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Report on the inquiry into the Australian music industry

House of Representatives
Standing Committee on Communications and the Arts

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Foreword

The Australian music industry is a challenging and highly-competitive industry in which to pursue a career. Many Australians dream of a career in the music industry and being able to make a living out of their passion and talent for music. Australians pursuing a career in the music industry invest significant time, money, and effort – often with little return.

It is vital that the Australian music industry works to ensure that artists and other industry careers are supported and sustainable, and that a diverse range of Australian artists are able to thrive. Investment in the support and promotion of Australian artists is essential to the retention of talent and, ultimately, the sustainability and growth of the Australian music industry.

Recorded music

The Australian recorded music industry has experienced significant disruption as a result of technological advances and the rapid digitisation of the distribution of music, forcing the industry to adapt and evolve. It is no small challenge to successfully provide a competitive and attractive alternative to ‘free’ music. The recorded music industry’s recent return to growth and decrease in the number of consumers downloading music illegally is evidence of the industry’s successful adaptation to the digital disruption.

The committee encourages streaming services to publish clear, consistent, and transparent information regarding how payments for artists are calculated. The committee found that the pricing cap on license fees for the radio broadcast of sound recordings distorts the market in a way that disadvantages Australian artists and recommends that the cap be removed. The committee also recommends that the ACCC assess the new public performance licensing initiative, OneMusic Australia, when considering the re-authorisation of the Australian Performing Rights Association.

Live music

A thriving live music scene is essential to the development of Australian artists. Live music provides an opportunity for artists to reach audiences and grow as performers as well as being a key income stream. A wide range of accessible and affordable spaces for the performance and rehearsal of all styles and genres of music, from small intimate spaces to massive stadiums, is necessary to foster and grow a city's music scene.

It is clear that the regulatory environment at the state/territory and local levels is a significant factor in the success of a city's live music venues and its music scene more broadly. The stark contrast between the thriving music scene in Melbourne and the declining music scene in other cities demonstrates the importance of getting the regulatory and policy settings right at the state and local level.

The committee recommends that the Australian Government invest in the Live Music Office, to continue its work developing and advising on regulatory best practice to support state and local governments to develop regulation that encourages and celebrates live music rather than hindering it. It also recommends that the Australian Government invest in supporting Australian artists to tour in Australia, both in major cities and in regional areas.

Incentives to use Australian music

For Australian music to flourish it must be heard at home and around the world. It is essential that Australians can easily access and encounter Australian music – hear it on the radio, find it on streaming playlists, and hear it in our favourite television programs and in the films we see.

The committee encourages music streaming services to work with the Australian music industry to establish benchmarks for Australian content on locally curated playlists and makes recommendations regarding the application and monitoring of Australian music content quotas for commercial radio.

The digitisation of the distribution of music has provided unprecedented opportunity for Australian music to reach a global audience. The scale of Australian music exports is rapidly increasing and the committee supports the Australian music industry's ambitious goal of Australian music gaining a five per cent market share of the global music market by 2030.

The committee recommends that the Australian Government invest in Sounds Australia's music exports program and that it prioritise and support Australian music at government activities and events. It also recommends that the Australian Government work to develop mutually beneficial visa arrangements with the United States of America to allow artists from both countries to more easily showcase and tour.

Talent pipeline

Australian artists and the music they create is the product that every other part of the music industry exists to promote, sell, or develop. Making music takes a significant investment from artists – not only the cost of recording or staging music, but also the time involved in learning their craft and applying their knowledge and skills to create great music. It is essential that Australia supports and safeguards its ‘talent pipeline’, ensuring that Australian artists are able to create great music now and into the future.

The committee recommends that the Australian Government invest in initiatives aimed at training and supporting Australian artists and industry professionals to grow and develop their businesses as well as industry partnerships that support artists in the creation of new recordings.

Demanding work schedules, long periods of travel, uncertainty, precarious finances, and long-term career instability are challenges that have always characterised the music industry. However, the digital disruption and its impact on the recorded music industry has made already challenging careers even more difficult; challenges which are further compounded for female, non-binary and First Nations artists.

Supporting Australian artists that are experiencing financial hardship, ill-health, injury, or mental health issues is a vital part of preserving Australian talent and ensuring that artists are able to thrive, during the good times and the bad. The committee recommends that the Australian Government invest in Support Act to enable it to expand its services and deliver crisis support for artists and others working in the Australian music industry.

Luke Howarth MP
Chair



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Membership of the Committee

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Terms of reference

On 15 August 2018, the Minister for Communications and the Arts, Senator the Hon Mitch Fifield, referred an inquiry into the Australian music industry to the House of Representatives Standing Committee on Communications and the Arts. The terms of reference asked the committee to inquire into and report on 'factors contributing to the growth and sustainability of the Australian music industry'.



