Economic Contribution

of the Music Industry to South Australia

2022/23

Image: Paddy Power

Prepared by BDO

July 2024

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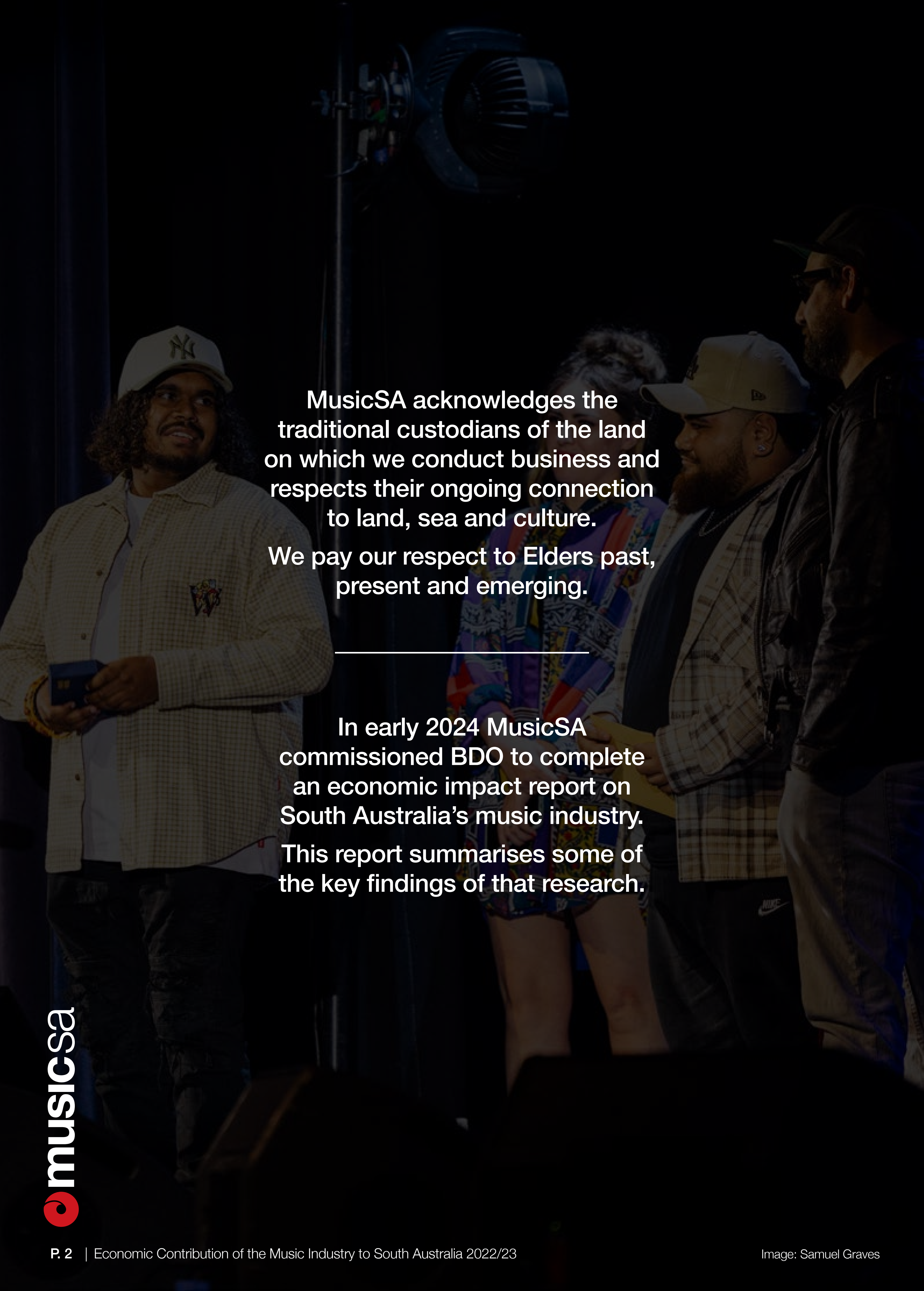

MusicSA acknowledges the traditional custodians of the land on which we conduct business and respects their ongoing connection to land, sea and culture.

