they are currently affected by increased noise restrictions or complaints. Where these venues have already undertaken extensive sound proofing measures, it can be difficult to 'solve' the problem to the satisfaction of both parties.

Noise concerns have increased with the gentrification that has occurred in Melbourne over the past 30 years, particularly since the 1990s. Many live music venues are located in inner city areas that have gradually been transformed. The construction of residential high-rise buildings, warehouse conversions and medium-density in-fill housing has resulted in “poorly insulated dwellings being built right up against music venues” and “factory conversions next to old inner-city pubs where the workers once drank” (Shaw, 2005:152).

The 2003 Live Music Taskforce was specifically established to examine the relationship between live music venues and residential amenity. It found that, although residential amenity should remain at the core of planning and regulatory systems, there should be greater policy recognition of the cultural role of the live music industry and that best practice approaches to live music venue location, design and management should be implemented (Carbines, 2003:4).

Subsequently, the State Planning Policy Framework was amended to include building design and urban design techniques as a measure to respond to adverse amenity effects of noise from development.

The relationship between property rights and amenity, and the implications for the Victorian live music industry, are analysed in further detail in Section 6.3.

Patron behaviour

Residential amenity can also be affected by the behaviour of patrons. As most live music performances occur within licensed premises, there is potential for the over-consumption of alcohol to lead to problems in and around live music venues.

Having said this, live music performances typically draw together a like-minded crowd who are, above all, attracted to the music performance rather than 'getting drunk'. Findings from the patron survey also show that 84% of patrons believe live music in venues provides a welcoming and safe environment. It was also commonly reported by venues that incidents rarely occur in the band room, and that patrons only spend enough to cover two or three drinks in a night.

This should not detract from the fact that alcohol-related harm is a significant problem for society, as detailed in a number of recent studies including Collins and Lapsley (2008), Allen Consulting Group (2009), National Preventative Health Taskforce (2009) and Laslett et al (2010). These studies show that alcohol-related harm results in substantial financial and social costs for government, industry, individuals and the broader community. These costs include regulatory costs, law enforcement costs, healthcare costs, and loss of wellbeing.

It is acknowledged in these studies that a link exists between late night trading and increased risk of alcohol-related harm – however, there is no publicly available evidence that live music leads to greater risk of alcohol-fuelled violence and anti-social behaviour. Indeed, the Live Music Accord specifically states that the provision of live music (in and of itself) should not automatically lead to a venue being classified as 'high risk'.

Further research is required to determine the extent to which anti-social or violent behaviour occurs in or around Victorian live music venues e.g. does it pertain to certain venues only and what are the indicators of risk? This is considered further in Section 6.3.

5 Music festivals

Music festivals form a significant component of Victoria’s live music sector, in terms of their value to patrons and performers. They also have economic impacts on local businesses and regional economies, largely through visitor expenditure. Although the economic contribution of music festivals has not been estimated in this study, it is nevertheless important to note the relationship between festivals and the broader live music industry.

Approximately 35 music festivals are held across Victoria every year – about half of these are held in metropolitan Melbourne and the rest are held in regional locations such as Apollo Bay, Mildura and Phillip Island. Music genres range from rock to dance, jazz, folk, and country music. Some of the larger festivals, such as the Big Day Out, include a variety of genres whereas other festivals, such as the Port Fairy Folk Festival and the Mildura Jazz Festival, are based on a specific music genre.

Festival attendance depends on capacity (i.e. location) and the nature of the event (i.e. a one-day versus a multiple-day event). For example, the Good Vibrations Festival (a one-day event held at Flemington Racecourse) has an attendance of 1,300 whereas the Wangaratta Jazz Festival (held in several venues in the town of Wangaratta over multiple days) has an attendance of 30,000.

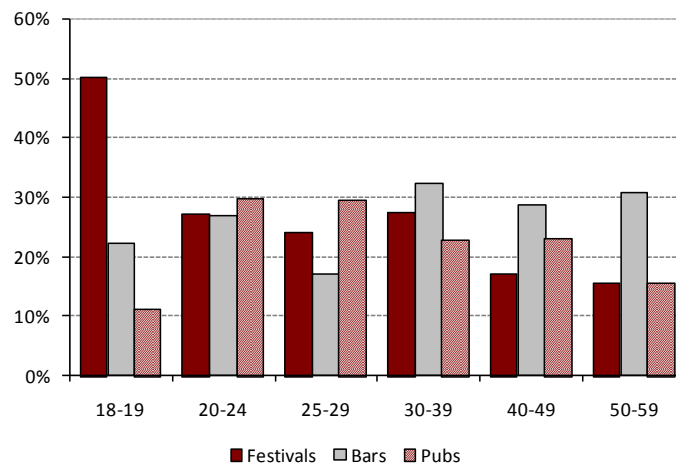
Ticket prices also vary significantly between festivals, as demonstrated by the following sample:

- St Kilda Music Festival – free
- Darebin Music Feast – \$0-\$18
- A Day on the Green – \$90-\$110
- Pyramid Rock Festival – \$270-\$305

Value of festivals to patrons

The findings of the patron survey reveal the popularity of festivals among live music fans. Respondents to the survey ranked ‘festivals and events’ as the location where they most prefer to see live music (27.9% of respondents), followed by bars (25.1%) and pubs (25.1%). Festivals are equally popular with males and females, with 27.9% of males and 27.8% of females selecting festivals as their most preferred location to see live music.

Notably, festivals are especially popular with young people, with 50% of respondents aged 18 to 19 years preferring festivals to any other venue (bars were the second most popular choice for this age group, nominated by 22.2% of respondents, followed by nightclubs at 13.0%). Chart 5.1 below shows the popularity of festivals, bars and pubs – in terms of the most preferred location to see live music – across all age groups. Significantly, festivals are the second most popular location for those aged 20 to 39 years.

Chart 5.1: Live music location preferences (patrons)

Source: Deloitte Access Economics

Note: Chart shows the percentage of respondents in each age range that selected festivals, bars or pubs as the location where they most prefer to see live music. Other options provided to patrons were nightclubs, cafes/restaurants and none/don't know.

Value of festivals to performers

Music festivals are particularly important to performers, in terms of exposure and income. During consultations, it was confirmed that being invited to play at a music festival provides artists with an opportunity to perform in front of large crowds and substantially increase their fan-base. Being booked by a major music festival with national reach, such as The Falls Music and Arts Festival, also means that performers can expand their following beyond their home state.

In addition, festivals allow performers to network with each other. This can be especially significant for emerging artists, who may develop contacts with nationally (or internationally) successful performers or bands – this can lead to further career breaks such as the opportunity to provide touring support for these bands.

Regular live music performance in venues such as pubs and bars provides, in effect, a training ground for artists and prepares them for the demands of playing a festival. It also gives performers credibility with festival bookers. As noted by one performer in a consultation, in reference to playing at the St Kilda Music Festival:

... I feel that our "gig hours" helped reduce nerves and increase our performance skill so we were able to hold our own on a large festival stage alongside very well-known bands ... Having so many shows under our belt has allowed us to be taken seriously by bookers of festivals ... We are seen as a serious, hardworking band that will be able to perform under any circumstances and impress an audience of strangers.

Finally, festivals typically provide significant guaranteed payments to headline acts. For touring bands this will often represent a significant component of their total live performance income, possibly in the order of 20-30%.

Case study: The Falls Music and Arts Festival

The Falls Music and Arts Festival provides a compelling snapshot of the economic, social and cultural contribution of Victorian music festivals.¹⁴ Held in Lorne each year from 28 December to 1 January, The Falls Music and Arts Festival is a signature Victorian music festival with an international profile. The reputation of the festival is illustrated by its role in helping to launch the careers of numerous Australian artists. As the festival organisers note:

Booked as relative unknowns at the time, many Australian greats such as Missy Higgins, The John Butler Trio, Xavier Rudd, Jet, Wolfmother, Silverchair and many others had “big shows” on a Falls Festival stage providing critical momentum early in their careers.

Founded in 1993, the festival site is located in a natural environment and is fully self-contained. It includes several performance stages, camping areas, infrastructure (including showers and toilets), medical facilities and parking.

The festival has increased in size from approximately 11,000 attendees in 1993 to 16,000 attendees in 2008/09 (with all 16,000 tickets to the 2008/09 event sold on the day of release). The festival’s impact is demonstrated by the high proportion of interstate and international attendees – in 2008/09, 48% of festival tickets were sold to interstate and international visitors.

In 2008/09, there were 72 performances over the two main stages, comprising:

- 23 international performers;
- 19 interstate performers; and
- 30 Victorian performers.

Main stage performers are hand-picked by organisers and are sourced through word-of-mouth, liaising with agents and attending overseas festivals. Festival organisers are committed to providing performers with a ‘launch’ opportunity, so artists are selected based on their ability to capitalise on their festival performance e.g. performers that have recently released an album are ideally placed to use the momentum generated by their festival appearance to generate further album sales and move to the next phase of their career. In order to be selected, artists must also be high quality live performers and the two festival programmers personally see every artist perform live prior to booking them.

The Village, which consists of multiple smaller stages, plays a key role in showcasing emerging Victorian talent. For example, 21 of the 26 performers featured in The Village in 2008/09 were from Victoria. Indeed, the organisers have a specific charter to support and develop Victorian talent by providing Victorian artists with the opportunity to perform in The Village. Up-and-coming local performers are also able to apply in advance to perform on The APRA People’s Stage during the festival.

The festival’s commitment to providing a safe environment has made a positive social contribution to the local community. Prior to the introduction of the festival, Lorne was

¹⁴ Information about The Falls Music and Arts Festival has been provided through consultation with Ashlorien Management Pty Ltd (The Falls Music and Arts Festival operators).

known as a 'trouble spot' due to antisocial behaviour by large crowds that would congregate in the town on New Year's Eve. However, community stakeholders note that the festival has provided young local community members with a safe alternative form of entertainment, leading to a decline in the number of incidents on the Lorne foreshore over the New Year's Eve period.

The festival also contributes one dollar from every ticket sold towards projects in the local community, via The Falls Community Fund, and local community organisations are able to raise funds by providing services at the festival. For example, at the 2008/09 event, the Forrest Football and Netball Club raised over \$20,000 by maintaining amenities blocks.

In addition, the festival's environmental practices have a positive social dimension. The festival has a comprehensive recycling program and environmentally friendly composting toilets that save an estimated 91 kilolitres of fresh drinking water at each event. In recognition of the festival's environment initiatives, it was awarded the international 'A Greener Festival Award' in 2008 alongside other international music festivals.

Implication

It is clear from the analysis and case study above that music festivals form a significant component of Victoria's live music sector, in terms of their value to patrons and performers.

In light of this, there is a need to consider the full economic and social benefit in a future study of a similar nature and scope to this, to complement the findings here on the venue-based sector, and ensure Victorian arts funding is directed to the source that will provide the greatest return on investment.