List of abbreviations

AAM	Association of Artist Managers
AAM	Association of Australian Musicians
ABC	Australian Broadcasting Corporation
ACC	Australian Copyright Council
ACMA	Australian Communication and Media Authority
AHA	Australian Hotels Association
AIR	Australian Independent Record Labels Association
ALRC	Australian Law Reform Commission
AMA	Australian Music Association
AMCOS	Australasian Mechanical Copyright Owners Society
AMCOS	Australasian Mechanical Copyright Owners Society Limited
AMIN	Australian Music Industry Network
AMPAG	Australian Major Performing Arts Group
AMPAL	Australasian Music Publishers Association
AMPCOM	Australian Music Performance Committee
APRA	Australasian Performing Right Association

APRA AMCOS	An alliance of the Australasian Performing Right Association Limited (APRA) and Australasian Mechanical Copyright Owners Society Limited (AMCOS) following an agreement in 1997
ARIA	Australian Recording Industry Association
Australia Council	Australia Council for the Arts
AYO	Australian Youth Orchestra
CAAMA	Central Australian Aboriginal Media Association
CBAA	Community Broadcasting Association of Australia
CCLI	Christian Copyright Licensing International
CD	Compact Disc
Copyright Act	<i>Copyright Act 1968</i> (Cth)
CRA	Commercial Radio Australia
DVD	Digital Video Disk
IFPI	International Federation of the Phonographic Industry
LMO	Live Music Office
LPA	Live Performance Australia
MEAA	Media Entertainment and the Arts Alliance
PPCA	Phonographic Performance Company of Australia
QAPE	Qualifying Australian Production Expenditure
SAC	Significant Australian Content
VET	Vocational education and training
WAM	West Australian Music



List of recommendations

2 Recorded music

Recommendation 1

The committee recommends that the Australian Government amend s. 152(8) of the *Copyright Act 1968* to remove the one per cent cap on license fees for sound recordings.

Recommendation 2

The committee recommends that the Australian Competition and Consumer Commission incorporate an assessment of the finalised OneMusic Australia licensing scheme when considering the re-authorisation of the Australian Performing Rights Association.

3 Live music

Recommendation 3

The committee recommends that the Australian Government invest in the Australia Council for the Arts' domestic touring grant programs and work with state, territory, and local governments as well as industry to develop a contemporary music regional touring circuit.

Recommendation 4

The committee recommends that the Australian Government invest in the Live Music Office.

4 Incentives to use Australian music

Recommendation 5

The committee recommends that the Australian Communications and Media Authority (ACMA) consult and work with industry stakeholders to amend and simplify the Commercial Radio Industry Code of Conduct to:

- require all commercial broadcasters to meet an Australian content quota of no less than 25 per cent of all music played during the Australian Performance Period;
- require all commercial broadcasters that play new music (published within the last 12 months) to meet a new Australian performances quota of no less than 25 per cent of Australian content played;
- include a provision that broadcasters may be granted authorisation by ACMA on a case by case basis to broadcast a lower proportion of Australian music (or new Australian music), provided the broadcaster can demonstrate that sufficient Australian music is not available; and
- report its progress to the committee by April 2020.

Recommendation 6

The committee recommends that the Australian Communications and Media Authority consult and work with industry stakeholders to amend the Commercial Radio Industry Code of Conduct to change the Australian Performance Period to the time between 6.00am and 6.00pm.

Recommendation 7

The committee recommends that the Australian Communications and Media Authority consult and work with industry stakeholders to amend the Commercial Radio Industry Code of Conduct to re-establish and strengthen the Australian Music Performance Committee's oversight of the industry.

Recommendation 8

The committee recommends that the Australian Government invest in Sounds Australia to enable it to expand its music exports program.

Recommendation 9

The committee recommends that the Australian Government implement policy to prioritise and promote the use of Australian music and the hiring of Australian artists for government activities, events, and promotions, both in Australia and at Australian-hosted functions and events overseas.

Recommendation 10

The committee recommends that the Department of Foreign Affairs and Trade work with the United States of America to develop mutually beneficial visa arrangements that allow artists from both countries to more easily showcase and tour.

5 Talent pipeline**Recommendation 11**

The committee recommends that the Australian Government ensure that music education in primary and secondary schools is a key agenda item for the next meeting of the Council of Australian Governments.

Recommendation 12

The committee recommends that the Australian Government invest in initiatives aimed at training and supporting artists and industry professionals to grow and develop their businesses, such as the:

- Australian Music Industry Network's RELEASE and CONTROL initiatives; and
- Australia Council for the Arts' International Music Makers and Music Managers fund.

Recommendation 13

The committee recommends that the Australian Government invest in and seek to expand the PPCA-Australia Council Partnership and ensure that talented Australian artists have the capacity to create new recordings.

Recommendation 14

The committee recommends that the Australia Council for the Arts introduce a 'quick response' grant to ensure that Australian artists are able to take advantage of time-sensitive opportunities as they arise.

Recommendation 15

The committee recommends that the Australian Government invest in and expand the Australia Council for the Arts peer assessed grants program.

Recommendation 16

The committee recommends that the Australian Government invest in Support Act to enable it to expand its services and deliver crisis support for artists and others working in the Australian music industry.