We pay our respect to Elders past, present and emerging.

In early 2024 MusicSA commissioned BDO to complete an economic impact report on South Australia's music industry.

This report summarises some of the key findings of that research.

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Image: Samuel Graves

Acknowledgments

BDO and MusicSA received support from a range of individuals and organisations.

We acknowledge that this report would not have been possible without their help.

This support was integral to the robustness of the estimates as it ensured that they were well researched and bounded by accurate administrative data at an aggregate level.

We acknowledge MusicSA, the Government of South Australia's Music Development Office, the City of Adelaide and Festival City ADL as funding partners and APRA AMCOS and MusicSA as key data providers for the study. We acknowledge the 205 anonymous individuals who provided usable responses to the online survey. Finally, we acknowledge the following interviewees for their input:

Image: Nick Astanei

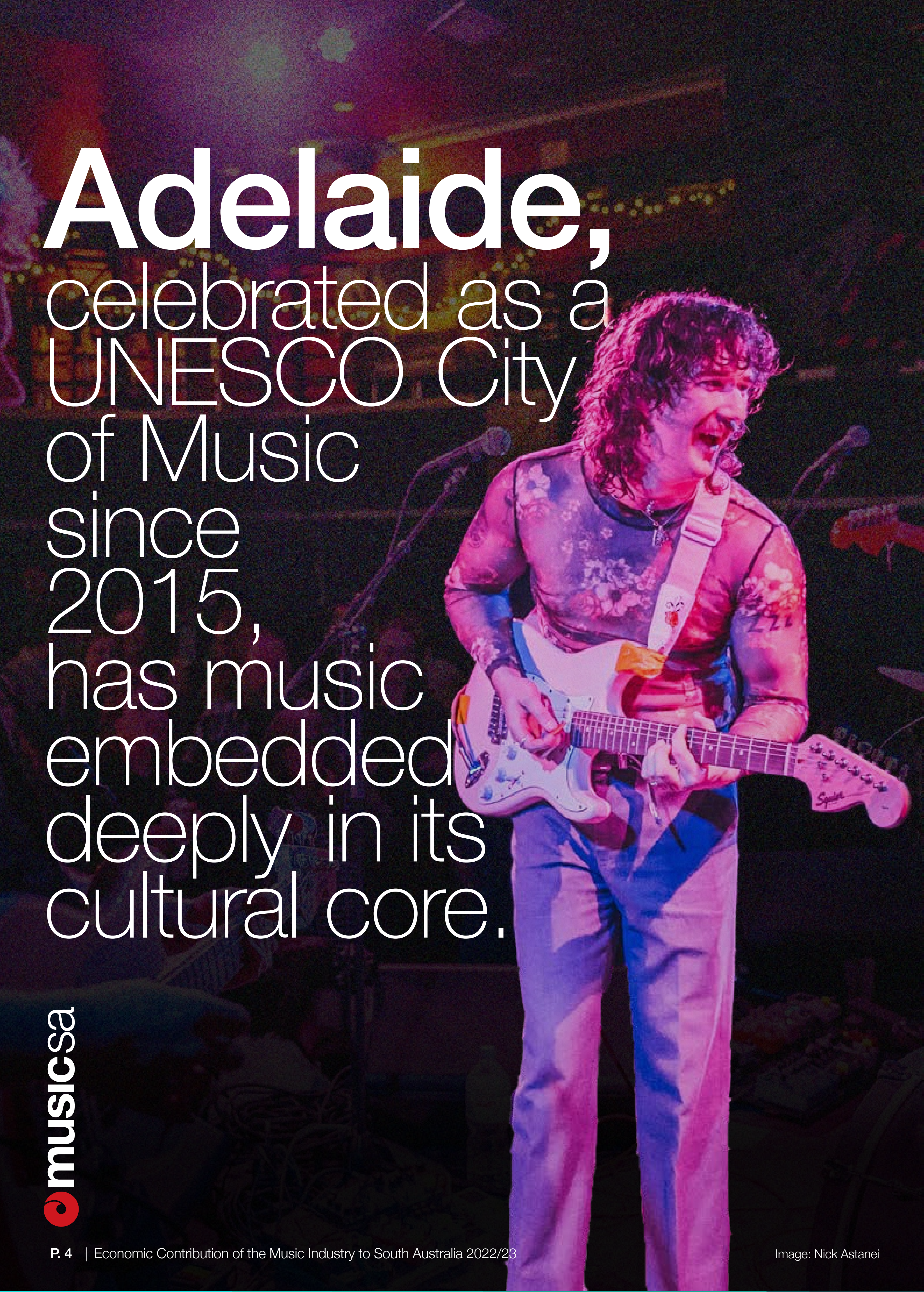

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Image: Nick Astanei

Adelaide, celebrated as a UNESCO City of Music since 2015, has music embedded deeply in its cultural core. South Australia (SA) encompasses every stage of the music supply chain. From the forefront activities such as writing, rehearsing, recording, and mastering, to publishing and performing, Adelaide thrives in its musical endeavours. Supporting these are behind-the-scenes businesses, including instrument and equipment manufacturers, educators, retailers, repair and hire shops, artist services, broadcasters, and media agencies. The city also has a vibrant events sector, featuring promoters, event technology services, and nationally renowned music venues, solidifying Adelaide's status as a hub for musical excellence.

The estimates in this report are intended to form a baseline of the level of activity in the music industry that can be used to compare it with other industries in SA and with the music industry in the future as it develops. This will provide up-to-date economic information to advocate for the industry in SA.

South Australia encompasses every stage of the music supply chain.

BDO undertook a study of this nature in 2017 in a pre-global pandemic world (EconSearch 2017). Now in 2024, not only has demand for the creative arts not returned to pre-pandemic levels, but artists and businesses are facing significantly higher costs to write, produce and sell music.

