

Night Time Entertainment Economy

Tuesday, 16 July 2024

City Finance and Governance
Committee

Strategic Alignment - Our Economy

Program Contact:

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Public

EXECUTIVE SUMMARY

At its meeting on 13 February 2024, Council noted the recent closure of several night-time entertainment venues and resolved to undertake a roundtable discussion with relevant stakeholders to inform how the City of Adelaide (CoA) may be able to provide assistance to the sector. As part of the resolution Council requested Administration compile feedback from the Roundtable and present it to Council with a variety of options to assist the sector and opportunities that state government assistance could be sought on..

Consequently, AEDA facilitated a Lord Mayor's Round Table discussion on the night time entertainment economy on 8 May 2024.

Insights were shared with attendees on challenges being experienced nationally (particularly around regulatory challenges and reform opportunities in the live music industry), and trends being observed locally in Adelaide's night time entertainment economy (i.e. spend, foot traffic etc) to inform roundtable discussion.

Participants highlighted cost of living, escalating operational expenses, and changes to consumer behaviours and demographic trends as the top three issues facing the sector. These challenges are being encountered nationally and globally, and the roundtable participants acknowledged limited potential for Council to intervene.

Participants did suggest CoA could support the sector by:

- Support for funding for activation and activity to drive audiences and patrons to precincts and businesses.
- Developing a nighttime economy strategy which considers the change in consumer behaviour and trends.
- Increasing promotion of late night activity in city venues.
- Implementing a robust arts and culture strategy which recognises and supports the sector, helps to build audiences and reinforces the important role of the CBD in Adelaide's night time entertainment economy.
- Advocating with State Government to change planning requirements supporting protection of cultural heritage and entertainment precincts, capping public liability insurance premiums, and delivering appropriate activations and marketing programs.

RECOMMENDATION

The following recommendation will be presented to Council on 23 July 2024 for consideration

THAT THE CITY FINANCE AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the priorities and actions identified within the draft Economic Development Strategy, as per Attachment A to Item 7.2 on the Agenda for the meeting of the City Finance and Governance Committee held on 16 July 2024, that support the night time economy sector.

2. Notes that Administration will continue to engage with interested night time economy stakeholders on potential partnerships for activation in 2024/25 through Place Coordinators, the City Activation Program, road closures/small event opportunities in precincts and increased engagement.
 3. Authorises the Lord Mayor, as Council's representative, to make representations to:
 - 3.1. The State Government and to the Insurance Council of Australia to develop options to make insurance premiums more accessible for night time entertainment venues, including bars, pubs, live music venues and nightclubs.
 - 3.2. The State Government on further deregulation of shop trading hours to enable extended late night trading in the Central Shopping District for specified periods aligned to special events, specific marketing programs and seasonal changes.
 - 3.3. The State Government for funding, at an estimated cost of \$100,000 per annum, to extend Project Night Light.
 4. Authorises the development of a robust and costed arts and culture strategy to elevate and activate arts and culture in conjunction with precinct and event activations.
 5. Notes that Administration will continue to partner with State Government to deliver and leverage events and marketing programs that bring people into the City and who then stay on to attend night time economy venues.
 6. Notes that Administration will continue to work with property owners and developers to consider opportunities for street activation and infrastructure to support night time activities and venues such as with the Hindley Street Revitalisation upgrade.
 7. Notes the Experience Adelaide Visitor Centre project and its associated mobile visitor experience.
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IMPLICATIONS AND FINANCIALS

