



Australian Government



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

16 May 2024

Committee Secretary

Standing Committee on Communications and the Arts

PO Box 6021

Parliament House

CANBERRA ACT 2600

Via email: [communications.reps@aph.gov.au](mailto:communications.reps@aph.gov.au)

Dear Sir/Madam,

### **Inquiry into the challenges and opportunities within the Australian live music industry**

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) welcomes the opportunity to provide a response to this inquiry. One of the ASBFEO's key functions is to advocate for small and family businesses, so that their distinctive needs are considered by the Parliament of Australia, ministers, departments and regulators.

The terms of reference for this inquiry seek to address the broad range of challenges and opportunities within the Australian live music industry. According to Ernst & Young's report *The economic contribution of Australia's Live Entertainment Industry* live music contributed approximately \$12.5 billion to the Australian economy in 2019.<sup>1</sup>

Small businesses in both cities and regions perform at, are involved with and benefit directly from live music events and activities, with many also leveraging indirect opportunities that live music offers. Music festivals generate an influx of visitors, which translates into increased patronage for local businesses across a range of sectors, from restaurants and shops to hotels and transport services.

The same can be said for live music performance in small-business operated venues such as public houses, bars, clubs, restaurants, cafes and nightclubs. Such venues stage live music to generate sales and invigorate other parts of the business, allowing small-business owners to benefit directly from tickets sales, as well as bar and restaurants takings. These venues are also recognised as breeding grounds for local talent, providing a public stage and opportunity for musicians to perform live, with some playing a critical role in creating a fan base for some of Australia's most successful musicians.

A 2018 report by the New South Wales Government *The music and arts economy in New South Wales* concluded that the live-music industry is in crisis. While the causes of the crisis are complex, its effects are extending to the grassroots music scene in NSW, as well as to national and regional

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<sup>1</sup> Ernst & Young, *The economic contribution of Australia's Live Entertainment Industry*, 2020.



touring circuits.<sup>2</sup> Today this crisis appears to be worsening with insurance presenting a key challenge facing the Australian live-music sector, and the repercussions felt acutely by many small businesses.

The ASBFEO has consulted with key stakeholders in the music sector. They are concerned that interest in underwriting for live music in Australia is decreasing to the extent that claims are exceeding premiums. Difficulties in securing public-liability insurance have caused venues to close, despite meaningful steps taken by the sector to reduce risk and encourage underwriters to provide cover. In some instances, clauses have been introduced to policies stating there should be no drinking on dance floors. This is creating uncertainty as to whether claims will be paid in a range of scenarios, and places limits on how a small-business venue that offers a live music experience can effectively engage in trade and commerce.

Further, despite differences in size and scale of venues, small venues with a focus on live music are not differentiated from large clubs and hotels, and insurers have generally taken a one-size-fits-all approach despite significant differences.

Public-liability insurance is also a barrier for live-music festivals. Approximately one-third of music festivals surveyed in Creative Australia's 2024 report *Soundcheck: Insights into Australia's music festival sector* said escalating insurance costs were a major challenge, and that public-liability insurance policies have increased up to ten-fold in the past financial year, from \$20,000 per year to as much as \$120,000.<sup>3</sup> Event cancellation owing to unforeseen circumstances such as a fire, storm, natural disaster or pandemic is another area of concern. One festival organiser noted in Creative Australia's report that insurance costs arising from necessary event cancellations had approximately doubled since the COVID-19 pandemic.<sup>4</sup>

Obtaining access to adequate insurance cover at commercially viable terms is a significant challenge for many of Australia's small businesses. Businesses surveyed by Business NSW in March 2024 consider insurance to be the number one cost pressure over taxes and other charges, energy costs, and wages.<sup>5</sup>

The ASBFEO's Small Business Natural Disaster Preparedness and Resilience Inquiry Report found that:

- many businesses cannot secure appropriate insurance at an affordable price
- some businesses are operating uninsured, or significantly underinsured, with excesses that would preclude any claim being made
- insurers are uninterested in the steps individual small and family businesses take to mitigate disaster risk, or are dismissive of them.<sup>6</sup>

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<sup>2</sup> New South Wales Parliament, Legislative Council, Portfolio Committee No. 6 – Planning and Environment, *The music and arts economy in New South Wales*, 2018.