Compounding these challenges are consumers faced with lower discretionary spending and not being able to afford to consume music in the same way they used to.

The study drew upon several sources of aggregate data to determine the size of the music industry on several dimensions such as number of venues licenced for music, number of attendances, ticket revenue and number of working musicians and royalty income of musicians. It collected data on the activities and relationships within the industry and linkages to the broader economy through a survey of consumers and businesses (205 respondents) and 26 interviews with key industry stakeholders.

Image: Jack Fenby

$490m
GSP Contribution

$490 million in GSP was contributed by the music industry in South Australia in 2022/23.

5k
FTE jobs in SA

5,000 fte jobs were supported across the South Australian economy in 2022/23 by the music industry.

2.5 GSP
Multiplier

For every $1.00 contributed directly by the music industry, an additional $1.50 is contributed to GSP from flow-on effects.

Image: Morgan Sette

Overall music industry contribution

The study found that the overall employment contribution of the music industry (all elements including live music) to SA in 2022/23 was just over 9,200 jobs (or 5,000 fte jobs[1]), an increase from 6,300 jobs (or 4,500 fte jobs) in 2015/16 (EconSearch 2017). This included almost 2,400 (or 1,900 fte jobs) from flow-on effects (Table ES-1).

Flow-on effects are the effects of the broad economic activity that begins with the music industry and spreads out across South Australia as businesses supply one another, pay their employees and sell consumption goods to households.

Gross state product contributed by the music industry was around $490 million, including $293 million from flow-on effects. This was an increase from $375 million in 2015/16 (EconSearch 2017). Around one quarter of the direct contribution to GSP was due to related expenditures made when consumers attended music events. The other three quarters were contributed by the activities of musicians, venues and other music businesses.

	Contribution			Type II
	Direct	Flow-on	Total	Multiplier
Employment (total)	6,830	2,377	9,207	1.3
Employment (fte)	3,089	1,904	4,993	1.6
Household income ($m)	125.2	170.7	295.9	2.4
Gross state product ($m)	196.8	293.3	490.2	2.5

Table ES-1 Economic contribution of the music industry to SA, 2022/23

Source: BDO analysis

[1] Adding the total hours worked each week by the 9,207 workers and dividing by the number of hours in a full-time week (assumed to be 37.5 here) calculates the number of fte jobs (around 5,000) (see Section 2.1.1).

