



Hamilton

INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	June 15, 2020
SUBJECT/REPORT NO:	Economic Impacts of Live Music Sector: Hamilton Music Venue Research (PED20112) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

The purpose of this report is to provide Council with an update on economic impact data and key issues impacting venues as determined from a research study on Hamilton's live music sector. Considering the significant impacts of COVID-19 on the music sector, staff are sharing highlights from the study; key findings from a national survey of live music businesses; and the full consultant's report which is attached as Appendix "A" to Report PED20112. It is anticipated this information could be used to assist in the short and longer-term economic recovery planning and efforts.

The study was undertaken to understand the live music sector of Hamilton's music industry. Live music represents the largest part of a city's music industry in terms of jobs and businesses as it includes musicians; venue owners and staff; promoters; managers; sound technicians, etc. In addition, live music helps create and support a strong urban core and quality of life.

COUNCIL DIRECTION

In March 2019, Council approved the Creative Industries Sector Profile Report (Sector Profile Report) and Implementation Recommendation (PED19056). The Sector Profile Report provided data about Hamilton's creative industries sector (i.e. the number of businesses and workers) and identified areas with the greatest potential for economic growth. Music was identified as one of the top growth areas. A key action from the report was that the City undertake an economic impact research for Hamilton's music

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industry. The Sector Profile Report notes that Hamilton's music industry employs 7,725 workers and has a total of 541 businesses.

INFORMATION

Research Study - Background Information

In May 2019, staff coordinated a joint study with the Canadian Live Music Association, the City of Toronto, and the consultant team at Nordicity. The purpose of this study was to understand the economic impacts (revenues; jobs; GDP; taxes; tourism; etc.); artist development impacts; and social or quality of life impacts that live music venues have in Hamilton. Nordicity applied the methodology and approach that had been created for the City of Toronto for research on their music venues and live music sector.

Live music venues range from traditional venues of all sizes and include large arenas and mid-sized multi-use places, to cafes and Do It Yourself spaces. Data was gathered from archival information (i.e. Statistics Canada; Ministry of Heritage, Sport, Tourism and Culture Industries); online, telephone and in-person interviews of venues; and conversations with local musicians and organizers.

This study also supports several goals in the City's Economic Development Action Plan and the City's Music Strategy including: grow non-residential tax assessment and increase the number of living wage jobs; the best workforce in Ontario; thriving entrepreneurship and innovation; vibrant commercial and cultural districts and places; strengthen the local music industry; cultivate music creation and talent; and increase access to music experiences.

Hamilton's Live Music Economic Impacts Study Highlights

The report, Venues: A Case for Hamilton's Live Music Industry, includes economic impact data (based on 2018 numbers) with the survey and interviews conducted in the third quarter of 2019. Key highlights are as follows:

- Revenues from and for venues:
 - Hamilton's direct Gross Domestic Product from venues was \$32.6 M with \$2.6 M coming from property taxes.
 - Total revenues generated by venues was \$62.7 M.
 - Only 2% of venues' revenues come from ticket sales with other revenues coming from various sources such as event rentals, alcohol, food, coat check, etc.
 - The operating margins for venues are 4%.

- Workforce:
 - Hamilton's live music workforce is 1,100 full-time employees with an average of five full-time staff at each venue. The average staff salary is \$44,200.
 - Hamilton has more independent musicians per capita than many top tier cities.
- Age and location of venues:
 - Most venues in Hamilton have been in operation for more than 24 years and 20% of venues have operated for more than 40 years.
 - The top three wards with the highest concentration of venues are Wards 1, 2 and 3. Ward 2 has the most venues at 66.
- Role of venues and importance in artist development:
 - Venues support a strong music ecosystem, artist careers, music industry jobs, and attract creative industry workers.
 - Venues and spaces for music (indoor and outdoor) are at the heart of the music sector offering spaces for musicians to perform, grow their audience, and grow their businesses. Local venues (small to medium) are often where musicians start their careers.
- Social and quality of life impacts:
 - Venues not only support the music industry; they also support a strong urban core and quality of life that attracts people to live and work in a city. Increased density of cultural spaces (venues) creates neighbourhoods that people want to live in and attracts people who work in the Creative Industries sector.
 - The top five wards with the highest concentration of arts and culture workers are (in rank order) Wards 1, 2, 3, 13 and 12.

Key Issues Impacting Venues

The major issues impacting venues in Hamilton mirror those shared by venues in other cities and include:

- Increasing property values and corresponding property taxes.
- Cost to run venues and their small operating margins are at odds with the need and purpose of venues (i.e. small venues are essential to support local and emerging artists' career development, but small audiences don't generate significant revenues).
- Retention and training of the labour force.
- Availability of venues for a range of artists (i.e. stage of career/development and genre of music). Often there are not enough venues and variety of spaces to address this need.

Impacts on Live Music Due to COVID-19

Live music venues were already in a precarious and uncertain place pre-COVID (with slim operating margins, revenue streams and the challenging business model and roles of small to medium venues) and have been completely shut down since March 2020 with no, or very limited ability to generate revenue. Musicians no longer have spaces to perform or tour, except for home-based shows that do not generate incomes comparable to that of pre-COVID levels. It is anticipated that venues will likely be one of the last types of businesses to be able to open to full capacity. In addition, the business models for small to medium venues (capacity of 100 to 350 persons) requires sold out shows along with revenues from food and beverage, etc. to remain viable.

Industry Survey Results

In mid-March of 2020, a group of national live music organizations and associations (i.e. Canadian Council of Music Industry Associations, Canadian Live Music Association) conducted an online survey to gather data on the impacts of COVID-19. This survey received nearly 3,000 responses from a wide cross-section of the live music industry.

The information captured by the survey indicates that businesses in this area; even with Federal and Provincial loans and grants; will only be able to sustain their operations for no more than six months. A summary of the report states, “staff layoffs have already begun across the industry, and many more are expected with some companies anticipating a need to lay off 75 to 100% of their employees. With revenues that have all but disappeared, combined with unrecoverable expenses as a result of the mass cancellations and postponements of music industry events, tours and other initiatives across the world, the majority of business respondents stated they will be able to sustain their operations for no more than six months, and only 4% will be able to keep their business going for up to a year. The current reality is the impacts are far more dramatic and its effects will likely last up to a year or more.”¹

The recent Hamilton business survey research supports these findings as 36% of Creative Industries businesses said that they've had to decrease their employment by 100%, and this sector has the fourth highest percentage of businesses who've decreased their workforce by 100%. The Hamilton Business Survey findings also note that “most businesses with under 20 employees have seen the largest percentages in decreased employment (i.e. layoffs)”² and the average venue has five full-time staff.

¹ April 1, 2020 Media Release from the Canadian Council of Music Industry Associations: Canadian Music Industry Asks Federal Government For Urgent Relief During COVID-19 Pandemic.

² Appendix “C” to Report PED20102

Next Steps

The next steps will include:

- Sharing this information with the Mayor's Task Force on Economic Recovery to help inform economic recovery planning;
- Sharing this information with the local music industry and Hamilton Music Advisory Team;
- Utilizing the report findings to inform the City's business and sector development for music; and
- Utilizing the live music data and report to help inform the ongoing creation of the 2021 to 2026 Economic Development Action Plan and cross sector collaboration efforts.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" - Venues: A Case for Hamilton's Live Music Industry

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