That study should once again involve the surveying of patrons, performers and festival organisers, in order to gain sufficient detail of the economic, social and cultural contributions, and to ensure any potential overlap with the values estimated in this study is identified for future reference.

6 Challenges and opportunities for Victoria's live music sector

The findings from the contribution analyses are contextualised here in an assessment of the opportunities and threats for the Victorian live music sector.

This assessment focuses on those considerations that have an immediate ability to enhance or detract from the values estimated, including through:

- the broader live music landscape;
- licensing (liquor and gaming); and
- property rights and amenity.

Implications and opportunities for the sector, guidance on the appropriate use of the estimates provided here, and the need for future research in particular areas where uncertainties remain, are outlined for further consideration.

6.1 Broader live music landscape

Though the Victorian scene is widely acknowledged as presently in a 'healthy' state, there are both concerns as to the sustainability of this status and acknowledged opportunities for this status to be further enhanced.

Namely these trends and opportunities relate to:

- an underdeveloped regional touring circuit compared to NSW;
- quality of live performers, as a key inhibitor to the increased provision of live music; and
- the demand-supply dilemma for Victorian performers.

Each of these factors is considered here, in terms of what they imply for Victorian live music in venues, and how they might be addressed.

Regional touring circuit

In the consultations it was indicated that the Victorian regional touring circuit is not of the same standard as the NSW circuit and therefore may be preventing additional live music touring in regional Victoria. This is not to say that the venues are not appropriate or that performances are not being provided, but rather there are opportunities to further capitalise on this in a structured manner in much the same way as New South Wales has for some time.

This might be addressed through a greater focus on **establishing** a common and successful path for touring bands – coordinated by appropriate operators including booking agents and venues – **and promoting** this circuit to performers and managers accordingly.

The greater encouragement of interstate and international touring bands to Victoria through the incentives to play regionally would also provide valuable spillovers (side shows) for

Melbourne venues. Indeed touring bands are only expected to increase going forward, as the dependence on live performance for income increases, further substantiating the value in establishing a regional circuit.

Furthermore, playing regionally can be financially rewarding for local performers also, and in some cases more so than in metropolitan venues, particularly in towns with a university. Where promoted well, it would not be uncommon for a good performance to generate guarantees or door deals worth \$1,000-\$2,000 per night, in established live music venues.

In sum, development of an enhanced regional touring circuit should be considered as an element of a strategic plan for the growth of live music in Victoria – with a focus on those regions with a sufficient population base. It should be developed in consultation with the industry to ensure the most appropriate/effective mechanisms to achieve this are engaged, and to ensure a sufficient level of interest exists to make it worthwhile.

Quality of live performers

A lack of suitable headline live performers was revealed in the consultations with venues to be a key inhibitor to the increased provision of live music in Victoria. In other words, there is an insufficient supply of performers and/or performances capable of generating a level of demand from patrons that will recover the fixed costs of providing live music in venues, to enable the sector to grow.

Live music acts selected to play in Victoria's key live music venues are chosen strategically based on their ability to induce demand from different patron groups on different nights and at different times of the day/evening.

Where a venue overlooks this or is unable to achieve this, and therefore fails to recover the fixed costs associated with providing live music, the outcomes will not be conducive to a viable financial position.

This situation partly reflects the supply of live music venues in Victoria and partly reflects the supply of suitable live music performers in/to Victoria. In light of this, restricting the supply of venues will not generate additional welfare. However, encouraging an increased supply of suitable performers will generate additional welfare, where these performers are of a standard that the total volume of live music patrons and/or their attendance frequency grows concurrently. In other words, providing the opportunity for independent bands to play live to audiences in licensed venues is only a community service where members from the community attend these performances.

A number of key venues currently providing live music in Melbourne – averaging live music approximately 3-4 times per week – indicated a desire to increase this closer to five nights per week, and indicated this would be achievable with a sufficient supply of performers who can build patron demand. The view expressed by many in the consultations that venue and night of the week are less relevant to the success of live performances in Melbourne than they are in other capital cities, further supports the feasibility of increasing the supply of mid-week live performances.

In response to the demand, the consultations also revealed a number of possible solutions:

- Capitalise on the trend of increased live performance activity in Victorian venues around the time of major music festivals, which has been attributed to the increased supply of headline performers during those periods – and therefore increased mid-week ‘side shows’ – as well as an increased awareness of live music during those periods by patrons (particularly those who cannot attend the festivals).
- As mentioned earlier, Victoria has a significant and growing opportunity to capitalise on interstate and international touring bands by improving the structure of the regional touring circuit – to meet the standard established in NSW – thereby complementing and compounding the success of the metropolitan venues.
- The increased supply of live performances in ‘grass-roots’ venues, in order to develop live performance popularity and/or talent, particularly given that in some cases recent regulatory change has threatened the provision of early/mid-week performances that were typically reserved for younger and less-mainstream acts, and therefore further intensified the difficulties for some performers in accessing venues.
- The increased provision of mentoring and guidance on performance career development, from appropriately experienced and motivated persons or parties, to ensure the timely and strategic development of Victorian live performers.

In sum, ways to develop and/or attract new talent in/to Victoria should be considered, including through increased performance opportunities for less established performers and new key live music events (in inner-city live music hubs and regional locations) – to ensure growth in the total volume of live music patrons and/or their attendance frequency.

Demand-supply dilemma

For the majority of Victorian performers, the basic demand-supply dilemma is the greatest barrier to achieving higher earnings through live performance.

In order to increase their income, performers must:

- increase their share of patron expenditure on live performance;
- increase the price of their live performance; and/or
- increase their supply of live performance.

The ability to ensure any or all of these factors is determined by the market mechanism and the forces of demand and supply.

Over time, the supply of the ‘typical’ live performer in or to Victoria has grown to a point of saturation, where the market for live performance in Victoria is for the most part close to perfectly competitive. Now, where the typical performer tries to exercise pricing power, they can be almost immediately substituted with another performer of equal appeal to a live music audience, who will be willing to perform at the market/venue-set price¹⁵.

In light of this trend, concern was voiced in the consultations that too many performers are working for no return and/or for the prospect of a future career that carries a low likelihood of

¹⁵ Buyers of the live performance product – venues in the first instance and patrons ultimately – have the greatest market power, and have therefore set the price of live performance at a constant rate over time. A further implication of this is that income from the typical in-venue live performance is declining in real terms and will continue to do so unless some of this pricing power is returned to the performer.

realisation. Also – and potentially a component of this – too many performers are not developing or not developing at a sufficient pace, and therefore not progressing their performance careers.

It is not uncommon for many performers/bands to provide a large number of ‘free’ performances in venues in their early years. Playing for no economic return does not necessarily imply no return at all – with many providing their services for free because they gain some ‘utility’ from performing live that they are in-effect prepared to pay for through volunteering their time and skill. However this phenomenon is problematic where performers are accruing personal debt to fund their performances, in which case the circumstances are unlikely to be economic or social-welfare enhancing.

In response to these conditions, the following responses were suggested:

- An understanding of market forces and pricing power is disseminating among more experienced performers. They are finding ways to restrict the supply of their performance product – ‘underplaying’ – or at least using marketing tactics to have their audience believe the supply is restricted. By restricting supply, these performers are able to exercise a degree of market power. However, this option might only be available to a proportion of all performance artists, who have a sufficient profile to differentiate their product and create the level of anticipation that allows a higher price to be set.
- More strategic marketing of live performance and consideration of ways to reduce live performance overheads – for example through self-management – could contribute to improved net earnings for performers. Given this, there may be a need for increased professional development courses and mentoring from suitable parties, where performers are taught to better manage their own success and improve career trajectory. Further to this point, it should also be acknowledged that performers are in many ways a business, and that any business requires a minimum level of management skill. As record labels continue to demise, the ability to find a path, promote, and finance career development is only further placed upon the performers themselves.
- It was suggested that mandating or recommending a minimum payment to performers – that is, a price floor – could potentially be incorporated in an industry code of practise. However, a price floor is likely to distort market outcomes and run the risk of resulting in a less optimal outcome than the market itself determines. That is, it may be the case that a price floor reduces the total provision of live music, and although maintaining the economic contribution, might reduce the social/cultural contribution in doing so – given the reduced volume/frequency.

In sum, educating performers on ways to successfully induce demand for live performances and self-manage more broadly – through appropriate career guidance at various stages – should be considered as a means to improve the likelihood of a financial return to a live performance career, and to further support the growth of the sector.

6.2 Licensing (liquor and gaming)

Recent changes to the regulatory landscape were seen to have impacted on the venue-based live music industry in Victoria, although it should be noted that the following analysis of these impacts was undertaken prior to the change of Government in November 2010.

6.2.1 Liquor licensing

On 1 January 2010, a new annual risk-based licence renewal fee structure was introduced by Responsible Alcohol Victoria. The motivation behind the risk-based structure was to recover costs associated with regulating the liquor industry, in line with the State Government's objective to impose fees that reflect the relative levels of risk posed by different types of licences (DoJ, 2009). Under this new structure, late operating hours were identified as a factor associated with increased risk of alcohol-related harm. Many live music venues have late night licences and therefore continue to pay higher fees than smaller non-late trading premises.

In addition, some live music venues have been affected by the imposition of crowd controller licence conditions.

Music industry concerns about the impact of these liquor licensing arrangements on smaller venues – which often cater to emerging local musicians, providing them an opportunity to showcase their music – led to the Live Music Accord. Under the terms of the Accord, it was agreed that:

The automatic coupling of live music and 'high risk' security conditions on liquor licences is not appropriate (State Government, 2010a).

The Live Music Agreement signed on 6 October 2010 by the then Minister for Gaming and Consumer Affairs, the Director of Liquor Licensing and representatives of the Victorian live music industry, set out new procedures to review existing crowd controller conditions.

In November 2010, a new Liberal Nationals Coalition Government was elected with a commitment to reforming liquor licensing laws and policies to ensure the continuing viability of Victoria's live music industry.

Impact on the venue-based live music industry

Findings from the venue survey (which was conducted prior to the Live Music Agreement being signed) confirmed that a substantial number of live music venues were affected by changes in the liquor licensing regulatory environment, with 77% of venues affected by higher annual liquor licence renewal fees, and 55% affected by increased crowd controller licence conditions.

While survey results suggest increased licence fees are affecting more venues than increased crowd controller conditions, it may be the case that the crowd controller conditions pose the greater burden. Amortised over the year, increased licence fees are far less significant than the increased security costs for venues. Also, anecdotal evidence suggests that increased crowd controller conditions are costing the marginal mid-week live performance that would have been breaking-even prior to the imposition, particularly in smaller venues.

Although the grass roots network of small live music venues may not contribute the greatest proportion of the industry's direct economic value, it is more than likely that through the opportunities they provide for performers in their early years, they are encouraging skills development that ultimately generates live performance demand and income. Accordingly, any legislation that in its implementation disproportionately affects the viability of these

venues could result in significant downstream effects in future years, should no substitute opportunity or path be created where this is lost.