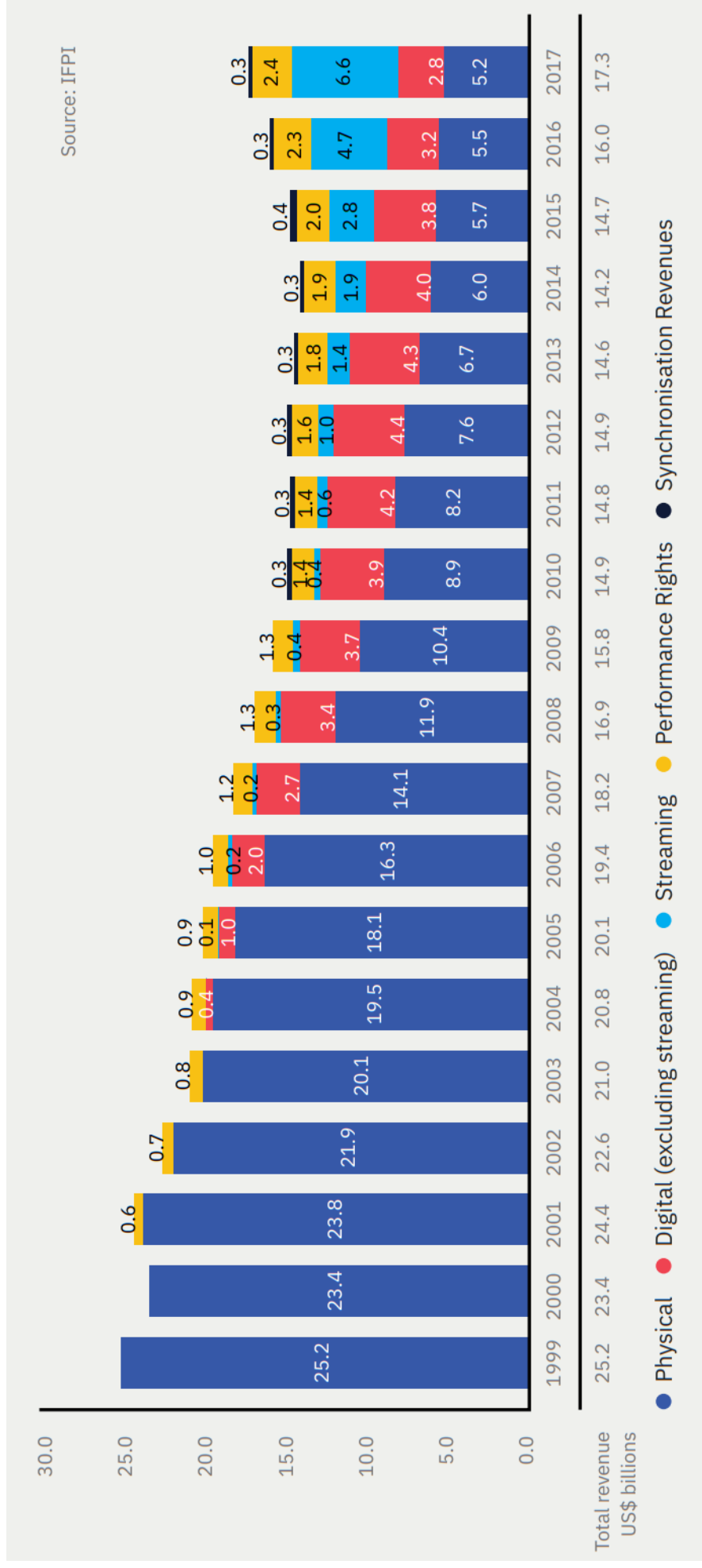
Australian music industry

Background

- 1.1 Disruption and adaptation has characterised the music industry for many decades. Each technological change has brought with it new challenges, forcing the industry to adapt. Technological advances resulted in a shift away from physical products such as records, cassettes, and CDs towards a digital product for recorded music.
- 1.2 At the turn of the century, the introduction of digital file-sharing technology transformed the music industry. The technology facilitated unauthorised file-sharing, and, together with increasing internet access and speeds, resulted in mass online piracy of recorded music.
- 1.3 Across the world, the recorded music industry experienced a significant decrease in revenue (Figure 1.1), dropping from US\$25.2 billion in 1999 to US\$14.2 billion in 2014.¹ It was forced to adapt its business models, distribution channels, and licensing options to compete with the ease, convenience, and extremely low cost of unauthorised digital file-sharing.
- 1.4 Within a few years, the music industry introduced platforms that facilitated the purchase and download of high-quality digital recorded music and music streaming services.

1 International Federation of the Phonographic Industry, *Global Music Report 2018: Annual State of the Industry*, p. 11.

Figure 1.1 Global recorded music industry revenues 1999-2017 (US\$ Billions)



Source International Federation of the Phonographic Industry, Global Music Report 2018: Annual State of the Industry, p. 1

- 1.5 In 2015, global recorded music industry revenues began to slowly recover, reaching US\$17.3 billion in 2017. However, revenues remain well below those reached before 2000.
- 1.6 Furthermore, the decrease in revenue for recorded music has impacted the broader music industry 'ecosystem', affecting artist remuneration and income; the role of live music; and the way that consumers value music and recognise ownership of music more broadly.