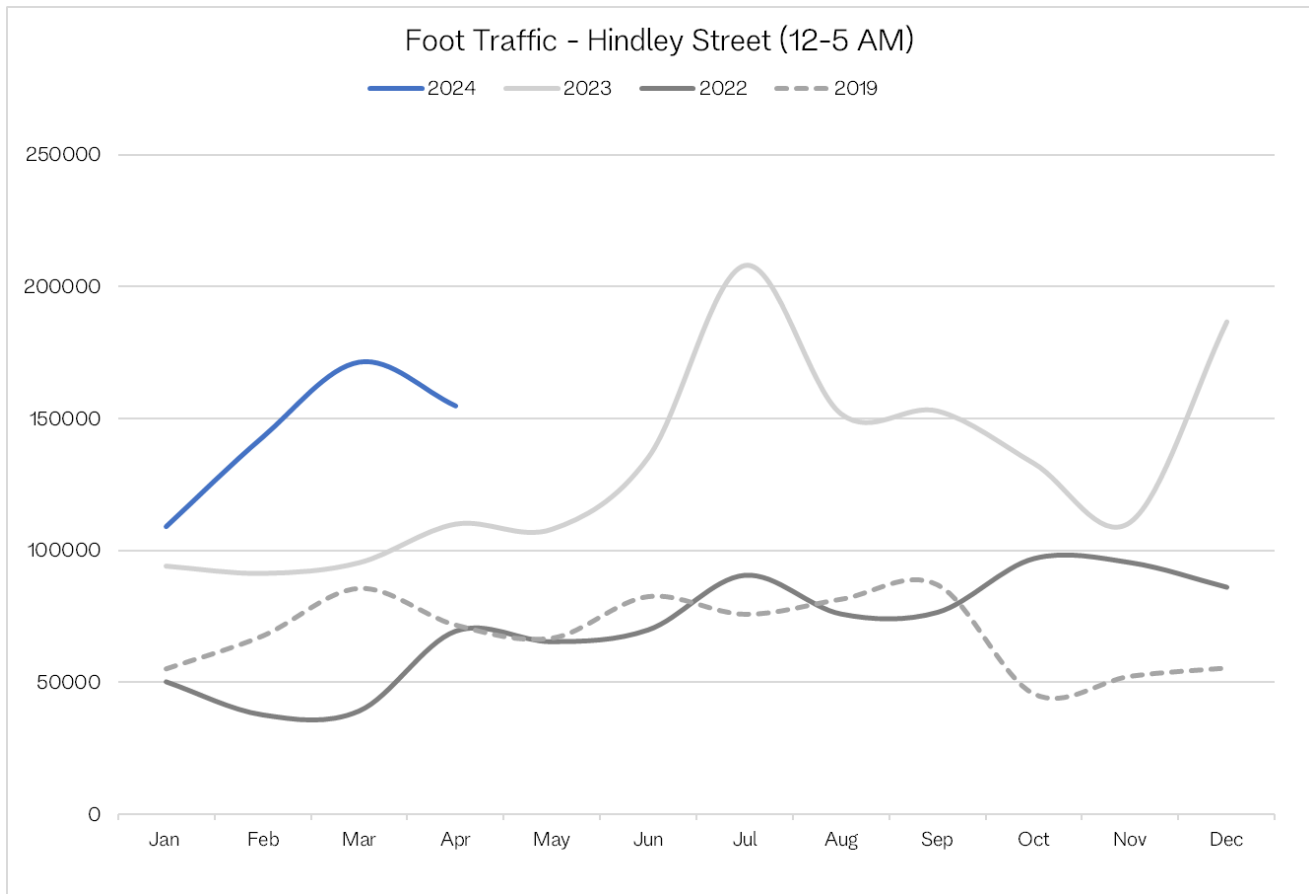
City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Economy
Policy	Not as a result of this report.
Consultation	A roundtable was held on 8 May 2024 with relevant stakeholders to discuss challenges within the City of Adelaide’s Night Time Entertainment Economy and how Council may be able to assist the sector.
Resource	Not as a result of this report.
Risk / Legal / Legislative	Not as a result of this report.
Opportunities	Opportunities for supporting the City’s night time economy are outlined in the proposed approach section of this report and include a range of short, medium and long term opportunities for action and / or advocacy.
24/25 Budget Allocation	Not as a result of this report.
Proposed 25/26 Budget Allocation	Not as a result of this report. A number of the proposed approaches would require further development of businesses cases to be considered for funding in quarterly budget reviews.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
24/25 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