Where security costs equate to more than say one-quarter of the total turnover on a live performance night, it is unlikely that the venue can break-even. For example, the Railway Hotel in North Fitzroy and Spleen Bar in the CBD have reduced the provision of live music due to these circumstances. This is further validated by the finding in the venue survey that 21% of venues have reduced the provision of live music, where one of the factors cited by venues in this decision was increased compliance costs related to liquor licence conditions.

Ongoing consultation between the State Government and the live music industry through a Live Music Industry Roundtable as proposed in the Liberal Nationals Coalition election policy will help to address some of these issues.

Costs of ensuring social amenity and safety

Consideration was given to the appropriateness of off-setting the estimated economic, social and cultural contribution of the venue-based live music industry with any social amenity and safety costs connected to live music venues and alcohol-related harm.

The estimated contribution of the sector is calculated based on the increment that can be solely attributed to the provision of live music – therefore, there must be a direct relationship between social amenity and safety costs and the provision of live music (rather than broader factors such as late night trading or consumption of alcohol by patrons) if the contribution is to be offset. In other words, a ‘but for’ test should be applied – but for live music in these venues, the government would only incur x% of social amenity and safety costs.

Even where a direct link could be made, the private financial costs of ensuring safety in live music venues (i.e. ongoing costs of liquor licences and crowd controllers) are already largely captured in the economic contribution estimate. This means that any offsetting amount should only be applied where public financial costs of ensuring safety exceed these private financial costs. To count the full cost to the private sector and the full cost to the public sector is to double-count the cost in those circumstances where the public cost has been passed on to the private sector (especially as the motivation behind liquor licence fees is to recover costs from industry). If this double-counting occurred, the contribution of the venue-based live music industry would be understated.

6.2.2 Gaming

Victoria currently operates under a duopoly licence system for gaming machines. From 2012, however, Victoria will move to a venue operator model as outlined by the *Gambling Regulation Amendment (Licensing) Act 2009*. Under the new arrangements, approved venues (hotels and clubs) will be able to directly hold 10-year gaming machine entitlements. These entitlements were allocated through a pre-auction club offer and gaming auction held in April and May 2010.

Venue survey results show that only 12% of venues surveyed provide gaming facilities, and 98% indicated the anticipated changes in gaming machine licensing arrangements would not lead to gaming machines in the venue at the cost of live performance space. It therefore appears unlikely that the Victorian live music industry will be significantly impacted by the regulatory changes.

Although surveyed venues do not believe that the new gaming arrangements are likely to have an adverse effect on the provision of live music, there are some measures available to policymakers to help minimise any negative impacts. For example, South Australia has a Live Music Fund which was established in 2002 (through an amendment to the *Gaming Machines Act 1992*). This fund must provide at least \$500,000 per financial year towards programs that will be of benefit to the live music industry (Economic Research Consultants, 2006).

This type of fund accords with a recommendation by the Cultural Ministers Council that “jurisdictions could consider funding mechanisms, including through gambling revenue, to encourage support for the arts, including live music” (CMC, 2010:10).

6.3 Property rights and amenity

The issue of the interpretation and/or enforcement of planning legislation is on-going. The Live Music Taskforce (2003) was established to examine the relationship between live music venues and residential amenity. One of its conclusions was that the ‘agent of change’ principle should be incorporated into planning practice note advice. This principle states that the onus of responsibility for the cost of noise management should fall upon the agent of change (though noise should still be contained at the source wherever practicable) – (Carbines, 2003).

The potential for issues around amenity to continue to impact the sector is high given noise complaints are perpetual by nature, and will grow in volume as urban in-fill gains momentum. Prohibitive capital costs such as sound proofing venues – particularly ‘period’ venues – can be the difference in live music being a breaking-even proposition. An added complexity is when the venue itself is rented by the operator and therefore capital alterations are either not permitted or not encouraged. Therefore, where this occurs, the trigger for this capital cost is in effect an inhibitor to the provision of live music, implying a possible lost opportunity to add to the economic and social/cultural contributions estimated in this study.

Furthermore, variance in the legislation and the level of certainty for venues and performers in general – compared to other jurisdictions – could ultimately lead to a redirection of performers, venue capital investments as well as the on-going returns to live music in venues, that otherwise would be accrued in Victoria. In light of these implications, there is a need for further research and/or debate on where property rights should lie. Depending upon the findings, there may also be a need to consider where Victorian urban in-fill is anticipated to cause the most significant issues for the provision of live music in the immediate future.

Under the Live Music Agreement of October 2010, the then State Government and the live music industry agreed to further consultation and discussion regarding the recognition and implementation of the agent of change principle.

7 Conclusions

The focus of this study has been the economic, social and cultural contribution of live music in Victorian venues, as well as the challenges and opportunities for the future sustainability and growth of these contributions.

The contribution analysis presented here suggests sizeable economy-wide benefits are derived from the provision of live music in Victorian venues. On top of this, the significant social and cultural impacts the sector provides should be considered, where the weight attached reflects the needs and priorities of the community.

Given the entirely privately provided nature of the sector, these values are largely self-sustaining in a free market, and are therefore accrued with minimal government intervention/investment – unlike in many other sectors. Indeed the ‘headline’ figures presented here provide a strong rationale for the continued provision of a measured environment for live music in Victorian venues.

In terms of future research priorities, while the economic and social/cultural contribution findings support a strong evidence-based policy making approach for the sector’s future, they also highlight and compound the need for an equally robust and comprehensive consideration of the critical and related social welfare matters that were beyond the scope of this study – namely the link to/risk of violent and antisocial behaviour.

Furthermore, in relation to music festivals, there is a need to consider the full economic and social benefit in a future study of a similar nature and scope to the present study, to complement the findings here and ensure Victorian arts funding is directed to the source that will provide the greatest return on investment.

A more complete evidence base will enable an accurate determination of the net welfare gain to the state from enabling live music in venues.

In terms of direction for future policy considerations, it can be noted at this point that legislation should be measured and should avoid putting in place unnecessary or non-optimal blanket bans and automatic triggers for regulatory enforcement, where this is to the detriment of the economic and social welfare of the Victorian community.

Based on the values presented here, and the issues that are currently faced, policy makers should consider ways to encourage and plan for these contributions and reduce the impact of any pressures, where it is anticipated the state will benefit in net terms. A conduit between government and industry – i.e. an organisation such as Music Victoria which is able to plan, promote, encourage and support the live music industry – is therefore important in this regard.

Where policy makers intend to provide direct funding to encourage these values, a cost-benefit assessment should be undertaken, and targets and performance metrics set to ensure a payback is being accrued to the state.

References

- Allen Consulting Group 2009, *Alcohol-related harm and the operation of licensed premises*, Report to the Department of Justice, Melbourne.
- Arts Victoria 2010, 'Funding Recipients – Victoria Rocks', http://www.arts.vic.gov.au/Funding_Programs/Funding_Recipients/2008-2009/Victoria_Rocks, accessed 20 September 2010.
- Australian Bureau of Statistics (ABS) 2010, *Population by Age and Sex, Australian States and Territories, Jun 2010*, Cat No. 3201.0.
- 2009a, *Arts and culture in Victoria: A statistical overview*, prepared by the National Centre for Culture and Recreation Statistics of the ABS.
- 2009b, *Australian National Accounts: Input-Output Tables – Electronic Publication, 2005-6*, Cat 5209.0.55.001.
- 2008, *Cafes, Restaurants and Catering Services, 2006-7*, Cat 8655.0.
- 2007, *Attendance at Selected Cultural Venues and Events 2005-06*, Cat No. 4114.0.
- 2006, *Clubs, Pubs, Taverns and Bars, 2004-5*, Cat No. 8687.0.
- Australian Expert Group in Industry Studies (AEGIS) 2004, *Social Impacts of Participation in the Arts and Cultural Activities: Evidence, issues and recommendations*, Stage Two Report, prepared for the Statistics Working Group of the Cultural Ministers Council.
- Blackman G 2010, 'The fame formula', *The Age*, 22 August, <http://www.theage.com.au/entertainment/music/the-fame-formula-20100821-139qq.html>, accessed 7 September 2010.
- Brisbane City Council 2010, 'Valley Music Harmony Plan', <http://www.brisbane.qld.gov.au/planning-building/local-plans/inner-city/valley-special-entertainment-precinct/valley-music-harmony-plan/index.htm>, accessed 15 September 2010.
- Burke M and Schmidt A 2009, *The Death and Life of Great Australian Music: planning for live music venues in Australian Cities*, http://www.promaco.com.au/2009/soac/PDF/Burke%20Matthew_Schmidt%20Amy.pdf accessed 17 September 2010.
- Carbines E 2003, *Live Music Taskforce: Report and recommendations*, Melbourne.
- City of Melbourne 2010 'Melbourne takes centre stage with Melbourne Music', Media release, 6 September, <http://www.melbourne.vic.gov.au/AboutCouncil/MediaReleases/Pages/Melbournetake-scentrestagewithMelbourneMusic.aspx>, accessed 10 September 2010.

- City of Yarra 2010, 'Live music working group',
<http://www.yarracity.vic.gov.au/Services/Arts/Live-music/>, accessed 20 September 2010.
- Collins D and Lapsley H 2008, *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/05*, Australian Department of Health and Ageing, Canberra.
- Craig N 2010, 'Live music threatened by limits to Vineyard', *The Age*, 27 June,
<http://www.theage.com.au/entertainment/music/live-music-threatened-by-limits-to-vineyard-20100626-zb20.html>, accessed 20 September 2010.
- Cultural Ministers Council (CMC) 2010, *Supporting Australia's Live Music Industry: Suggested principles for best practice*, Commonwealth of Australia.
- 2009, 'Contemporary music development',
http://www.cmc.gov.au/working_groups/contemporary_music_development, accessed 20 September 2010.
- Department of Planning and Community Development (DPCD) 2009, *FReeZA Guidelines 2010-2011*, Melbourne.
- Department of Justice (DoJ) 2010a, *Your obligations as a liquor licensee: Information for late night (general) licence holders*, Melbourne.
- 2010b, 'Live Music Accord and Crowd Controller Conditions',
[http://www.justice.vic.gov.au/wps/wcm/connect/justlib/doj+internet/home/alcohol/licensee+responsibilities/forums+and+accords/justice+-+alcohol+-+live+music+accord+and+crowd+controller+conditions+\(pdf\)](http://www.justice.vic.gov.au/wps/wcm/connect/justlib/doj+internet/home/alcohol/licensee+responsibilities/forums+and+accords/justice+-+alcohol+-+live+music+accord+and+crowd+controller+conditions+(pdf)), accessed 17 September 2010.
- 2009, *Liquor Control Reform Regulations: Regulatory Impact Statement*, August, Melbourne.
- 2006, *Liquor Licensing Factsheet: Underage events held on licensed premises*, Responsible Alcohol Victoria, Melbourne.
- Donovan P 2010, 'Musos take fight to Parliament', *The Age*, 8 April,
<http://www.theage.com.au/victoria/musos-take-fight-to-parliament-20100407-rs7g.html>, accessed 7 September 2010.
- Economic Research Consultants 2006, *Review of the Arts SA Live Music Fund*, Report prepared for the Department of Premier and Cabinet and Arts SA,
http://www.arts.sa.gov.au/webdata/resources/files/Final_LMF_Review_Oct_06.pdf, accessed 20 September 2010.
- Economist Unit Intelligent (EIU) 2010, 'Global liveability report – August 2010',
http://www.eiu.com/site_info.asp?info_name=The_Global_Liveability_Report&page=nodes&rf=0, accessed 10 September 2010.