<sup>3</sup> Creative Australia, *Soundcheck: Insights into Australia's music festival sector*, April 2024.

<sup>4</sup> Creative Australia, *Soundcheck: Insights into Australia's music festival sector*, April 2024.

<sup>5</sup> Business NSW, *NSW Business Conditions: A cautious start to 2024, March 2024*

<sup>6</sup> Australian Small Business and Family Enterprise Ombudsman, *Small Business Natural Disaster Preparedness and Resilience Inquiry Report*, 10 November 2022.



There are various factors contributing to the availability of affordable insurance. Risk is a key issue, including climate risk, along with personal injury risk. The insurance sector has attributed the problems facing Australian small and family businesses to a hardening of the global market, with the high cost of insurance correlating with the high cost of risk transfer across industries over the last decade.

The nature of live music – which combines crowds with alcohol consumption – means there can be a higher risk of accidents, loss or damage to occur (trips and falls, physical assaults), increasing the potential for claims (injury or death). Live-music sector representatives in Victoria have worked with industry bodies and in conjunction with the Insurance Council of Australia to introduce ways to improve risk management in the live music sector, but report limited change in premiums for essential insurance policies.

A contributing and related factor affecting small business, including those in the live-music sector, is the requirement to pay for access to Australian Standards. Small businesses and festival operators may either be unaware of relevant and up-to-date standards, or unable to gain access to them, and as a result use or provide ‘compromised’ products. This can in turn lead to increased claims and rising premiums.

The Australian Competition and Consumer Commission (ACCC) has affirmed that the continued charging for Australian Standards that are referenced in Australian laws is a barrier to compliance, particularly for small businesses. The ACCC considers that referenced standards should be freely available and published on the internet by Standards Australia.<sup>7</sup>

## **RECOMMENDATIONS**

To address these challenges to the Australian live music industry, the ASBFEO makes the following recommendations:

### **1. The insurance sector should help small businesses by mapping out pathways to solutions**

Providing a clearer articulation of what policies cover, what is required by small businesses such as music venues, and how they can work with the insurance industry to address concerns, to help small businesses manage input costs and stay in business.

### **2. The Australian Government should encourage industry-led solutions for the Australian live-music industry**

Industry-led solutions for music venues (indoor events) and music festival organisers (outdoor events) to provide an opportunity for sectors to inform and educate the insurance industry of risk profiles and work together with member businesses on effective and recognised mitigation strategies.

### **3. The Australian Government should support discretionary mutual funds (DMF) where appropriate:**

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<sup>7</sup> The Australian Competition and Consumer Commission, *ACCC submission to Standards Australia’s discussion paper on the Disruption and Licensing Policy Framework*, ACCC, Australian Government, 2019, accessed 4 April 2024.



- insisting on the adoption of better practice and good governance features in the establishment, management and operation of the DMF, and engage with industry to incorporate and refine existing standards, risk management and mitigation initiatives
- engaging with state and territory governments to pursue the necessary legislative and regulatory reform needed to recognise and support the effective operation of an industry-led DMF, and
- seeking to ensure that the beneficiaries of the DMF are Australian operators, consumers and activities.

**4. To promote safe practices and effective mitigation of risks, the Australian Government should ensure that mandatory Australian Standards are freely available.**

Providing businesses with access to mandatory safety and information standards under Australian Consumer Law (as well as any other federal or state legislation) is crucial to providing them with an adequate understanding of their legal requirements relating to many goods and services, and will further enhance compliance and prudent management of risk.

While we acknowledge that Standards Australia has begun the process of digitising particular industry standards and selling the most frequently used standards in affordable bundles, small businesses in the tourism sector (and indeed across the economy) should not be impeded from gaining access to essential safety standards to mitigate risks and put downward pressure on premiums.

If you would like to further discuss these issues, please do not hesitate to contact the Advocacy team via email at [advocacy@asbfeo.gov.au](mailto:advocacy@asbfeo.gov.au).

Yours sincerely

**The Hon Bruce Billson**

Australian Small Business and Family Enterprise Ombudsman