Scope of the inquiry

- 1.7 The factors that influence the growth and sustainability of the music industry are many and varied. The inquiry's broad terms of reference allowed participants to draw attention to whichever factors and conditions they felt were most important to supporting the industry, without being limited by more specific terms of reference.
- 1.8 Many participants emphasised the important cultural and social value of music. Music brings people and communities together. It is a universal medium, through which people share their stories, beliefs, and dreams. Music has been shown to have significant positive impacts on mental health, social cohesion, education, and quality of life.
- 1.9 Music's social and cultural value is unquestionable and cannot be overstated. However, this report will primarily focus on the music industry itself. It will consider the regulatory and economic factors that influence the industry and consider how best to support the growth and sustainability of the industry as a whole.

Conduct of the inquiry

- 1.10 On 15 August 2018, the Minister for Communications and the Arts, Senator the Hon Mitch Fifield, referred an inquiry into the Australian music industry to the House of Representatives Standing Committee on Communications and the Arts (the committee).
- 1.11 The terms of reference asked the committee to inquire into and report on 'factors contributing to the growth and sustainability of the Australian music industry'.

- 1.12 The committee received 129 submissions, 16 supplementary submissions, and 14 exhibits. A list of submissions and exhibits is at Appendix A. The committee held 7 public hearings in Canberra, Melbourne, Sydney and Brisbane. Witnesses are listed at Appendix B.
- 1.13 The committee thanks those who contributed to the inquiry.

Structure of the report

- 1.14 The report is structured as follows:
- Chapter 1 outlines the background of the global music industry and the impact of the introduction of digital music and digital file-sharing technology on the recorded music industry;
 - Chapter 2 focuses on the recorded music industry, considering copyright, the impact of streaming services, and licensing for broadcast and public performance.
 - Chapter 3 focuses on the live music industry in Australia, considering the challenges of domestic touring, the venues and infrastructure necessary for live music, and incentives to stage live music;
 - Chapter 4 focuses on the promotion of Australian music, domestically and internationally, considering incentives to broadcast and stream Australian music, as well as the export of Australian music; and
 - Chapter 5 explores the 'talent pipeline', considering the support and education necessary to ensure that Australian artists have the skills, tools, and opportunities to create great music and succeed in the industry.

Recorded music

- 2.1 Australians love listening to recorded music. Despite its comparatively small population, Australia is the eighth largest market in the world for recorded music.¹ However, as with the global recorded music industry, the Australian recorded music industry has experienced significant disruption as a result of technological advances, forcing the industry to adapt and evolve.
- 2.2 This chapter will focus on the recorded music industry, considering copyright; the impact of streaming services; and licensing for broadcast and public performance.

Recorded music industry

- 2.3 In April 2018, the Australian Recording Industry Association (ARIA) reported that recorded music revenue grew 10.5 per cent to a total of \$391 million, the largest annual growth since 1996 (Table 2.1). ARIA advised that revenues from recorded music are still approximately 30 per cent below those achieved prior to the digital disruption, but that 'the outlook for 2018 and beyond is positive'.²

1 Australian Recording Industry Association, *Submission 96*, pp. 3-4.

2 Australian Recording Industry Association, *Submission 96*, pp. 3-4.

Table 2.1 2018 ARIA Yearly Statistics, January – June 2017 vs January – June 2018

	January-June 2018	January-June 2017	Percentage Change
<i>Configuration</i>	<i>Dollar Value</i>	<i>Dollar Value</i>	<i>Dollar Value</i>
Singles	68 745	253 570	-72.89%
Vinyl Albums	9 083 039	7 389 862	22.91%
CD Albums	22 979 827	32 888 197	-30.13%
Music Video/DVD	1 049 065	1 684 312	-37.72%
Other	11 792	6 395	84.39%
Total Physical	33 192 468	42 222 336	-21.39%
Digital Track	14 516 744	21 291 799	-31.82%
Digital Album	13 428 641	20 989 779	-36.02%
Ad Supported Streaming Models	12 686 941	9 621 665	31.86%
Video Streaming	14 615 972	10 357 509	41.11%
Subscription Services Income	104 997 595	77 720 247	35.10%
Digital Other	2 210 793	2 295 412	-3.69%
Total Digital	162 456 686	142 276 411	14.18%
Grand Totals	195 649 154	184 498 747	6.04%

Source Australian Recording Industry Association, *Submission 96*, p. 17.