- FReeZA 2010, 'About FReeZA',
<http://www.freeza.vic.gov.au/Home/Getting+Involved/Bands+and+Artists/ViewPage.action?amp;languageId=1&contentId=-1&siteNodeId=1576>, accessed 16 September 2010.
- Frith S 2007, 'Live music matters', *Scottish Music Review* 1(1):1-17.
- Garrett P 2009, 'A National Cultural Policy to 2020', *National Press Club Address*, 27 October,
http://resources.bangthetable.com/upload/filename/121/091027_National_Press_Club.pdf, accessed 20 September 2010.
- Grace R 2010, 'Melbourne music icon The Tote shuts up shop', *The Age*, 14 January,
<http://www.theage.com.au/news/entertainment/music/articles/2010/01/14/1263058324598.html>, accessed 19 September 2010.
- Holden J 2004, *Capturing Cultural Value*, Demos, London.
- Holmes R 2009, *How the music community perceives itself: An analysis of its strengths, weaknesses, opportunities and threats*, Music Council of Australia,
http://www.mca.org.au/web/media/Robyn_Holmes_SWOT_paper.pdf, accessed 8 September 2010.
- Homan S 2010, *Governmental as anything: Live music and law and order in Melbourne*, Monash University, Melbourne.
- 2003a, *The Mayor's a Square: Live music and law and order in Sydney*, Local Consumption Publications, Sydney.
- 2003b, 'Youth, live music and urban leisure: Geographies of noise', *Youth Studies Australia*, 22(2): 12-18.
- 2002, 'Cultural industry or social problem? The case of Australian live music', *Media International Australia incorporating Culture and Policy*, No. 102, February.
- Homan S and Newton D 2010, *The Music Capital: City of Melbourne Music Strategy*, May.
- Indent 2010, 'About', <http://www.indent.net.au/about/>, accessed 13 October 2010.
- Johnson B and Homan S 2003, *Vanishing Acts: An inquiry into the state of live popular music opportunities in New South Wales*, Report published by the Australia Council and NSW Ministry for the Arts.
- Laslett A-M, Catalano P, Chikritzhs Y, Dale C, Doran C, Ferris J, Jainullabudeen T, Livingston M, Matthews S, Mugavin J, Room R, Schlotterlein M and Wilkinson C 2010, *The Range and Magnitude of Alcohol's Harm to Others*, Fitzroy, Victoria: AER Centre for Alcohol Policy Research, Turning Point Alcohol and Drug Centre, Eastern Health.
- Live Performance Australia (LPA) 2009, *Ticket Attendance & Revenue Survey*, August.
- Matarasso F 1997, *Use or ornament? The social impact of participation in the arts*, Comedia.

- Mercer 2010, 'Quality of Living worldwide city rankings 2010 – Mercer survey', http://www.mercer.com/press-releases/quality-of-living-report-2010#City_Ranking_Tables, accessed 10 September 2010.
- National Preventative Health Taskforce 2009, *Australia: the healthiest country by 2020 - Preventing alcohol-related harm in Australia: a window of opportunity*, including addendum for October 2008 to June 2009, Technical Report No. 3, Australian Government, Canberra.
- Open Mind Research Group 2006, *Cultural Participation*, Internal Arts Victoria publication.
- The Push 2010a, 'About FReeZA Push Start', <http://www.thepush.asn.au/>, accessed 16 September 2010.
- 2010b, 'Push Over 2010', <http://www.thepush.asn.au/>, accessed 16 September 2010.
- Premier of Victoria 2009, 'Freeze on late night liquor licences extended until 2011', Press release from Minister for Consumer Affairs, 23 August, <http://www.premier.vic.gov.au/newsroom/7944.html>, accessed 13 October 2010.
- Productivity Commission (PC) 2010, *Productivity Commission Inquiry Report: Gambling*, No. 50, 26 February 2010.
- Ruiz J 2004, *A Literature Review of the Evidence Base for Culture, The Arts and Sport Policy*, Scottish Executive Education Department, Edinburgh.
- Shaw K 2009, 'The Melbourne indie music scene and the inner city blues' in Porter and Shaw (eds), *Whose Urban Renaissance? An international comparison of urban regeneration strategies*, Routledge.
- 2005, 'The Place of Alternative Culture and the Politics of its Protection in Berlin, Amsterdam and Melbourne', *Planning Theory & Practice* 6(2):149-169, June.
- State Government of Victoria 2010a, *Live Music Accord*, http://www.justice.vic.gov.au/wps/wcm/connect/5ce178804435dbe5af93ff48e314eb2b/Live_Music_Accord_2010.pdf?MOD=AJPERES, accessed 22 November 2010.
- 2010b, *Agreement regarding live music venues*, http://www.justice.vic.gov.au/wps/wcm/connect/5bb04b804435dbe5af91ff48e314eb2b/Live_Music_Agreement.pdf?MOD=AJPERES, accessed 22 November 2010.
- Throsby D and Zednik A 2010, *Do you really expect to get paid? An economic study of professional artists in Australia*, Report for the Australia Council for the Arts.
- Topsfield J and Donovan P 2005, 'Under-age gigs return', *The Age*, 19 March, <http://www.theage.com.au/news/National/Underage-gigs-return/2005/03/18/1111086012351.html?from=moreStories>, accessed 15 September 2010.

Tourism Victoria 2010a, *Cultural Tourism: Market Profile – Year ending December 2009*, <http://www.tourism.vic.gov.au/images/stories/marketsegments/cultural-tourism-market-profile-2009.pdf>, accessed 16 September 2010.

-2010b, *Melbourne & Victoria Brand Health*, http://www.tourism.vic.gov.au/images/stories/Documents/Marketing/bh_public_report_oct__tmp4d6db12e.pdf, accessed 22 November 2010.

-2010c, 'Shake me all night long', *visitvictoria*, <http://www.visitvictoria.com/displayobject.cfm/objectid.594B13BD-26B0-4C7C-B4FCB8EA83FB5C28/>, accessed 22 November 2010.

Triple R 2010, 'About RRR', <http://www.rrr.org.au/about/profile/>, accessed 13 October 2010.

Vanclay F 2002, 'Conceptualising social impacts', *Environmental Impact Assessment Review*, 22(2002): 183-211.

Victorian Auditor-General 2009, *Management of the Community Support Fund*, November.

Wardle J 2008, *A comparison of state and territory legislation and regulations pertaining to the presentation of live entertainment in liquor-licensed venues in Australia*, Report for the Music Council of Australia.

Appendix A: Acknowledgements

Deloitte Access Economics would like to acknowledge the contribution and input provided by a range of organisations and individuals throughout the course of this project.

- Live music venues that made their premises available for the patron survey:
 - Horse Bazaar, Melbourne
 - The Tote, Collingwood
 - Corner Hotel, Richmond
 - Pony, Melbourne
 - The Hi Fi, Melbourne
 - The Palace, Melbourne
 - Forum Theatre, Melbourne
 - Toff in Town, Melbourne
 - Cherry Bar, Melbourne
 - The Prince Bandroom, St Kilda
 - Bennett's Lane, Melbourne
 - Basement Bar, Bendigo
 - Karova Lounge, Ballarat.
- The individuals who made time available to meet with Deloitte Access Economics and share their particular knowledge and experience of the Victorian venue-based live music industry:
 - Natalie Bell, artist manager
 - Jon Perring, venue director of Pony, Bar Open and The Tote
 - Adam Simmons, jazz musician
 - James Young, managing director of Cherry Bar and artist manager
 - Brendan O'Sullivan, venue manager of The Hi Fi
 - Brad Pearce, venue booker at The Hi Fi
 - Cara Lanyon, artist
 - Rae Harvey, artist manager
 - Ben Thompson, manager of Corner Hotel
 - Tom Lanarch-Jones, venue booker at the Toff in Town
 - Tom Harris, artist manager
 - Jen Cloher, artist
 - Richard Moffat, booking agent
 - Pat Delves, booking agent
 - Dr Shane Homan, Monash University
 - Dr Kate Shaw, University of Melbourne
 - Dobe Newton, artist
 - Shane Wickens, artistic director of The Push
 - Naomi and Simon Daly, The Falls Music and Arts Festival

Appendix B: Key data sources

The key studies and data that were assessed for relevance and value to this study include:

- the work of prominent academics in the field – including Dr Kate Shaw’s work on urban gentrification and planning theory ‘The Melbourne Indie Music Scene and the Inner City Blues’ and ‘The Place of Alternative Culture and the Politics of its Protection in Berlin, Amsterdam and Melbourne’, and Dr Shane Homan’s comprehensive analysis of the live music sector in New South Wales – ‘Vanishing Acts’ – and ‘Governmental as anything: Live music and law and order in Melbourne’;
- Australian Bureau of Statistics (ABS) publications including ‘Clubs, Pubs, Taverns and Bars’ 2004-05, ‘Cafes, Restaurants and Catering Services’ 2006-07, ‘Work in Selected Culture and Leisure Activities’ April 2007, and ‘Attendance at Selected Cultural Venues and Events’ 2005-06;
- Victorian live music industry size and scope studies, including the annual Northern Metropolitan Institute of Tafe ‘State of Play’ study, and ‘The Music Capital: City of Melbourne Music Strategy’;
- national studies with a consideration of the significance of the live music sector, including those produced by the Australia Council for the Arts ‘Do You Really Expect to Get Paid?’ and ‘More Than Bums on Seats’; and
- Australasian Performing Rights Association (APRA) Victorian performer and live music venue registrations and payment/expenditure summary data.

Appendix C: Survey questions and approach

Developing the surveys was an iterative process – once the basic frame of the surveys were set, they were then tested or piloted according to their audience. Patron surveys were tested for simplicity and timing with the patron survey fielder Newspoll, while venue and performer/manager surveys were piloted with a sample of established performers, managers and venues – testing suitability, relevance and again timing. Surveys were then finalised for implementation according to the agreed survey methods.