Background

1. At its meeting on 13 February 2024 Council resolved that it:
 - 1.1. *Notes the permanent closure of five Adelaide CBD based night-time entertainment venues over the December 2023 to January 2024 period.*
 - 1.2. *Requests Lord Mayor and/or Acting Council CEO supported by AEDA administration, to jointly facilitate a round table forum with all relevant stakeholders to discuss challenges facing the night time economy.*
 - 1.3. *Requests Council Administration to compile this feedback and present it to Council before the end of the financial year, exploring a variety of options to assist the sector including consideration of a business assistance package in the 2024-25 Budget; and seeking state government assistance.*
2. The pressures faced by night time entertainment venues in Adelaide reflect those faced by the industry nationally and globally. The combination of longer-term changes in consumer behaviour including reduced alcohol consumption/healthier lifestyle trends and different ways to experience and pay for music; the impact of COVID on audience participation and deferring the purchase of tickets until just before events; increases in operating costs such as utilities, wages and public liability insurance; and more recently cost of living pressures has created a difficult and challenging environment for the sector.
3. According to IbisWorld (February 2024) the number of nightclubs across Australia decreased by around 25% between 2019/20 and 2022/23. Music rights management organisation APRA AMCOS advised in its 2022/2023 annual report that although major concerts and festivals revenue increased by 400% in the first full post-pandemic financial year, nearly 1,300 live music venues and stages across Australia have been lost and crowds at nightclubs have almost halved since the start of the pandemic.
4. Consistent with this, a number of clubs in the City have closed this financial year including Red Square, Fat Controller, Dog & Duck, The Precinct, Super Cali and Hades Hula House. Notwithstanding there are number of new clubs and bars which have opened including Velvet Underground, Station Underground, Wax Bar, Nightshade, and the reopening of Sugar.
5. Expenditure within the City of Adelaide during the hours of 6pm – 6am has fallen as a proportion of total city-wide spend, from an average of 33% over the past five years to 30%. A decline in real growth consumption during the night time has been observed since July 2023, with October, November and December 2023 experiencing negative growth in nominal terms. This is consistent with other Australian cities.
6. Although spending in bars and clubs within the City of Adelaide has fallen, overall activity levels are similar to 2019 and tracking ahead of the past two years. The number of people in the city in the evening from 6pm until midnight in 2024 has been 20% higher so far in 2024 than 2023 and 23% higher than pre-COVID (2019 levels). Foot-traffic in the Hindley Street precinct between midnight and 5am on Saturday and Sunday mornings has also been higher than pre- COVID and 2023. Refer to figure 1.

Figure 1



7. Historically there was a strong relationship between the number of people in the city and spending. This relationship weakened in 2023 and into 2024, suggesting people are spending less per visit in response to cost of living pressures.
8. The percentage of Adelaide Core Night Time Businesses open varies significantly from those that open until midnight and operating in early morning according to Measuring the Australian Night Time Economy 2021-22, Council of Capital City Lord Mayors, October 2023. Refer to figure 3. This illustrates the importance of fostering the evening economy as a bridge between day time activity and later entertainment options. Council in the past has invested in this time slot through the Good Evening Adelaide strategy that was a joint partnership of Council and the Government of South Australia through the Capital City Committee as well, as through its sponsorship and delivery of events, festivals and activations, initiatives to encourage dining and programs to make our city safe and inviting.

Figure 2

Figure 6: Proportion of all Core NTE businesses open

Weekday (6pm-6am)	Evening 6pm-9pm	Early-Night 9pm-12am	Late-Night 12am-3am	Early-hours 3am-6am
Monday	42%	26%	8%	6%
Tuesday	49%	31%	8%	6%
Wednesday	54%	35%	9%	6%
Thursday	57%	38%	10%	6%
Friday	65%	45%	18%	7%
Saturday	53%	45%	19%	8%
Sunday	36%	25%	8%	6%

Please note that 12am-3am and 3am-6am timeframes are presented as belonging to the night before, for ease of interpretation i.e. 3-6am in the Saturday row is 3-6am Sunday.

9. Many of the trends in purchasing behaviour coincide with when interest rates peaked, and many borrowers came off fixed mortgage rates. This convergence, coupled with the peak of inflation in June 2023 and decreasing household savings, have resulted in people exposed to interest rate rises having less disposable income. Cost of living pressures and reduced savings have resulted in a nationwide reduction in discretionary spending, and in Adelaide, a decline in spending in bars and clubs. The impact of these factors on bars and clubs has been amplified with increased excise duty rates for alcohol adding extra costs for venues – the tax on beer has risen approximately 8% since the start of the pandemic, while the tax on spirits has escalated by approximately 19% since the start of the pandemic.
10. In addition to cost of living and changes in consumer trends, venue operators face numerous challenges in establishing and maintaining their establishments. These include higher costs for items such as public liability insurance, fit-outs, energy and security, labour costs and compliance with award pay rates posing additional hurdles, particularly on Sundays and public holidays.