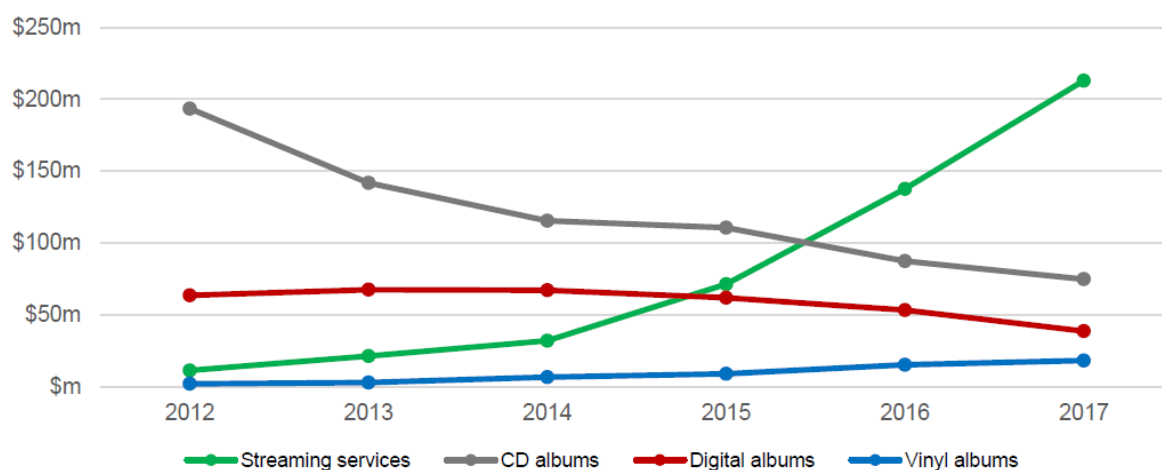
- 2.4 The music industry has always been subject to disruption as a result of changing technology; however, the digital disruption has accelerated the pace of change. This is illustrated by the rapid rise of streaming services, such as Apple Music and Spotify, which have grown from 38 per cent of the total Australian recorded music market value in 2016 to 67 per cent in 2018.³
- 2.5 The total market share for both digital and physical recorded music has decreased significantly in just the last few years (Figure 2.1). In 2016, physical formats (CD, vinyl, DVD, etc.) comprised 31 per cent of the total market share for recorded music in Australia, compared to 16 per cent in 2018. Digital downloads have also decreased, dropping from 31 per cent of the total market share in 2016 to 17 per cent in 2018.⁴
- 2.6 However, despite the rapid uptake of streaming services, the Australia Council for the Arts (Australia Council) 2017 National Arts Participation survey found that there has not been a decrease in other ways of listening to recorded music. It found that radio and television continues to be the most common way Australians listen to music (90 per cent), as well as

3 Australia Council for the Arts, *Submission 98*, pp. 11-12.

4 Australian Recording Industry Association, *Submission 96*, p. 16.

music that a person owns (e.g. CDs, music purchased online) (87 per cent).⁵

Figure 2.1 ARIA industry wholesale figures – market value by selected categories (\$m), 2012-2017



Source Australia Council for the Arts, *Submission 98*, p. 12.

Copyright

- 2.7 Copyright protects the economic interests and moral rights of artists and other rightsholders (such as publishers) by prohibiting others from reproducing or copying their creative output.⁶ Participants emphasised that strong and enforceable copyright protections were essential to the sustainability of the Australian music industry.
- 2.8 ARIA explained that copyright is ‘the foundation upon which long term investment in the industry and artists’ careers are possible’ and ‘the means by which artists and labels get paid for their creative work’.⁷ The Australasian Performing Right Association and Australasian Mechanical Copyright Owners Society (APRA AMCOS) agreed, explaining that ‘copyright fuels new content’ and emphasised the need for copyright protections that ‘ensure music creators receive fair payment for their intellectual property and continue to innovate’.⁸
- 2.9 The Australian Copyright Council (ACC) advised that ‘the growth and sustainability of the Australian music industry is necessarily reliant on

5 Australia Council for the Arts, *Connecting Australians: Results of the National Arts Participation Survey*, June 2017, p. 71.

6 Andrew Stuart et al, *Intellectual Property in Australia*, 6th Edition, 2017, p. 135.

7 Australian Recording Industry Association, *Submission 96*, p. 6.

8 APRA AMCOS, *Submission 94*, p. 18.

strong copyright protections for creators and rights holders'.⁹ The ACC told the committee that copyright is the 'currency in which creators trade'. It explained that without appropriately strong copyright protection, creators and those who invest in them are largely unable to gain the full economic benefit from their work product. The ACC asserted that a weak copyright regime 'ultimately acts as a disincentive to creativity'.¹⁰

2.10 The ACC advised the committee that it is satisfied with the protections currently afforded by the *Copyright Act 1968* (Cth):

We're quite happy with the way the Copyright Act works at the moment. The rights are good, and we have fair exceptions to copyright so that people have access to materials, and rights can be enforced. Obviously it's extremely expensive for individuals to exercise their rights through the court system, but there are big collective organisations that do a lot of that work for them. But certainly the rights basis for copyright in Australia is I think appropriate at the moment.¹¹

What is protected?

2.11 There are three distinct copyrights that commonly apply to music under the under the Copyright Act:

- musical work (composition);
- literary work (lyrics); and
- sound recording of performance.

2.12 In general, copyright in the musical work and lyrics lasts for the life of the artist plus another 70 years. Copyright in a sound recording lasts for 70 years from the end of the year in which the sound recording was first released.¹²

Who owns the copyright?