Patron survey

The patron survey was determined to be most effectively conducted via face-to-face interviewing at a sample of prominent Victorian venues, where the patron catchment was broad enough to ensure the greatest degree of Victorian live music demand was captured. A selection of live music venues in Melbourne and regional Victoria were approached – venues which were willing for the surveys to be conducted for a three-hour period on a typical live music night were included (see **Error! Reference source not found.**).

Ultimately, the surveying was conducted by Newspoll on 14 occasions between 11 August and 21 August 2010, across 13 different venues – 8 in the CBD, 3 in the inner-suburbs and 2 in regional Victoria – capturing a total of 427 responses. The degree to which the sample is representative of the population of Victorian live music patrons can be inferred both from the demographic spread (Table D.1) as well as a comparison between the response origins (Figure D.1), the location of all APRA registered live music venues (Figure D.2), and where the APRA recorded expenditure on live music accrues (Figure D.3).

These figures demonstrate that the patron spread – although largely concentrated on inner-Melbourne – is reflective of where the majority of venues are located and even more so on where the majority of expenditure is concentrated. This implies that, to the degree this analysis accurately captures the demand in inner-Melbourne, it will accurately capture the greatest share of all demand in the state – provided the APRA data accords with all live music venues and expenditure in the state (see Section 2.1).

The patron survey questions are provided in Table C.1 below.

Table C.1: Patron survey

Q1	Before we start I just need to inform you that the information you provide will be used only for research purposes. The survey will only take around four to five minutes depending on your	TO CATCH UP WITH FRIENDS AND OTHER SOCIAL GROUPS 1 SPECIFICALLY FOR THE PERFORMANCE OR PERFORMER..... 2 TO MEET NEW PEOPLE 3 BY CHANCE 4 OR, FOR SOME OTHER REASON 5 (SPECIFY) _____ DON'T KNOW..... 6	<u>SR</u>
----	--	--	-----------

answers.

Which **one** of the following **best** describes the reason why you attend live music performances?

READ OUT 1-5

- Q2(a) At which **one** of these types of locations do you most prefer to see live music? **READ OUT AND ROTATE 1-5. RECORD BELOW UNDER "FIRST"**
- Q2(b) And which would be your second preference? **RECORD BELOW UNDER "SECOND"**
- Q2(c) And which would be your third preference? **RECORD BELOW UNDER "THIRD"**
- Q2(d) And which would be your fourth preference? **RECORD BELOW UNDER "FOURTH"**
- Q2(e) **RECORD FIFTH CHOICE AUTOMATICALLY**

	-Q2(a)- <u>FIRST</u> <u>SR</u>	-Q2(b)- <u>SECOND</u> <u>SR</u>	-Q2(c)- <u>THIRD</u> <u>SR</u>	-Q2(d)- <u>FOURTH</u> <u>SR</u>	-Q2(e)- <u>FIFTH</u> <u>SR</u>
BARS.....	1	1	1	1	1
PUBS.....	2	2	2	2	2
NIGHTCLUBS.....	3	3	3	3	3
FESTIVALS OR EVENTS.....	4	4	4	4	4
CAFES OR RESTAURANTS.....	5	5	5	5	5
NONE / DON'T KNOW.....	6 GO TO Q3	6 GO TO Q3	6 GO TO Q3	6 GO TO Q3	6

- Q3 On average, how many live music performances or events, at venues, do you attend each month? EVENTS.....
- RECORD AS A TWO DIGIT NUMBER BESIDE "EVENTS". IF A RANGE GIVEN, EG 3 OR 4, CHECK "IS IT MORE LIKELY TO BE THREE OR FOUR EVENTS?" IF A RANGE STILL GIVEN RECORD LOWER NUMBER**
- LESS THAN 1 A MONTH 9;
DON'T KNOW 9!

- Q4 And now a couple of questions about the amount of money you spend on attending live music performances or events, at venues. How much do you typically spend on...? **READ OUT A-C PROBE FOR BEST ESTIMATE TO NEAREST WHOLE \$1. RECORD AS A RIGHT JUSTIFIED FOUR DIGIT NUMBER EG A\$50 AS 0050 FOR EACH ITEM OF EXPENDITURE. IF A RANGE GIVEN CHECK FOR EXACT AMOUNT. IF A RANGE STILL GIVEN RECORD LOWER NUMBER**

- A) ENTRY TICKETS \$ ____ , ____ ____ ____
NONE.....!
DON'T KNOW.....!
- B) FOOD AND BEVERAGES \$ ____ , ____ ____ ____
NONE.....!
DON'T KNOW.....!
- C) MERCHANDISE..... \$ ____ , ____ ____ ____
NONE.....!
DON'T KNOW.....!

- Q5 How much do you typically spend per week on **other** forms of out-of-home recreation and entertainment in **Victoria**, such as sporting events, other cultural events and other social gatherings? \$ ____ , ____ ____ ____
NONE.....!

PROBE FOR BEST ESTIMATE TO NEAREST WHOLE \$1. RECORD AS A RIGHT JUSTIFIED FOUR DIGIT NUMBER EG A\$50 AS 0050. IF A RANGE GIVEN CHECK FOR EXACT AMOUNT. IF A RANGE STILL GIVEN RECORD LOWER NUMBER DON'T KNOW

Q6 Would you say that your friendship group or social network has expanded through your attendance at live music performances or not? YES / EXPANDED1
NO / NOT EXPANDED2
DON'T KNOW.....3

Q7 What proportion of **all** your social outings is made up of live music performances? Is it...? **READ OUT 1-5**
UP TO A QUARTER (0%-25%).....
BETWEEN A QUARTER AND HALF (26%-49%).....
HALF (50%).....
BETWEEN HALF AND THREE QUARTERS (51%-74%)
THREE QUARTERS OR MORE (75%-100%).....
DON'T KNOW

Q8 Is attending live music performances **more** important, **less** important or **equally** as important as attending other social outings? **UNFOLD**
IF MORE IMPORTANT Is that a lot more important or a little more important? LOT MORE1
LITTLE MORE.....2
LITTLE LESS3
LOT LESS.....4
EQUALLY.....5
DON'T KNOW.....6
IF LESS IMPORTANT Is that a lot less important or a little less important?

Q9 Can you tell me whether you **agree** or **disagree** that live music, **in venues**, does each of the following for the State of Victoria? Firstly... **READ OUT A-C**

IF AGREE Is that strongly agree or somewhat agree?

IF DISAGREE Is that strongly disagree or somewhat disagree?

	STRONGLY AGREE	SOMEWHAT AGREE	SOMEWHAT DISAGREE	STRONGLY DISAGREE	NEITHER/ DON'T KNOW
A) IMPROVES QUALITY OF LIFE	1	2	3	4	5
B) PROVIDES WELCOMING AND SAFE ENVIRONMENTS	1	2	3	4	5
C) ENCOURAGES INDIVIDUALITY	1	2	3	4	5

Q10 **RECORD SEX** MALE 1
FEMALE..... 2

Q11 To help us ensure we have a representative sample could you please tell me in which of the following age groups you belong? **READ OUT MOST SUITABLE CODES**
18-19 1
20-24 2
25-29 3
30-39 4
40-49 5
50-59 6
60+ 7
REFUSED 8

Q12 May I please have your postcode? _____
IF DON'T KNOW ASK FOR SUBURB OR NEAREST TOWN

Q13 Which one of the following describes your current employment status? Are you...? **READ OUT 1-5**
EMPLOYED FULL-TIME.....
EMPLOYED PART-TIME OR CASUALLY
FULL-TIME STUDENT

PART-TIME STUDENT.....
 NEITHER EMPLOYED NOR STUDYING
 DON'T KNOW / REFUSED.....

Q14	RECORD DAY OF INTERVIEWING	MONDAY..... 1
		TUESDAY 2
		WEDNESDAY 3
		THURSDAY..... 4
		FRIDAY 5
		SATURDAY..... 6
		SUNDAY 7

Performer/manager survey

The performer/manager surveys were determined to be most effectively conducted via phone. The survey sample selected by Arts Victoria had experienced varying degrees of success in their performance careers to date, and were identified as being likely to be willingly involved. A total of 71 performers/managers were contacted between 23 August and 3 September 2010, from which 51 responses were generated. The distribution of incomes, genres, management status, employment status and performance types (solo/band), suggests the sample was broadly representative of the population – where the points of reference were the existing ABS and other studies (see Table D.2).

The performer survey questions are provided in Table C.2 below; the manager survey questions are provided in Table C.3 below.

Table C.2: Performer survey

No.	Question
1.	How many years have you been performing live music?
2.	– Are you currently? <i>a) a solo performer/artist</i> <i>b) a member of a band</i> <i>c) both a solo performer/artist and a band member</i> <i>d) a member of a number of bands</i> <i>e) a member of a number of bands and a solo performer/artist</i>
2A.	If answered (d) or (e), how many bands are you currently a member of?
3.	– What genre(s) of music do you mostly perform? (can choose more than one) <i>Rock, pop, metal, funk/soul, rap/hip hop, reggae/ska, R&B, punk/hardcore, dance/electronic, indie, country, blues/folk, jazz, world, experimental, classical.</i> <i>other (specify) _</i>
4.	Do you mostly perform: <i>a) original music</i> <i>b) covers</i> <i>c) an even mixture of both</i>

No.	Question
5.	Do you have a manager or are you self-managed?
6.	<p>–</p> <p>Do you or your (primary) band have an ABN (Australian Business Number)?</p> <p><i>Yes/No</i></p>
7.	<p>What level/type of musical training do you have?</p> <p>a) tertiary qualification</p> <p>b) formally trained</p> <p>c) informally trained</p> <p>d) self taught</p> <p>e) other (specify)</p>
8.	<p>Do you originate from Victoria?</p> <p><i>Yes/No</i></p>
8.A	<p><i>If yes, do you feel there are greater opportunities to perform live music in Victoria than elsewhere in Australia?</i></p> <p><i>Yes/No/Don't know</i></p>
8.B	<p>If no, where do you originate from?</p> <p>–</p> <p>And was the Victorian live music scene a major factor in your decision to relocate to/visit Victoria?</p> <p><i>Yes/No</i></p>
9.	Do you consider yourself to be a full-time, part-time or casual musician/performer?
10.	<p>–</p> <p>In the last 12 months, approximately what proportion of your gross/total income (music and non-music) was:</p> <p>a) <i>live performance income: _ %</i></p> <p>b) <i>merchandise income: _ %</i></p> <p>c) <i>royalty income: _ %</i></p> <p>d) <i>other music industry/related income: _ %</i></p> <p>e) <i>non-music income: _ %</i></p>
11.	<p>In the last 12 months, approximately how much gross income did you make from live performance?</p> <p>\$ _</p>
12.	<p>What proportion of this gross income is from performances in Victorian:</p> <p>a) <i>pubs, clubs, taverns and bars? _ %</i></p> <p>b) <i>cafes and restaurants? _ %</i></p>
13.	<p>Considering your expenses in support of your live music performances are you?</p> <p>a) <i>making a profit</i></p> <p>b) <i>breaking even</i></p> <p>c) <i>accruing debt</i></p>