Existing Council activity around the Night Time Economy

11. Project Night Light: a 12-month pilot project that focused on staff training and support to venues to create a culture within venues that promotes respect and safety for women. The focus of the project was on the staff and patrons of night-time venues including bars, music, creative venues, pubs, and clubs. The program finished in 2023 but could be continued or expanded if additional funding is received.
12. Experience Adelaide: AEDA's weekly Experience ADL eDM is sent to a database of 155,000+ subscribers every Wednesday highlighting events in the city including activity at dining venues, live music, and attractions.
13. Art in the City: CoA Arts and Culture eDM is sent to 2,900 subscribers monthly and actively promotes Adelaide's live music culture, venues and musicians and highlights funding and partnership opportunities.
14. A partnership with the Adelaide City of Music office to amplify promotion of our designation as Australia's first and only UNESCO City of Music, which contributes to the positioning of the City as an internationally and nationally recognised epicentre for music, attracting tourists, business, and skilled practitioners.
15. AEDA has worked with the South Australian Tourism Commission (SATC) to strengthen their 'Travel Our Way' campaign by promoting additional city businesses in the categories of 'eat & drink', 'accommodation' and 'things to do'. AEDA is working on a further awareness campaign through June and July when the city traditionally experiences a downturn in visitation during winter months. The campaign will highlight real experiences with fun, edgy, real photos and footage sourced from people across a range of venues.
16. In 2023/24, in excess of \$1.8 million sponsorship funding was distributed to support 30 events and festivals that were predominately held in the evening or incorporated an element of evening and night time programming.
17. A \$15 million investment in the Hindley Street upgrade, to prioritise pedestrians, outdoor dining, and additional cleansing to support the operation of that precinct.
18. Investment in our City of Music Laneways that celebrate CoA's proud live music heritage in our pubs, clubs and other venues, its reputation as a magnet city for world-class music festivals and cultural events, and our vibrant creative community.
19. AEDA via its Events & Festivals Sponsorship Program supported the inaugural Good Music Month in November 2023 by Music SA which saw 341 gigs registered in the city.
20. CoA Arts and Cultural Grants and Cultural Strategic Partnerships support a city with a vibrant calendar of arts and cultural offerings and experiences, and a global UNESCO City of Music activated through music in venues, places and spaces, that attracts visitors and connects the community to the city.
21. CoA's Events and Place Team, City Events Team and City Experience Team:
 - 21.1. Deliver City wide place coordination to better understand and respond to community aspirations for the Night Time Economy.
 - 21.2. Delivers evening and night time activations including Winter Weekends and East End Unleashed.
 - 21.3. Deliver strategic projects including City Activation to drive foot traffic to city places and venues and create fun and lively experiences across the City with a focus on equity of geographic distribution and a year-long calendar of experiences.
 - 21.4. Deliver major night time events including New Year's Eve and Christmas.

23. Participation in national projects such as:
- 23.1. The Night Shift: Council has partnered with the Melbourne Centre for Cities at the University of Melbourne to deliver the Night Shift project, an Australian Research Council project. This research considers the role of workers in the night time economy (from 6pm until 6am.)
 - 23.2. Council of Capital City Lord Mayors (CCCLM) Night Time Economy Benchmarks: CCCLM has commissioned an annual analysis to measure the size and performance of the Australian Night Time Economy since 2012.
 - 23.3. Development of an Economic Development Strategy that includes goals and priorities for the city's economy including thriving small venues and live music scene. The draft strategy contains up to 31 priority actions that directly and indirectly support the night time economy sector. These are outlined in **Attachment A**.
24. In its 2024-2028 Strategic Plan, Council has committed to the development of a Cultural Policy that promotes and supports the City's unique cultural identity and opportunities by 2024. A Live Music Action Plan will be developed that aligns with this Cultural Policy and will support the goals and priorities of the draft Economic Development strategy in relation to live music. This Live Music Action Plan will be informed by the SA Music Industry Economic Impact Report commissioned by Music SA and supported by CoA.
25. The City Plan will deliver CoA's spatial plan for the future development of our city. It will provide an urban design framework to guide planning for sustainable growth within the City, which also supports achievement of Council's target population of 50,000 residents by 2036. To better understand how areas identified for future development interact with existing live music venues, a database of live music venues in the City and North Adelaide will be maintained, and spatial data layers added to the City Plan digital mapping tool.