2.13 In general, if no agreement exists stating otherwise, the first owner of copyright is the composer for composition and the lyricist for lyrics. If the composer or lyricist created the work as part of their employment, the employer will usually own the copyright. However, if the composer or lyricist created the work on a freelance basis, the person who paid for the

9 Australian Copyright Council, *Submission 62*, p. 1.

10 Ms Kate Haddock, Chair of the Board, Australian Copyright Council, *Committee Hansard*, Sydney, 22 November 2018, p. 35.

11 Ms Kate Haddock, Chair of the Board, Australian Copyright Council, *Committee Hansard*, Sydney, 22 November 2018, p. 36.

12 Australian Copyright Council, 'Music & Copyright', G012v14, July 2014, p. 4.

work is usually entitled to use the work for the purpose for which it was commissioned, but does not usually own the copyright.¹³

- 2.14 In general, if no agreement exists stating otherwise, the first owners of copyright for a sound recording are the performer/s and the person who owns the recording medium (e.g. the master tape). However, performers' rights are often very limited in practice. In particular, performers will not own a share of the copyright in the sound recording if:
- the performance was given in the course of their employment; or
 - the recording was commissioned (e.g. a record company engaged a production studio to produce a master recording).¹⁴

Copyright collecting societies

- 2.15 Copyright collecting societies are not-for-profit organisations that license or administer certain uses of copyright material on behalf of their members (copyright owners). The collected license fees are distributed to members. The main copyright collecting societies for music in Australia are:
- the Australasian Performing Right Association (APRA)¹⁵, which administers the rights for public performance and communication to the public of music composition and lyrics;
 - the Australasian Mechanical Copyright Owners Society Limited (AMCOS), which licenses certain recordings of music and lyrics (such as cover versions of songs which have already been released), and photocopying of sheet music and recording of music by schools; and
 - the Phonographic Performance Company of Australia (PPCA), which licenses the public performance of sound recordings, such as licenses for the public performance of sound recordings in pubs, clubs, restaurants, shops, radio, online radio and TV stations.¹⁶
- 2.16 There are also a number of collection societies for Christian music publishers, such as Christian Copyright Licensing International (CCLI), Mediacom/LicenSing, and One License LLC.¹⁷

13 Australian Copyright Council, 'Music & Copyright', G012v14, July 2014, pp. 2-3.

14 Australian Copyright Council, 'Music & Copyright', G012v14, July 2014, p. 3.

15 APRA AMCOS is an alliance of the Australasian Performing Right Association Limited (APRA) and Australasian Mechanical Copyright Owners Society Limited (AMCOS) following an agreement in 1997.

16 Australian Copyright Council, 'Copyright collecting societies', G036v14, December 2017, pp. 1-3.

17 Australian Copyright Council, 'Copyright collecting societies', G036v14, December 2017, pp. 1-3.

Copyright infringement and piracy

- 2.17 Despite the increased availability of online access to music through a myriad of legal avenues and at a range of price points (including free access through add-supported services), copyright infringement and piracy continues to impact the music industry.
- 2.18 The International Federation of the Phonographic Industry (IFPI) currently estimates that 40 per cent of internet users access unlicensed music content.¹⁸ The Australia Council advised the committee that ‘one in five musicians and almost one in three composers report experiencing copyright infringement’ and that ‘income for creative work has declined substantially’.¹⁹
- 2.19 Research in the United Kingdom, indicated that the number of consumers downloading music illegally is decreasing and is expected to decrease further. The research attributed this to the increased use of streaming services.²⁰ Spotify told the committee that it combats piracy by offering a more reliable, safer, and legal alternative, advising that:
- Since 2008, music piracy has been decimated in most of our established markets, and Spotify has been largely credited with helping restore the growth to the global music economy...²¹
- 2.20 However, as the music industry adapts to address copyright infringement, so too do the ways in which copyright infringement manifests. ARIA explained that the popularity of streaming services has led to an increase in ‘stream-ripping’,²² the practice of using various programs and websites to convert the audio being played on a streaming platform to a downloadable file.

Streaming services

- 2.21 Since entering the market six years ago, music streaming services have become the dominant revenue format for recorded music, accounting for more than two thirds (67 per cent) of the Australian total market value in

18 International Federation of Phonographic Industry, <https://www.ifpi.org/music-piracy.php>, accessed 14 December 2018.

19 Australia Council for the Arts, *Submission 98*, p. 5.

20 YouGov, ‘Number of Britons illegally downloading music falls’, <https://yougov.co.uk/topics/arts/articles-reports/2018/08/02/number-britons-illegally-downloading-music-falls>, accessed 14 December 2018.