No.	Question
14.	Do you agree that live music performance in venues is a critical step to becoming an established artist/band? a) <i>strongly agree</i> b) <i>agree</i> c) <i>partly agree</i> d) <i>do not agree</i>
15	In the last 12 months, approximately how many times have you performed live at: a) <i>Victorian venues: _</i> b) <i>Victorian music festivals/events: _</i> c) <i>other Australian venues: _</i> d) <i>other Australian music festivals/events: _</i>
16.	Compared to two years ago, has your number of live music performances at Victorian venues: a) <i>increased</i> b) <i>decreased</i> c) <i>stayed the same</i>
17.	Why do you think this has occurred? a) <i>level of following/popularity</i> b) <i>interest from Victorian venues in having live performances</i> c) <i>by choice</i> d) <i>don't know</i> e) <i>other (specify)</i>

Table C.3: Manager survey

No.	Question	Years	Solo/Band	Genre	Vic (in-venue) Performances
1.	For each performer/band you currently manage, can you indicate how many years they have been performing live music, whether they are solo artists or a band, their genre and how many times they performed live in a Victorian venue in the last 12 months?				
	<i>Client A:</i>	—	—	—	—
	<i>Client B:</i>	—	—	—	—
	<i>Client C:</i>	—	—	—	—
	<i>Client D:</i>	—	—	—	—
2.	Do you feel there are greater opportunities to perform live music in venues in Victoria than elsewhere in Australia? <i>Yes/No</i>				
3.	Do you think the Victorian live music scene induces many artists/bands to move to Victoria? <i>Yes/No</i>				
3A.	If 'Yes' to Q3, artists/bands from which states in particular? —				

No.	Question																				
4.	<p>Are the artists you manage full-time, part-time or casual musicians/performers?</p> <p><i>Client A:</i> __</p> <p><i>Client B:</i> __</p> <p><i>Client C:</i> __</p> <p><i>Client D:</i> __</p>																				
5.	<p>In the last 12 months, approximately what proportion of their total music income was:</p> <table border="1"> <thead> <tr> <th></th> <th>Live Performance</th> <th>Merchandise</th> <th>Royalties</th> </tr> </thead> <tbody> <tr> <td><i>Client A:</i></td> <td>__%</td> <td>__%</td> <td>__%</td> </tr> <tr> <td><i>Client B:</i></td> <td>__%</td> <td>__%</td> <td>__%</td> </tr> <tr> <td><i>Client C:</i></td> <td>__%</td> <td>__%</td> <td>__%</td> </tr> <tr> <td><i>Client D:</i></td> <td>__%</td> <td>__%</td> <td>__%</td> </tr> </tbody> </table>		Live Performance	Merchandise	Royalties	<i>Client A:</i>	__%	__%	__%	<i>Client B:</i>	__%	__%	__%	<i>Client C:</i>	__%	__%	__%	<i>Client D:</i>	__%	__%	__%
	Live Performance	Merchandise	Royalties																		
<i>Client A:</i>	__%	__%	__%																		
<i>Client B:</i>	__%	__%	__%																		
<i>Client C:</i>	__%	__%	__%																		
<i>Client D:</i>	__%	__%	__%																		
6.	<p>In the last 12 months, approximately how much income did each artist/band you manage make from live performance?</p> <p><i>Client A:</i> \$__</p> <p><i>Client B:</i> \$__</p> <p><i>Client C:</i> \$__</p> <p><i>Client D:</i> \$__</p>																				
7.	<p>What proportion of this was from performances in Victorian:</p> <table border="1"> <thead> <tr> <th></th> <th>Pubs, taverns, bars</th> <th>Cafes and restaurants</th> </tr> </thead> <tbody> <tr> <td><i>Client A:</i></td> <td>__%</td> <td>__%</td> </tr> <tr> <td><i>Client B:</i></td> <td>__%</td> <td>__%</td> </tr> <tr> <td><i>Client C:</i></td> <td>__%</td> <td>__%</td> </tr> <tr> <td><i>Client D:</i></td> <td>__%</td> <td>__%</td> </tr> </tbody> </table>		Pubs, taverns, bars	Cafes and restaurants	<i>Client A:</i>	__%	__%	<i>Client B:</i>	__%	__%	<i>Client C:</i>	__%	__%	<i>Client D:</i>	__%	__%					
	Pubs, taverns, bars	Cafes and restaurants																			
<i>Client A:</i>	__%	__%																			
<i>Client B:</i>	__%	__%																			
<i>Client C:</i>	__%	__%																			
<i>Client D:</i>	__%	__%																			
8.	<p>Considering the expenses your artists/bands have in support of their live music performances, are they making a profit, breaking even or accruing debt?</p> <p><i>Client A:</i> ____</p> <p><i>Client B:</i> ____</p> <p><i>Client C:</i> ____</p> <p><i>Client D:</i> ____</p>																				
9.	<p>If an artist was not performing live music in venues, do you believe they could still establish a career as a performance artist?</p> <p><i>Yes/No</i></p>																				
10.	<p>Compared to two years ago, have you observed the number of live music performances at Victorian venues to:</p> <p><i>a) increase</i></p> <p><i>b) decrease</i></p> <p><i>c) stay the same</i></p>																				

No.	Question
11.	Why do you think this has occurred? <i>a) demand/popularity of live music</i> <i>b) interest from Victorian venues in having live performances</i> <i>c) don't know</i> <i>d) other (specify)</i>

Venue survey

The venue surveys were also determined to be most effectively conducted via phone, drawing randomly on the full population of live music hotels, bars, nightclubs and cafes and restaurants registered with APRA. A total of 165 hotels, 92 bars, 98 cafes and restaurants and 33 nightclubs were contacted between 23 August and 3 September 2010, from which 51 hotel, 25 bar, 19 cafe and restaurant and 8 nightclub responses were generated.

The responses generated were in aggregate largely representative of the population of APRA registered live music venues considered for this study – 50% hotels, 24% bars, 18% cafes and restaurants and 8% nightclubs – and of the total APRA population of each venue type represented 14% of hotels, 29% of bars, 16% of cafes and restaurants and 24% of nightclubs.

The venue survey questions are provided in Table C.4 below.

Table C.4: Venue survey

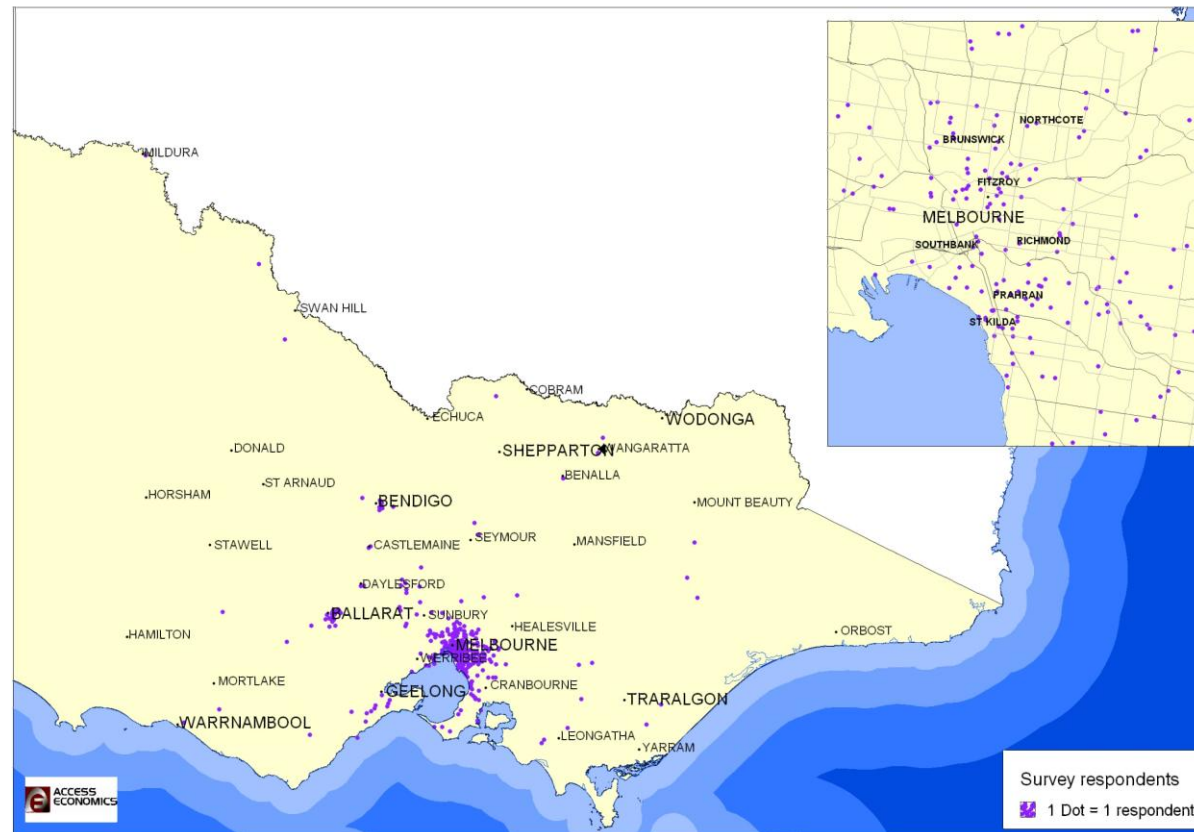
No.	Question
1.	What is the approximate capacity of your: <i>a) venue: _</i> <i>b) live music area/floor space: _</i>
2.	Does your venue regularly feature: <i>a) cover bands/performers: Yes/No</i> <i>b) original bands/performers: Yes/No</i> <i>c) professional DJs: Yes/No</i> <i>d) other forms of amplified or background live music: Yes/No</i>
3.	How many years have you operated as a live music venue? –
4.	For each night of the week, can you indicate if your venue is typically open for business, typically providing live music, and if providing live music by approximately what % turnover increases (ex. ticket sales/door charge – i.e. food and beverage sales only)?