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Image: Ashleigh Noordhoek

Live music contribution

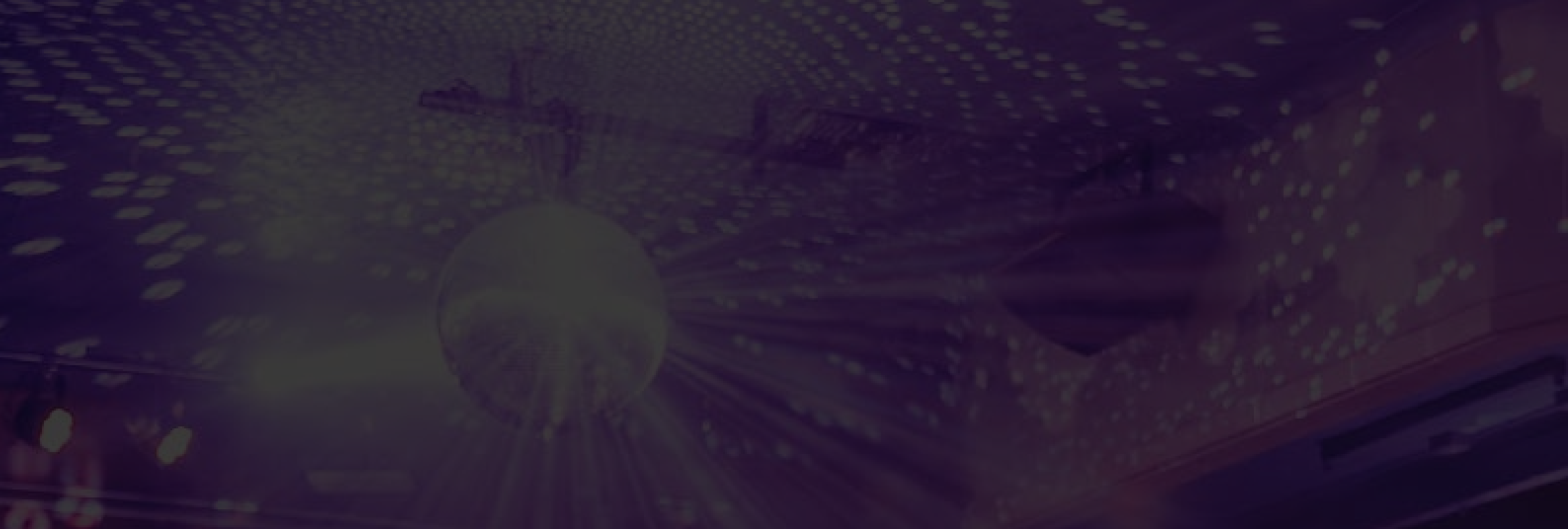
The overall employment contribution of live music to SA in 2022/23 was around 6,000 jobs (or 3,100 fte jobs), an increase from 4,200 jobs (or 2,900 fte jobs) in 2015/16 (EconSearch 2017). This included almost 1,500 (or 1,200 fte jobs) from flow-on effects (Table ES-2). GSP contributed by live music was around $292 million, including around $181 million from flow-on effects.

This was an increase from $254 million in 2015/16 (EconSearch 2017). Almost half of the direct contribution to GSP was due to related expenditures made when consumers attended music events. The other half was contributed by live music activities of venues, musicians and other music businesses.

	Contribution			Type II
	Direct	Flow-on	Total	Multiplier
Employment (total)	4,479	1,482	5,961	1.3
Employment (fte)	1,958	1,176	3,134	1.6
Household income ($m)	82.6	103.4	186.0	2.3
Gross state product ($m)	111.4	180.6	292.0	2.6

Table ES-2 Economic contribution of live music to SA, 2022/23
Source: BDO analysis

Image: Ashleigh Noordhoek



Sentiments of the South Australian Music Industry

The South Australian music industry has faced significant challenges since the last study published in 2017. These opportunities and challenges are reshaping the SA music industry in significant ways.