21 Ms Jane Huxley, Managing Director, Australia and New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2019, p. 1.

22 Australian Recording Industry Association, *Submission 96*, p. 4.

2018.²³ As of 2016, three in four Australians were using online music streaming services, and in 2016-17 there were an estimated four million paid subscribers.²⁴

2.22 ARIA explained that the recorded music industry's resurgence over the last three years has been largely fuelled by consumer uptake of paid streaming services, with revenue from streaming services rising from \$23 million in 2014 to \$213 million in 2018.²⁵

2.23 Spotify advised the committee that it offers on-demand access to music, allowing consumers to listen to what they want when they want to listen to it. Consumers can access the service for free, with advertisements, or pay a subscription fee to access a 'premium' service without advertisements. Spotify currently has more than 191 million monthly active users, of which 87 million are paying subscribers.²⁶

Micropayment system

2.24 When music is played on streaming services, such as Spotify, the streaming service pays royalties to record labels and collecting societies, which then pass on those payments to artists.²⁷ Payments are linked to the number of times an artist's music is 'streamed'; however, the amount that record labels, and ultimately artists, receive per stream is unclear.

2.25 Spotify advised that the rates are 'set at various points, depending on the negotiation or the statutory agreements that we have, and so may vary'.²⁸ When asked to provide details regarding what fees musicians receive, Spotify responded:

We think that the best way to look at royalties is to consider how much we pay out overall – which is now over €10bn to the music industry since Spotify launched in 2008. Spotify pays out the majority of its revenues to music rights holders, who then pass those royalties onto the artists, musicians and songwriters they represent. We are not privy to the details of the agreements between those parties.²⁹

23 ARIA, *Submission 96*, p. 3.

24 Australia Council for the Arts, *Submission 98*, pp. 11-12.

25 ARIA, *Submission 96*, p. 16.

26 Ms Jane Huxley, Managing Director, Australia and New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2018, p. 1.

27 Ms Jane Huxley, Managing Director, Australia and New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2018, p. 3.

28 Ms Jane Huxley, Managing Director, Australia and New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2018, p. 3.

29 Spotify, *Submission 146*, p. 1.

- 2.26 The revenue received by artists also differs between subscription streaming and free (advertising-supported) streaming. The Australia Council advised that, currently, subscription streaming services deliver 500 per cent more per stream to APRA AMCOS members than free (advertising supported) streaming services.³⁰
- 2.27 The ACC told the committee that creators are receiving copyright royalties from streaming, but that digital technologies are ‘diffusing the amount of money that can be paid’. The ACC explained that:
- ...the more information you get about the number of streams a particular work might achieve, the more people are going to get paid, so they're each going to get paid less. So, the technology is enabling tight micropayments to be made, but they are micropayments. I don't think that's a problem of the copyright system. I think it's just a side effect of the digital technology.³¹

Artist revenue from streaming services

- 2.28 A number of participants raised concerns that, despite the growing revenue generated by streaming services, streaming services have decreased the value of recorded music. The Media Entertainment and the Arts Alliance (MEAA) told the committee that the increasing market share of streaming services has ‘radically undermined the value of recorded music for musicians’.³²
- 2.29 The Association of Australian Musicians (AAM) told the committee that ‘Spotify’s micro royalty payments (\$0.002 per play) have put many musicians out of business’.³³ The band Watling & Bates explained that the return from streaming is negligible for artists in the early stages of their careers, ‘with hundreds of thousands of streams required to generate income’.³⁴
- 2.30 Shelley Karutz, who performs under the name Lacunae Glow, told the committee that artists such as herself receive, on average, one cent per stream from services such as Spotify, Amazon, iTunes and Apple Music. She acknowledged that ‘if you had millions of streams it might add up’,

30 Australia Council for the Arts, *Submission 98*, p. 12.

31 Ms Kate Haddock, Chair of the Board, Australian Copyright Council, *Hansard Transcript*, Sydney, 22 November 2018, p. 36.

32 Media Entertainment and the Arts Alliance, *Submission 45*, pp. 5-6.

33 The Association of Australian Musicians, *Submission 48*, p. 2.

34 Watling & Bates, *Submission 56*, p. 3.

but noted that artists sometimes receive even less than one cent, providing examples of when her music had generated \$0.00 per stream.³⁵

- 2.31 However, some artists told the committee that their income had increased as a result of the revenue generated by streaming services. Gav Parry, a professional artist and artist manager, explained that streaming can provide more opportunity and greater reach for independent artists:

...from my experience with my own project, we had a song that was out on Triple J a number of years ago, and we made like \$6,000 just through iTunes sales. With my biggest song now, we've made like \$20,000, and that's just through streaming. So I think that, with regard to your question about streaming, there's more money to be made as independent artists with playlisting and everything that gives artists who may not usually get those opportunities much wider reach, which is great.³⁶

- 2.32 Kristy-Lee Peters, who performs under the name KLP, told the committee that she and her husband (also a professional artist) 'make way more money than we ever did, 100 per cent, so much more, through streaming'.³⁷ Ms Peters explained that, in order to be successful, artists need to understand how to navigate the industry and how to properly utilise platforms such as streaming services:

...if they don't understand how to use those platforms or they don't understand how to sign a record deal or to say no to a record deal, they're going to find themselves in situations where they can't earn a living like I do.³⁸

