

Veteran promoter Michael Chugg was reminiscing about how just last year he was talking up the strength of the Australian dollar and how it was allowing him to bid on acts that might normally skip Oz. “That all changed in a heartbeat,” he quipped. “Everything seems to be holding up pretty well, but with the dollar now down in the 60s [compared to the American dollar], a lot of acts can’t tour Australia.”

When the Aussie dollar was up near 95 cents to the American dollar a year ago, Chugg and his contemporaries were able to lure a wide range of artists to the continent to play shows that might not have been financially feasible in the past. But since the impact of the global economic meltdown began to rear its head in Australia earlier this year, Chugg said mid-level acts that might have pulled 10,000 fans in 2008 are now lucky to play to crowds of 6,000, which has made booking them a losing proposition.

“It’s not as feasible now to bring acts like John Mellencamp, John Fogerty, Journey and other retro acts that aren’t going to sell out 10,000 tickets because we just don’t have the margins to make those acts work when they’re only selling 6,000 or 7,000 tickets,” he said. Chugg noted that he’s still having success booking emerging acts and smaller bands in clubs, as well as strong interest in the first shows in 25 years in the region by a reunited Simon & Garfunkel, which he is promoting. He also expects sell-out business from the much-discussed potential dates from such contemporary stars as Britney Spears and the Black Eyed Peas later in the year.

“As soon as the dollar went down, I knew that mid-level bands wanting a couple hundred grand a show wouldn’t be able to [pull enough fans] and that would force us to put the ticket price up,” he said. “There’s been a big flap here about ticket prices and if you’re charging \$150 and the dollar is down, then suddenly you’re looking at a \$200 ticket and audiences haven’t got the money and they won’t pay it.”

Chugg Entertainment is planning to tour the Black Eyed Peas through Australia

In March, Australian Prime Minister Kevin Rudd said it was “virtually impossible” for the country to avoid a recession given the global events. Australia’s economy shrank 0.5 percent in the fourth quarter of 2008, the first quarterly contraction since 2000, impacted, no doubt, by a notable slowdown in consumer spending, setting the country up for its first recession since 1991.

That essentially means that those once-reliable “heritage” acts, which Chugg estimated represent about 20 percent of his business, will have to sit on the shelf until the value of the dollar rises again. For now, Chugg is not attempting to fill the gap with any other shows, but is renewing his focus on emerging acts, which have been a solid part of his business for several decades.

“It’s a little early to predict what will happen, but we’re seeing a slow down, though the real impact probably won’t show for another six months,” he said. “We won’t know until

(overseeing Acer Arena, as well as Brisbane and Newcastle Entertainment Centres and Suncorp Stadium in Brisbane) said his company, whose venues range from 5,000 to 15,000+ seats, is not seeing much of an impact so far. Looking forward to a tour by American singer Pink that he expects will sell around 500,000 tickets, as well as the Simon & Garfunkel and Beyonce dates later this year and the expectation of Spears dates in September, Worton said he thinks his buildings will weather the storm thanks to the strong draw of superstar acts.

“Those are three big shows we have [coming up],” he said of S&G, Beyonce and Pink. “And with the exception of Tina Turner, there aren’t many big acts that haven’t come here or aren’t coming here.” In fact, Worton argued that short of the impact of high unemployment figures, the next year might actually be a good time for fans to attend shows. Thanks to the tanking housing market, he said mortgage rates in Australia have fallen from a high of

TOPSTOPS		AUSTRALIA/NEW ZEALAND•08			
Based on concert and event grosses from Jan. 1 to Dec. 31, 2008, and as reported to Venues Today.					
VENUE, LOCATION	NO. OF SEATS	TOTAL GROSS	ATTENDANCE	SHOWS	
1. AcerArena, Sydney	20,997	\$42,904,065	564,435	77	
2. Brisbane (Australia) Entertainment Centre	13,500	\$32,076,094	397,147	68	
3. Vector Arena, Auckland, New Zealand	12,200	\$20,090,253	284,570	44	
4. Hordern Pavillion, Sydney	5,500	\$13,321,324	171,165	35	
5. Westpac Centre, Christchurch, New Zealand	8,888	\$3,722,394	100,550	22	
Compiled by Rob Ocampo, HotTickets@venuestoday.com					

then how bad it is.” That means that Chugg and his ilk will have to monitor how much they’re paying acts more than ever at a time when he’s seen noticeable declines in merchandise and alcohol sales at shows as cash-strapped fans splurge on tickets, but have little left over for ancillary concert expenditures. He’s also keeping an eye on unemployment figures, assuming that as they climb, patrons who might have been going to five or six major shows a year might cut back to just two or three.

While Chugg is bracing for the worst, Tim Worton, Group Director for AEG Ogden

around nine percent to as low as four percent and the cost of fuel has also tumbled from last summer’s highs, potentially putting more money into consumer’s pockets.

“Realistically, the only economic downer is unemployment, which is about five percent,” he said. “If it goes to 10 percent that’s horrendous, but that still means 90 percent of people are employed and versus 12 months ago, they have more disposable income.” Because of the downturn, he said a top ticket for the Beyonce or Simon & Garfunkel tour that might have

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