Impact of the COVID-19 pandemic

Interviewees felt that although there were grants to help mitigate the impacts of COVID-19 pandemic restrictions, many small to medium sized venues closed due to a lack of targeted support. Some interviewees felt that although artists lost significant income from the cessation of live shows, it allowed them to pivot and concentrate on enhancing their online presence. It was observed by many interviewees that artists also took advantage of this period to work on new music, leveraging platforms like Spotify. They felt that although artists generally earn less for their music on these platforms, they have provided opportunities to reach a wider audience.

Post COVID-19 challenges

Interviewees from all aspects of the music industry described the immense pressure they are feeling with the increase of operating costs, with many noting the worst increases being fuel and transport, infrastructure, and insurance. Interviewees also described losing much of the workforce to more stable employment. This was particularly noticed in transport where drivers and logistics moved to larger supermarket chains with consistent work contracts.

Image: Nick Astanei

Image: Morgan Sette

> Several interviewees suggested the creation of a regional live music hub to be placed between Adelaide and Melbourne.

Attracting artists

Some interviewees noticed that interstate and international artists are preferring to do larger shows with more theatrics and staging, and have performances that are not impacted by the weather. This not only requires more transportation, but also enclosed venues that are able to support such infrastructure and shows which Adelaide does not have. Their major concern is that these factors lead to artists weighing up the cost of the transport to Adelaide, the additional travel time required, and a smaller venue. Artists compare this against the possibility of selling out a larger venue that accommodates all their needs without adding the stress of travelling to another city.

Several interviewees suggested the creation of a regional live music hub to be placed between Adelaide and Melbourne. They feel it could help with smaller touring artists who may want a stop along the way, while also boosting the regional town’s economy.

Cultural shifts and digital platforms

All interviewees have noticed the significant cultural shift from pre to post-pandemic with the way in which society consumes music, as well as society’s values in general. As of recently, they feel there is a growing disconnect between younger generations and the live music scene. They have noticed this generation is less likely to prioritise attending more casual, smaller live music performances. They are also more health conscious consumers, therefore are less likely to drink alcohol when they do. This has impacted smaller venues who, as described by interviewees, traditionally relied on younger crowds attending live music and spending money at bars.

Interviewees have seen a shift where younger generations are now more dependent on digital platforms like Spotify and TikTok for their music, rather than traditional avenues such as radio or music TV. They feel it is also harder for consumers to discover new music as their algorithms may not show them locally made, new music. Interviewees did note that streaming services and algorithms has meant consumers have access to more music at their fingertips and are shown music they may not have organically found.

Image: Ashleigh Noordhoek

Music industry and advocacy

Within SA, interviewees noted that there is a gap in the market for job opportunities and growth within the music industry. There was a call in the interviews for an increased focus in retaining mid-high level skilled people within South Australia and growing its status in the national music industry to foster the growth and retention of local businesses.

There was a significant concern in most interviews regarding Adelaide's late night atmosphere. The only exception they felt to this trend is in March. This is when Adelaide becomes livelier through the multiple festivals occurring, the presence of street performers, and establishments stay open later. All of which encourages an influx of tourists. Interviewees suggested it would be beneficial for not only the reputation of Adelaide's live music scene, but its venues, artists and tourism in general, to foster this atmosphere all year long.

There was acknowledgment throughout the interviews of successful grants and investment strategies. Despite this, there is a call for government supported, long-term, plans and strategies that are focused on the whole supply chain.