South Australian Government support for the Live Music Industry

26. Their See it LIVE program, which provided \$850,000 in new grants to support dedicated live music venues. Venues were able to apply for grants of up to \$60,000 to host live music, with a focus on original content to attract patrons and create employment opportunities for local musicians, lighting and sound technicians. Of the 20 South Australian live music venues that were successful in securing the funding, 11 are based in the CBD.
27. Investing a further \$50,000 to bring more live music across the state during the 2024 Adelaide Fringe. Grants of up to \$2,500 were made available to venues to host live music performances as part of the Fringe's "Fringe It Live" program.
28. Providing venues with free access to business support services through the Office for Small and Family Business, which released their Small Business Strategy last year, that delivers resources designed to support business owners to successfully run and grow their businesses.
29. The Premier's Live Music Advisory Council which leverages the council's collective industry connections and expertise to continue revitalising live music in South Australia.

Commonwealth Government

30. The Commonwealth Government has observed that "Australia's live music industry is currently facing considerable operational challenges. In the last couple of years, after the reopening of live music venues and festivals post-Covid lockdowns we have seen the sector face new and unprecedented issues. Common struggles include the rising cost of presenting live music, shifting consumer behaviours, the loss of skilled workers in the industry, and cost of living ramifications." The Government has consequently commenced an inquiry into the challenges and opportunities within the Australian live music industry, pertaining to:
 - sustainability and growth of the industry
 - suitability and location of venues for organisers, participants, and attendees
 - artist development and career pathways
 - capacity building in facilitation and promotion of events and festivals
 - local economic benefits
 - grant and support programs
 - audience development and consumer behaviours
 - barriers to growing the Australian industry, both domestically and internationally, including those relating to export, and
 - building sustainability in the industry, domestically and internationally.

Industry Roundtable

31. In response to the 13 February 2024 Council decision, a Lord Mayor Night Time Entertainment Economy Roundtable was held on 8 May 2024, which included John Wardle as a keynote speaker as an expert on developing entertainment precincts.
32. The roundtable sought industry feedback from relevant stakeholders on the current challenges being faced and actions Council can take to enhance its support for the sector. Stakeholder representatives included venue owners/operators, policy makers, representatives of peak bodies, creative practitioners (musicians/DJs/cabaret performers), AEDA Board members and Councillors.
33. To enable outcome focused action-focused discussions, attendees were asked to complete a questionnaire in advance of the roundtable. The responses to the questionnaire from industry operators had considerable consistency and can be summarised as:
 - 33.1. Common challenges cited by respondents included increased operational costs, cost of living pressures, changes in youth entertainment habits and consumer behaviour, safety, small margins for operators, quality of the public realm, red tape and regulation, an oversaturation of events leading to thinner spread of discretionary budget and workforce availability.
 - 33.2. Ideas on how CoA can assist the sector included direct funding, being an advocate for the sector, simplifying and changing regulations, taking a longer-term strategic view, promoting the City and its activities, enhancing safety, providing training to support venues to become more inclusive, land use planning policy, streamlining regulation specifically around temporary events and activations.
 - 33.3. A number of ideas put forward related to State Government roles such as policing and licensing in addition to suggestions around operators working together more collaboratively on changing perceptions of the industry, joint marketing and creating street activations.
34. This feedback was collated and used to shape the questions for the roundtable discussion. [Link 1](#) provides a summary of the feedback received that was used to inform the questions for the roundtable.