No.	Question	Day/Night	Open	Live Music	Increase in Turnover (%)
		Monday	Yes/No	Yes/No	__%
		Tuesday	Yes/No	Yes/No	__%
		Wednesday	Yes/No	Yes/No	__%
		Thursday	Yes/No	Yes/No	__%
		Friday	Yes/No	Yes/No	__%
		Saturday	Yes/No	Yes/No	__%
		Sunday	Yes/No	Yes/No	__%
5.	How many bands/performances will you have on a typical live performance night?				
	–				
6.	Does your venue provide the following facilities:				
	<i>a) meals? Yes/No</i>				
	<i>b) dedicated band room? Yes/No</i>				
	<i>c) gaming facilities? Yes/No</i>				
	<i>d) more than one bar? Yes/No (If Yes, how many __)</i>				
7.	What genres of music are played at your venue?				
	<i>Rock, pop, metal, funk/soul, rap/hip hop, reggae/ska, R&B, punk/hardcore, dance/electronic, indie, country, blues/folk, jazz, world, experimental, classical.</i>				
	<i>Other (specify)_</i>				
8.	What are the main reasons your venue provides live music?				
	<i>a) live performances should be supported</i>				
	<i>b) live music is essential to the operational viability of the venue</i>				
	<i>c) patrons demand live music</i>				
	<i>d) live music improves the profitability of other venue functions</i>				
	<i>e) other (specify)</i>				
9.	Is the annual turnover of your venue approximately:				
	<i>a) \$0m-\$1m</i>				
	<i>b) \$1m-\$2m</i>				
	<i>c) \$2m-\$3m</i>				
	<i>d) \$3m-\$4m</i>				
	<i>e) \$4m-\$5m</i>				
	<i>f) Greater than \$5m</i>				
10A.	How many persons are employed by your venue?				
10B.	How many of these employees are full-time?				
11.	Approximately how much has your business grown on an average annual basis over the last 5 years (since 2004/05) in terms of:				
	<i>a) employment (FTE) _ % to _ %</i>				
	<i>b) turnover _ % to _ %</i>				
	<i>c) business is less than five years old</i>				

No.	Question
12.	<p>Is your venue currently affected by any of the following factors and if so how would you rank their impacts on your venue (1-4):</p> <p><i>a) increased noise restrictions/complaints: Yes/No – Rank _</i></p> <p><i>b) increased residential development/pressures: Yes/No – Rank _</i></p> <p><i>c) higher annual licence renewal fees: Yes/No – Rank _</i></p> <p><i>d) increased crowd controller licence conditions: Yes/No – Rank _</i></p>
13.	<p>Do you anticipate that the change to Victorian gaming machine licence arrangements in 2012 (i.e. movement from the current duopoly gaming operator system to a venue operator system) will lead to gaming machines in your venue at the cost of live performance space?</p> <p><i>Yes/No</i></p>
14.	<p>How did your venue respond to the amended legislation on smoking in premises, released in 2007?</p> <p><i>a) smoking now takes place on-street outside the venue</i></p> <p><i>b) smoking now takes place in a non-enclosed area of the venue</i></p> <p><i>c) both</i></p>
14A.	<p>[If answered (b) or (c)] Is smoking on-street leading to (can choose more than one):</p> <p><i>a) complaints from locals</i></p> <p><i>b) confrontations between patrons and passers by</i></p> <p><i>c) footpath congestion</i></p> <p><i>d) other (specify)</i></p>
15.	<p>Over the past year, has the number of live music performances in your venue:</p> <p><i>a) increased</i></p> <p><i>b) decreased</i></p> <p><i>c) stayed the same</i></p>
15A	<p>[If answered (a) or (b) at Q15] By how much has the number of live music performances in your venue increased/decreased:</p> <p><i>a) one day/night per week</i></p> <p><i>b) two days/nights per week</i></p> <p><i>c) three days/nights per week</i></p> <p><i>d) four days/nights per week</i></p> <p><i>e) five days/nights per week</i></p> <p><i>f) six days/nights per week</i></p> <p><i>g) other – ‘x%’ of live performances per week</i></p>
15B	<p>[If answered (b) at Q15] In order of importance (1-6), why does your venue provide less live performances now compared to a year ago?</p> <p><i>a) number of patrons</i></p> <p><i>b) cost of compliance with planning regulations</i></p> <p><i>c) cost of compliance with liquor licensing conditions</i></p> <p><i>d) staff costs</i></p> <p><i>e) noise complaints by local residents</i></p> <p><i>f) other (specify)</i></p>

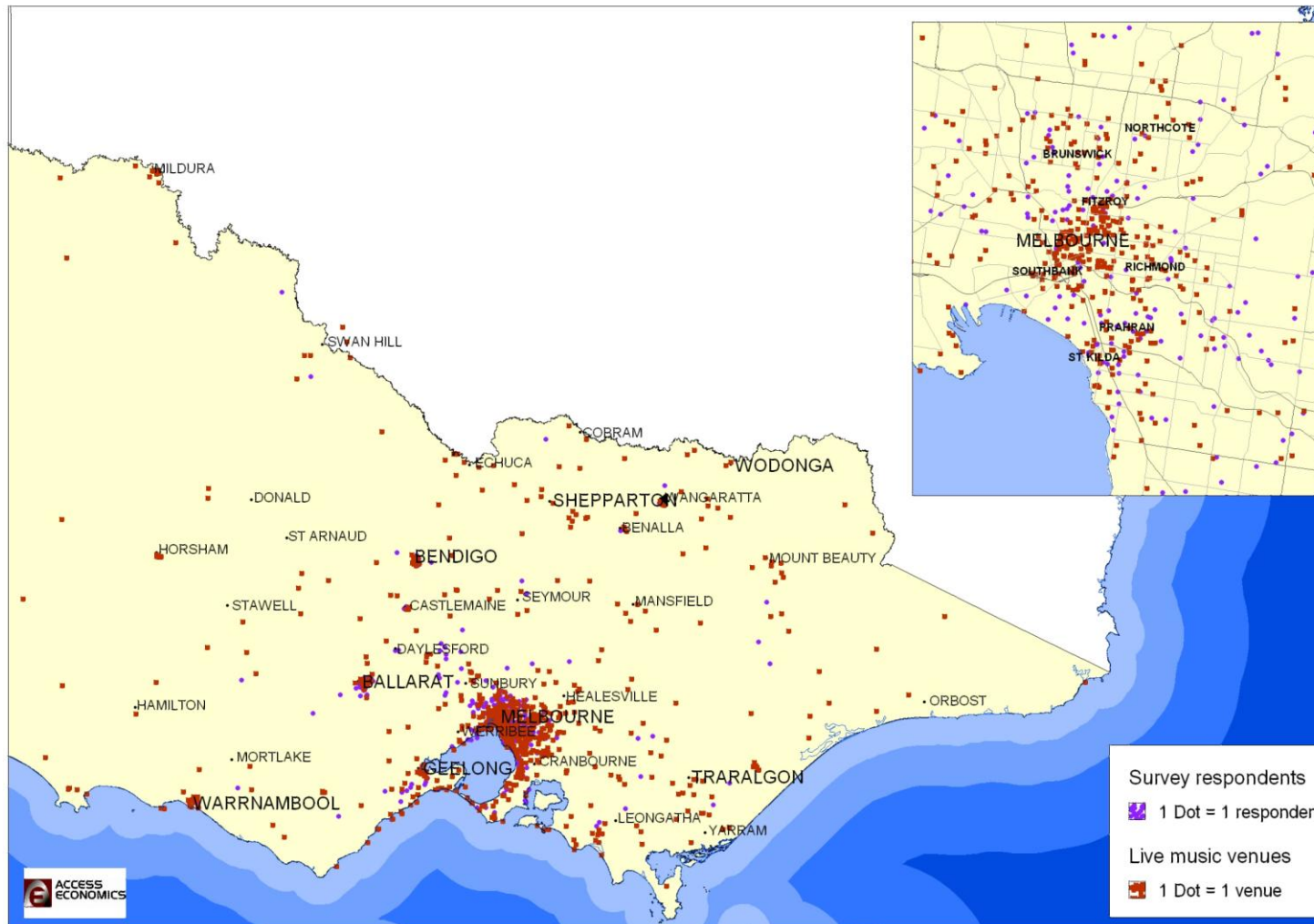
Appendix D: Survey responses

Figure D.1: Distribution of Victorian patron survey respondents



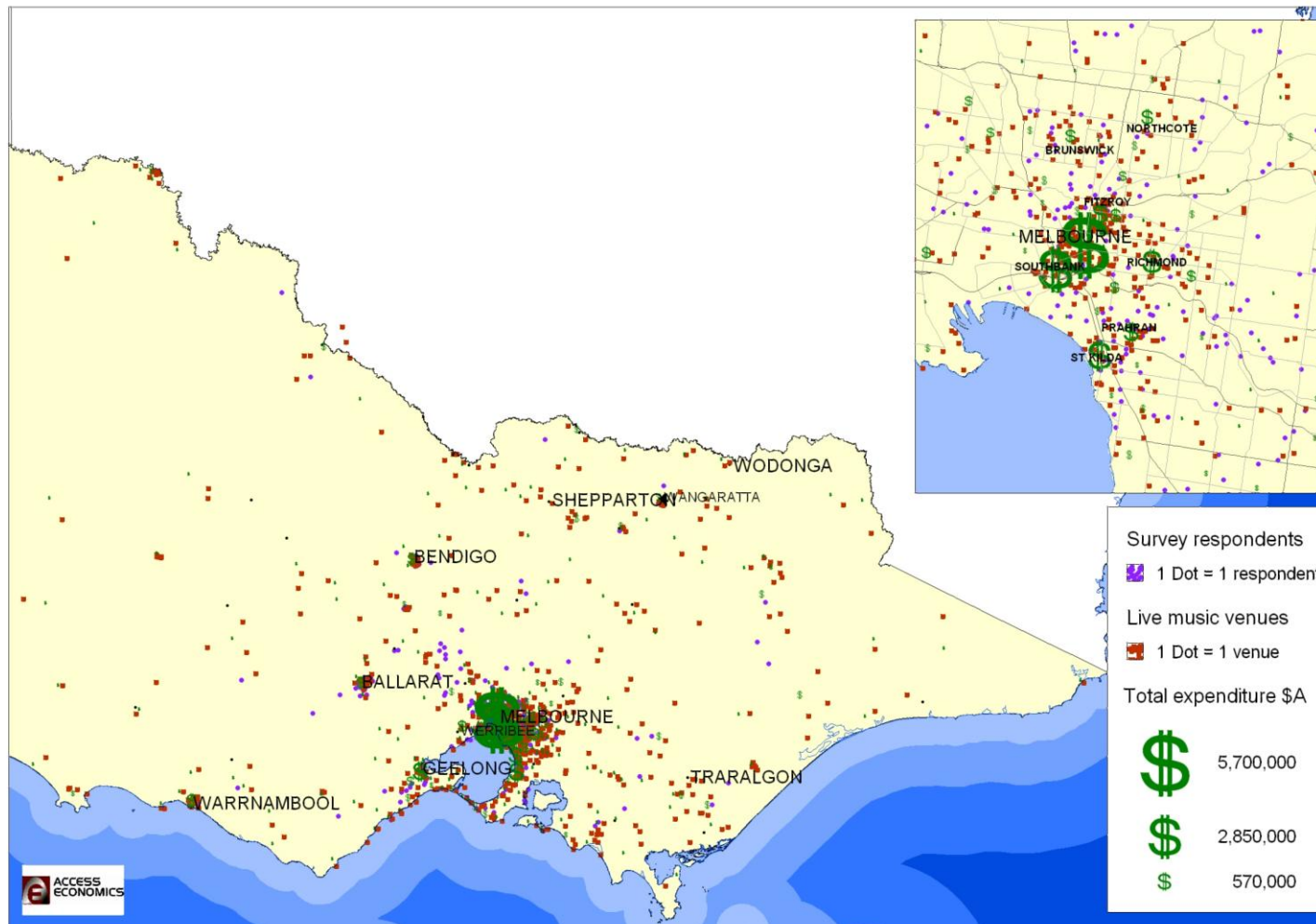
Note: Respondent postcodes were entered rather than addresses, and are therefore distributed randomly over the postcode.