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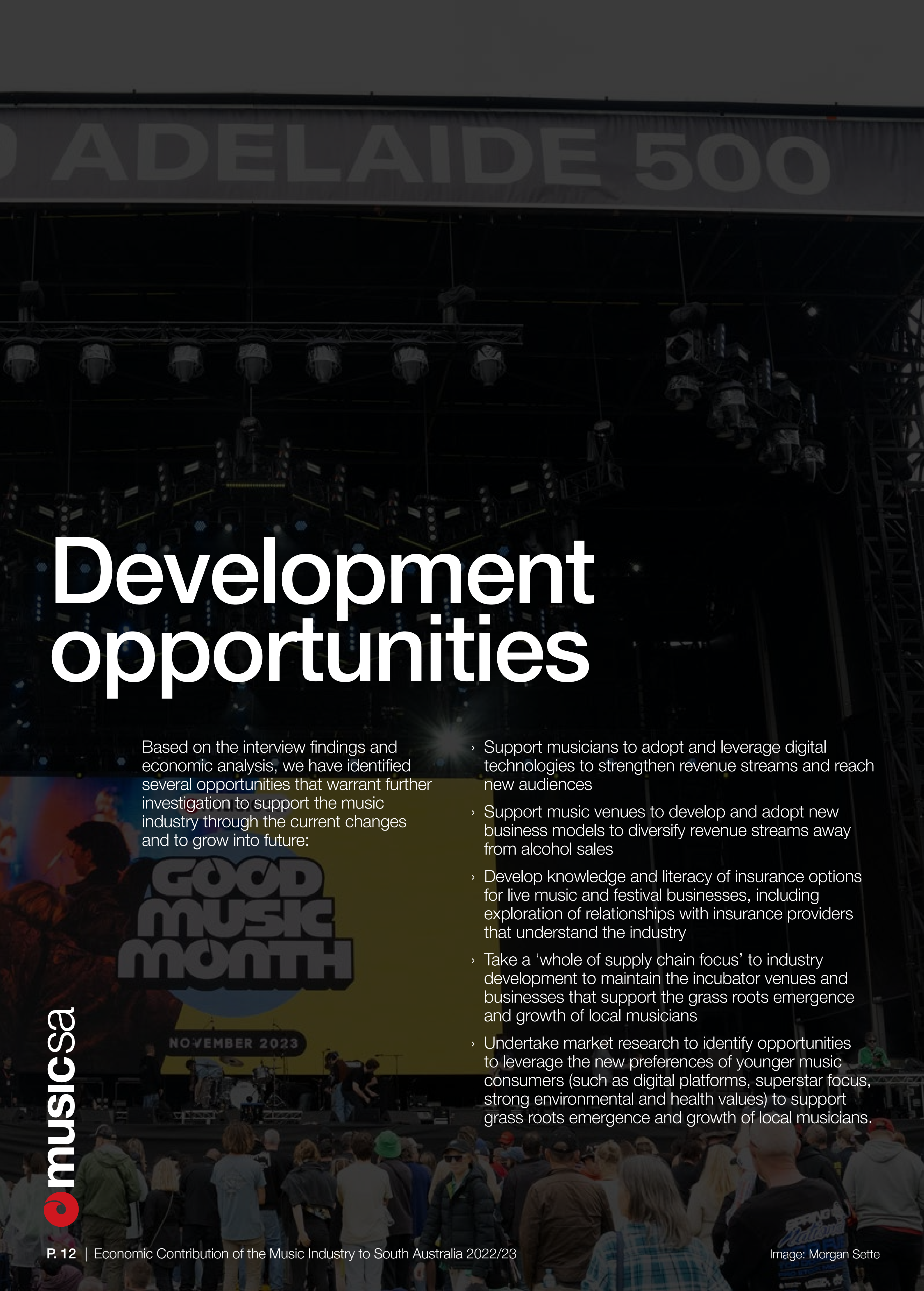

Development opportunities

Based on the interview findings and economic analysis, we have identified several opportunities that warrant further investigation to support the music industry through the current changes and to grow into future:

- Support musicians to adopt and leverage digital technologies to strengthen revenue streams and reach new audiences
- Support music venues to develop and adopt new business models to diversify revenue streams away from alcohol sales
- Develop knowledge and literacy of insurance options for live music and festival businesses, including exploration of relationships with insurance providers that understand the industry
- Take a 'whole of supply chain focus' to industry development to maintain the incubator venues and businesses that support the grass roots emergence and growth of local musicians
- Undertake market research to identify opportunities to leverage the new preferences of younger music consumers (such as digital platforms, superstar focus, strong environmental and health values) to support grass roots emergence and growth of local musicians.

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Image: Morgan Sette

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the full version
of this report.

Image: Jack Fenby

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