Roundtable Discussion Outcomes

35. The format of the roundtable enabled attendees to hear insights on challenges that are being experienced nationally, particularly around regulatory challenges and reform opportunities within the live music industry, as well as data and trends that are being observed locally within CoA's night time entertainment economy (i.e. spend, foot traffic etc) before engaging in the roundtable discussion.
36. A summary of questions and responses from the roundtable are available in [Link 2](#).
37. The roundtable identified that The top four challenges being experienced are: cost of living, liquor excise escalation, increasing operational expenses, and changes to consumer behaviours and demographic trends. These challenges align with those being encountered nationally and globally and the roundtable participants acknowledged the potential for Council to intervene to address these in a substantive way is limited.
38. Participants suggested CoA could support the sector by:
 - 38.1. Developing a night time economy strategy that takes into consideration the change in consumer behaviour/trends.
 - 38.2. Increasing promotion of late night activity in city venues
 - 38.3. Providing funding to support activation and activity that drives audiences and patrons to precincts and businesses
 - 38.4. Implementing a robust and adequately funded arts and culture strategy that among other things, recognises and supports the sector, helps to build audiences and reinforces the important role of the CBD in Adelaide's night time entertainment economy
 - 38.5. Advocating with State Government to change planning requirements to support the protection of cultural heritage and entertainment precincts, capping public liability insurance premiums at financially sustainable levels and delivering activations and marketing programs which consider changes in consumer behaviours and trends to foster vibrant night time entertainment spaces.

Proposed approach

39. Considering feedback from the roundtable and an examination of what other local councils are doing to stimulate and support the night time economy, the following directions are recommended for consideration. The AEDA Board supported this approach at its meeting on 21 May 2024.

Short Term

- 39.1. Given the immediacy of the issues facing the sector, rather than prepare a specific night time economy strategy, the recent Economic Development Strategy has been reviewed to ensure it provides support for the sector. The actions in the Strategy that will support the sector are identified in Attachment A.
- 39.2. Continue to engage with interested night time economy stakeholders on potential partnerships for activation in 2024/2025 through Place Coordinators, the City Activation Program, road closures/small event opportunities in precincts and increased engagement. Specific items include activating squares and streets in partnership with local food and beverage traders, enabling street closures for the purpose of extending space for outdoor dining and experiences, creating bespoke experiences on street in partnership with traders.
- 39.3. Council to make representations to State Government and to the Insurance Council of Australia to develop options to make Insurance Premiums more accessible for night time entertainment venues, including bars, pubs, live music venues and nightclubs.
- 39.4. Council to advocate to State Government on:
 - 39.4.1. the amendment of planning requirements to ensure and enhance the protection of cultural heritage and entertainment precincts and the interface of those uses with residential development in the City.
 - 39.4.2. further deregulation of shop trading hours to enable extended late night trading in the Central Shopping District for specified periods aligned to special events, specific marketing programs and seasonal changes.
 - 39.4.3. provision of funding, at an estimated cost of \$100,000 per annum, to extend Project Night Light.
- 39.5. Council to consider providing night time activation grants to support infrastructure, amenity, public realm, facilities, events and approval processes in and around existing venues and in public spaces, including pop up options.

Medium Term

- 39.6. Implement a robust and adequately funded arts and culture strategy that is designed to elevate and activate arts and culture in conjunction with precinct and event activations.
 - 39.7. Continue partnering with State Government to deliver and leverage events and marketing programs that bring people into the City and who then stay on to attend night time economy venues.
 - 39.8. The Commercial Events Fund, delivered for the first time in 2023/24, distributed \$500k funding to support 24 small, medium and major events in the city delivered by commercial event operators and businesses.
 - 39.9. Continue to work with property owners and developers to consider opportunities for street activation and infrastructure to support night time activities and venues such as with the Hindley Street Revitalisation upgrade. This includes street activation, and infrastructure to support night time activities and venues. This can include, but is not limited to, improvements to retail and dining shop fronts, creative lighting, public art and the provision of public open space for night time activities including markets and street performers.
 - 39.10. Reinforce the importance of the Experience Adelaide Visitor Centre project and its associated mobile visitor experience (via website upgrades) which plans to be significantly improved to support pre trip planning, in destination planning and the ability to book experiences and accommodation.
40. Approaches should consider the importance of developing and sustaining a successful evening economy after 5pm as a lead into the later night time economy, i.e. 10pm into the early hours of the morning.

DATA AND SUPPORTING INFORMATION

Link 1 – Round Table Questions and Responses

Link 2 – Round Table Outcomes / Discussion Notes

ATTACHMENTS

Attachment A – Economic Development Strategy – Night Time Economy Summary

- END OF REPORT -