



AUSTRALIAN FESTIVAL
ASSOCIATION

Friday, 16 April 2021

The Secretary
Economy and Infrastructure Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Dear Committee Chair and Committee Members,

Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors

Introduction

The Australian Festival Association (AFA) would like to thank the committee for the opportunity to contribute to this inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors.

Australian Festivals deliver considerable economic and employment benefits to this country, with the latest data revealing ticket revenue contributes to \$2.7bn output in 2019¹ with some 42% of Australian's attending festivals each year² and employment reaching nearly 10,000 FTE workers¹.

In 2019, ticketed festivals in Victoria contributed \$390m in economic output to this state and 1,310 FTE jobs. This plummeted by 86% in 2020¹. These statistics only capture ticketed events with figures much higher when taking into account community and free-flowing festivals.

The AFA acknowledges the current funding available through Creative Victoria for the broader industry as well as the general business supports that were available to members from the Victorian Government. We also recognise targeted federal funding in the form of the RISE funding has been recently extended by \$125m, alongside other industry supports. Funding for the industry has been welcomed by the AFA.

Issues

1. *Business confidence is low with continued snap lockdowns seeing cancellations, and the unavailability to insure festivals against COVID-related closures*
2. *COVID restrictions limiting the ability for festivals to break-even after over 12 months of no income*
3. *Differences in boarder management for a national industry*
4. *Skills losses and pending shortages when festivals reopen at scale*

Recommendations

1. *An industry-led Business Interruption Fund or Cost Recovery Program underwritten by State Government*
2. *Safely return festivals in a COVIDSafe way to 100% capacity with general admission and dancing allowed*
3. *State and Territory coordination on essential worker permits for artists and crew*
4. *Funding to upskill and train workers to retain, and attract new, festival workers*
5. *Reintroduction of MAVs Arts and Cultural Policy Advisor position*
6. *Reintroduction of Victoria's Live Music Roundtable*

¹EY's study on the Economic cost of COVID-19 on Australia's Live Entertainment Industry - Festivals "Multi Category & Contemporary" combined.

²National Arts Participation Survey, Australia Council - <https://www.australiacouncil.gov.au/research/wp-content/uploads/2020/08/Creating-Our-Future-Results-of-the-National-Arts-Participation-Survey-PDF.pdf>



COVID-19 – Festival Context

On the 16th March this year, festivals were among the first businesses to be closed as a result of necessary health restrictions. Some actually saw the writing on the wall globally and cancelled prior to Government restrictions being implemented. Others were left right in the middle of building their sites. They had to pack up, leaving their whole year's profit behind. A recent study by EY and LEIF projects that there will be an **86% loss of economic and employment output in 2020 compared with 2019** across the Australian Festival industry.

We are a complicated and unique industry.

The business model for a festival is distinctive from others in the live performance industry, with income largely centralised over a single day, or couple of days, of operation. Promoters and organisers take considerable financial risks to host these events. Often there are years of planning, with all the annual income resting on the success of that single event.

What if it rains? What if there's bushfires? How about pandemics?

Unlike a café or even a live music venue, a festival operating in a greenfield site such as a park or public garden, usually takes 12-18 months from inception to "gates-open". Organisers need to work across local, state and federal Governments navigating multiple stakeholders, regulators, authorities and landowners.

About the Australian Festivals Association

The AFA is a not-for-profit, member-run, industry association that aims to represent the shared interests of our members and the festival industry. A national body with members operating in all states and territories, our members comprise festival promoters and organizers across a range of festival sizes, regions and genres. AFA members also include small business owners with a vested interest in the industry such as medical providers, security agencies, site managers and suppliers of infrastructure like toilets and marquees.

In 2019, our members welcome over 2 million fans collectively to their events across the country. While we have members in every state, over 60% of our members operate all or part of their business in Victoria.

Thank you for your time considering this submission. Should you have any questions, please don't hesitate to contact me on the below number or email.

Warm regards,



Julia Robinson

General Manager, AFA





AFA Submission

Industry Output

Victorian Economic Output (Festivals) = \$390m

A recent study from EY and LEIF estimated the total Victorian Festival Output for 2019 was **\$390m¹**. A further \$178m in value-add output was also calculated for the 2019 season that already had limitations due to bush fire cancellations and regulatory issues faced by NSW presenters across the 2018/19 season.

Victorian Employment Output = 1,310 FTE

FTE employment opportunities are calculated at 1,310 workers across the industry¹. This is the first data-capture project of its type to quantify festival workers given the short-term nature of their employment. Some staff may only work a day a year on their favourite festival. Others may travel around in a roadshow or tour, working for a month on a single production.

Limitations

It is important to note the above figures capture only ticketed festivals and does not extend to the value of free-flowing events such as community festivals.

Social Value

42% of Australians attend Festivals

According to Australia Council's National Arts Participation Survey, 42%² of Australians attend festivals in some form. The survey also found –

- Australians are motivated to attend the arts to have fun and to be entertained (63%), to socialise and connect with others (41%), to understand other perspectives and cultures (33%) and to improve their wellbeing (25%)
- One in eight Australians attend the arts to develop skills for education, training or work (13%)

Cost of COVID

86% Loss compared with 2019

In the context of festivals, the estimated lost economic and employment output due to COVID in 2020 is 86% on the previous year. We were fortunate enough to get through the full “summer season” otherwise this figure might have been much higher.

While restrictions have eased, and some festivals have taken place, the toll on the industry has continued into 2021. Many promoters and organisers are unwilling to risk forgoing another year of income while the situation remains so volatile.

Insurance is unavailable for COVID shutdowns and outbreaks and when your business relies on a single day, or just a few days, of operation to earn its annual income, the risks are two high. This has become especially apparent as we head into a second year of this pandemic. Last year many used up their reserves, this year the losses would start impacting more livelihoods than ever before.

¹Preliminary findings from LEIF and EY's study on the Economic cost of COVID-19 on Australia's Live Entertainment Industry - Festivals "Multi Category & Contemporary" combined.

²National Arts Participation Survey, Australia Council <https://www.australiacouncil.gov.au/research/wp-content/uploads/2020/08/Creating-Our-Future-Results-of-the-National-Arts-Participation-Survey-PDF.pdf>



Issues

1. *Business confidence is low across the board with continued snap lockdowns seeing cancellations, and the unavailability to insure festivals again COVID-related closures.*
2. *COVID restrictions limiting the ability for festivals to break-even after over 12 months of no income*
3. *Differences in boarder management for a national industry means artists can be caught interstate and miss out on shows, or festivals have to make quick decisions if lockdowns occur*
4. *Skill losses and pending shortages when festivals reopen at scale including loss of security guards to hotel quarantine, medical professionals to vaccination and testing and site crew to the film industry*

Recommendations

1. *An industry-led Business Interruption Fund or Cost Recovery Program underwritten by State Government to sure up business confidence and allow for a pipeline of festivals*
2. *Safely return festivals in a COVIDSafe way to 100% capacity with general admission and dancing allowed using the Live Entertainment Industry Forum Guidelines*
3. *State and Territory coordination on essential worker permits for artists and crew to ensure artists can freely travel around Australia*
4. *Funding to upskill and train workers to retain, and attract new, festival workers to ensure that once the industry reopens in a full way, there are skilled workers to take positions*
5. *Reintroduction of MAVs Arts and Cultural Policy Advisor position to ensure festivals and local government areas work closely with each other*
6. *Reintroduction of Victoria's Live Music Roundtable to allow open communications across key government and industry stakeholders.*