Figure D.2: Distribution of APRA registered live music venues in Victoria



Note: Venue postcodes were entered rather than addresses, and are therefore distributed randomly over the postcode.

Figure D.3: Distribution of APRA reported live music expenditure in Victoria



Note: Venue postcodes were entered rather than addresses, and are therefore distributed randomly over the postcode.

Table D.1: Patron survey demographics

Attribute	Responses
Total number of responses	427
Sex	Males: 52% Females: 48%
Age	18-19: 13% 20-24: 35% 25-29: 26% 30-39: 15% 40-49: 8% 50-59: 3%
Employment status	Employed full-time: 53% Employed part-time or casual: 21% Full-time student: 19% Part-time student: 4% Neither employed or studying: 3%

Table D.2: Profile of performer/manager survey responses

Question	Aggregates	Average/share
How many years have you been performing live music?	679.25 years	13.6 years
Are you currently:		
A solo performer/artist	3	6%
A member of a band	18	35%
Both a solo performer/artist and a member of a band	14	27%
A member of a number of bands	9	18%
A solo performer/artist and a member of a number of bands	7	14%
Genre of music:		
Rock	28	29%
Pop	12	13%
Metal	0	0%
Rap/hip hop	1	1%
Reggae/ska	0	0%
R&B	2	2%
Punk/hardcore	1	1%
Funk/soul	1	1%
Dance/electronic	2	2%
Indie	10	10%
Country	5	5%
Blues/folk	10	10%
Jazz	6	6%
World	3	3%

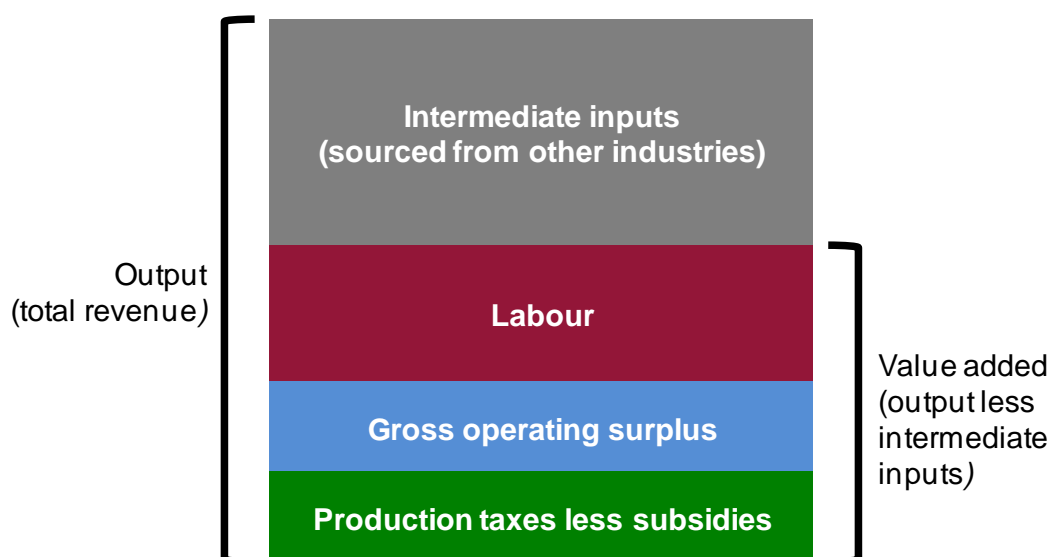
Question	Aggregates	Average/share
Experimental	2	2%
Classical	1	1%
Other....	12	13%
Management status:		
Have a manager	25	48%
Are self managed	27	52%
Employment status as musician/performer:		
Full-time	21	41%
Part-time	19	37%
Casual	11	22%

Appendix E: Economic contribution

Input-output economic framework

The 'value-added' share is the value of output (goods and services) generated by the entity's or industry's factors of production (labour and capital), as measured by the income to those factors of production. In other words, value-added is the difference between the value of goods or services sold and the cost of inputs used in their production (Figure E.1).

Figure E.1: Output compared to value-added¹⁶



Source: Deloitte Access Economics

Once the direct value-added and employment contribution is determined, a selection of relevant input-output economic 'multipliers' are applied to determine the indirect value-added and employment creation. The multipliers differ according to the particular industry/sector that the entities receiving the direct income reside in.

Venue contribution

For those venues 'supported' by live music – the increment was calculated as the sum-product over all days of the week of:

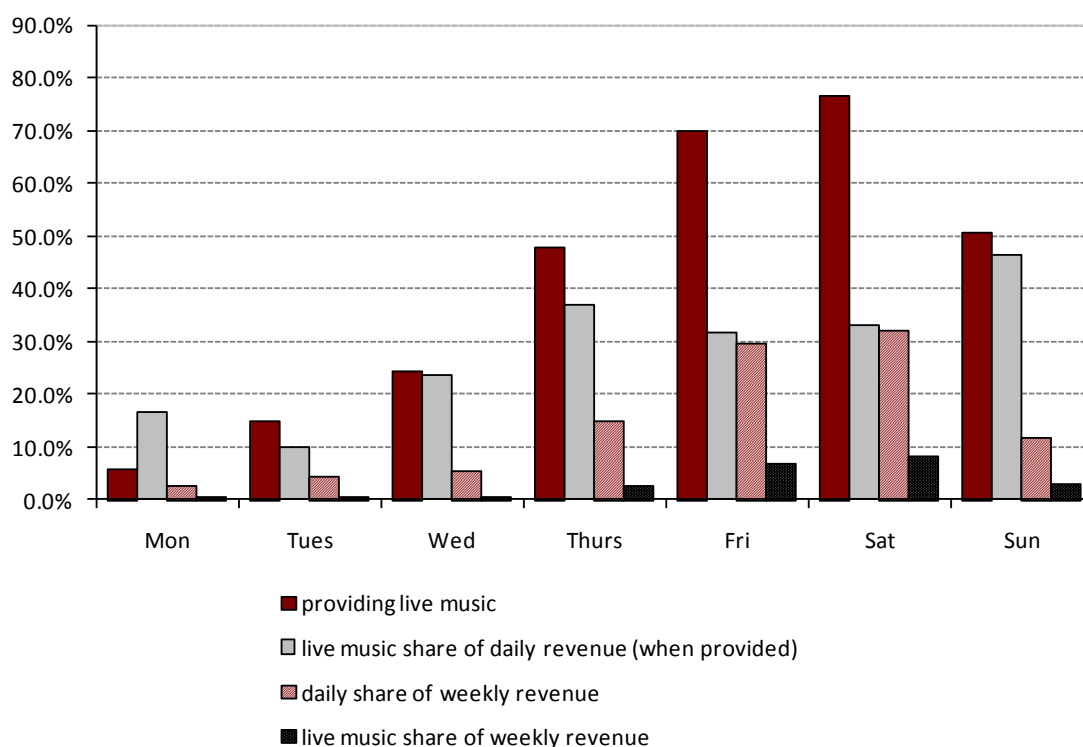
- the proportion of venues providing live music on a single day of a typical week (%);
- the typical live music share of daily revenue on that day (%); and
- the typical daily share of weekly revenue for that day (%).

Figure E.2 presents each of these daily averages (first three columns) and the result of their product for each day (fourth column). Daily live music share of weekly revenue, summed over each day of the week, gives weekly live music share of weekly revenue. This is

¹⁶ The sum of value-added across all entities/industries in the state economy equals Gross State Product. Given the relationship to GSP, value-added can be thought of as the increased contribution to welfare.

equivalent to live music share of annual revenue given the 'typical' week has been modelled, and is calculated to be **20.5%** – the sum of the fourth column for each day of the typical week. The source for each of the proportions used in the calculation was the venue survey and follow-up consultations.

Figure E.2: Incremental contribution of live music in 'supported' venues



Source: Deloitte Access Economics

Performer contribution

It is estimated that there were 15,760 Victorian performers providing paid live performances in licensed venues in 2009/10, based on the following logic:

- drawing on the Victorian involvement rate as a working (paid or unpaid) music live performer of 19.4 per 1,000 persons¹⁷ in April 2007 (ABS, 2007), as well as the Victorian population estimate at June 2009 of 4,437,151¹⁸ (ABS, 2010), the number of 'working' Victorian music live performers for 2009/10 is estimated to be approximately 86,080;
- applying the rate of these performers that typically had 'some paid involvement' – 35.9% nationally ABS (2007) – it is estimated that approximately 30,900 Victorians had some paid involvement in music live performance in 2009/10; and
- applying the proportion of all music live performers who either 'performed in licensed premises only' or 'performed in both licensed premises and unlicensed

¹⁷ Aged 15 years and over

¹⁸ Aged 15 years and over

premises' – 50.1% nationally ABS (2007) – 15,760 Victorians had some paid involvement in music live performances in licensed venues in 2009/10.

Further substantiating this figure, the APRA registry of Victorian performers is currently approximately 15,000 persons. Assuming almost all Victorian performers with some paid involvement in live music performance in licensed venues are APRA members, the estimate presented here is reasonable.

Limitation of our work

This report was updated on 20 June 2011, based on the original report prepared for Arts Victoria by Access Economics dated 15 February 2011.

General use restriction

This report is prepared solely for the use of Arts Victoria. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of Arts Victoria. You should not refer to or use our name or the advice for any other purpose.

Contact us

Deloitte Access Economics
ACN: 49 633 116

Level 1
9 Sydney Avenue
Barton ACT 2600
PO Box 6334
Kingston ACT 2604 Australia

Tel: +61 2 6175 2000
Fax: +61 2 6175 2001

www.deloitte.com/au/economics

Deloitte Access Economics is Australia's pre-eminent economics advisory practice and a member of Deloitte's global economics group. The Directors and staff of Access Economics joined Deloitte in early 2011.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

About Deloitte

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's approximately 170,000 professionals are committed to becoming the standard of excellence.

About Deloitte Australia

In Australia, the member firm is the Australian partnership of Deloitte Touche Tohmatsu. As one of Australia's leading professional services firms, Deloitte Touche Tohmatsu and its affiliates provide audit, tax, consulting, and financial advisory services through approximately 5,400 people across the country. Focused on the creation of value and growth, and known as an employer of choice for innovative human resources programs, we are dedicated to helping our clients and our people excel. For more information, please visit our web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

© 2011 Deloitte Access Economics Pty Ltd