Conclusions

- 2.33 The digital disruption forced the recorded music industry to adapt its business models, distribution channels, and licensing options to compete with the ease, convenience, and extremely low cost of unauthorised digital file-sharing.
- 2.34 Streaming services offer an attractive alternative to unauthorised file-sharing. The services offer a more reliable, safer, and legal alternative which is tailored to individual consumers' music preferences. Furthermore, by offering this service for free (with advertisements) or for small subscription fees, streaming services have been able to successfully

35 Ms Shelley Karutz, *Submission 15*, pp. 2-3.

36 Mr Gavin (Gav) Parry, *Committee Hansard*, Brisbane, 6 February 2019, p. 24.

37 Ms Kristy-Lee Peters, *Committee Hansard*, Brisbane, 6 February 2019, p. 21.

38 Ms Kristy-Lee Peters, *Committee Hansard*, Brisbane, 6 February 2019, p. 18.

compete with the 'free' music accessible through unauthorised file-sharing.

- 2.35 It is no small challenge to successfully provide a competitive and attractive alternative to 'free' music. The recorded music industry's recent return to growth and decrease in the number of consumers downloading music illegally is evidence of the industry's successful adaptation to the digital disruption. The committee commends streaming services for this achievement and for the positive impact that it has had on the global and the Australian recorded music industry.
- 2.36 Some artists have expressed disappointment that streaming services do not generate the same revenue that other formats may have provided in the past. However, music accessed via a streaming service generates more revenue than music accessed via an unauthorised source – even small amounts of revenue are preferable to no revenue. Furthermore, the committee is encouraged by artists that have benefitted as a result of streaming services, both from the revenue generated and the opportunities for greater audience engagement and reach afforded by the services.
- 2.37 Nonetheless, the committee is disappointed regarding the lack of clarity and transparency surrounding the micropayment system. The committee appreciates that the system of payments for royalties is complex; however, it is concerned that many artists and other industry stakeholders do not understand the method of calculating payments nor how much they will be paid when they license their music with streaming services.
- 2.38 The committee encourages streaming services to publish clear, consistent, and transparent information regarding how it calculates payments for artists. This will provide greater certainty and confidence for the Australian music industry and allow artists to better understand and utilise streaming revenues.

Broadcast licenses for radio

- 2.39 The broadcast of music on radio requires commercial broadcasters to pay for licenses for the music's composition and lyrics (voluntary licensing administered by APRA AMCOS) and the sound recording (statutory licensing³⁹ administered by PPCA). These license fees are collected and distributed to the artists and record labels that own the music that is being played.

39 *Copyright Act 1968*, s. 109.

- 2.40 License fees for the music's composition and lyrics are paid by commercial radio stations monthly, based on a percentage of the station's gross advertising revenue in that month. The rate varies from 0.054 per cent to 3.76 per cent, dependant on the amount of registered works broadcast as a percentage of their on air time.⁴⁰ The annual license fee for sound recordings is approximately 0.4 per cent of the station's combined gross annual revenue.⁴¹
- 2.41 The rates are negotiated between the collecting societies and Commercial Radio Australia (CRA), the national industry body representing commercial radio broadcasters. Section 152 of the Copyright Act provides for broadcasters or copyright owners to apply to the Copyright Tribunal for determination of amounts payable for the broadcast of sound recordings if agreement cannot be reached.

Pricing caps for sound recordings

- 2.42 Section 152(8) of the Copyright Act provides that radio broadcasters cannot be required to pay more than one per cent of their gross earnings in license fees for the broadcast of sound recordings. Section 152(11) provides that the Australian Broadcasting Corporation (ABC) cannot be required to pay more than 0.5 cents per head of the Australian population in licensing fees for the broadcast of sound recordings.
- 2.43 A number of participants called for the repeal of these pricing caps, asserting that they prevent fair negotiations and distort the market. The Australian Independent Record Labels Association (AIR) told the committee that the pricing caps set an artificially low rate that is 'unfair to both artists and labels and operates as an inhibiting factor to the ongoing development of Australian music'.⁴²
- 2.44 ARIA agreed, describing the cap provided by section 152(8) as an 'international anomaly'. It asserted that the cap 'grossly undervalues the sound recording rights used by the Australian radio industry' and that 'Australian recording artists and record companies are effectively subsidising the highly profitable commercial radio sector'.⁴³ ARIA explained that:

It's the only part of the Copyright Act that we know of where the government is setting an artificial price between two major

40 APRA AMCOS, <http://apraamcos.com.au/music-customers/licence-types/radio/commercial-radio-and-abc/sbs/>, accessed 12 February 2019.

41 Phonographic Performance Company of Australia, *Submission 97*, p. 3.

42 Australian Independent Record Labels Association, *Submission 104*, p. 7.

43 Australian Recording Industry Association, *Submission 96*, p. 7.

industries. Every committee that has looked at it over the last two decades – from the High Court to the ACCC and the Productivity Commission – has said it should be removed. So that definitely isn't working yet.⁴⁴

- 2.45 PPCA argued that the pricing caps prevent normal free market negotiations and, as a result, licensing fees for the broadcast of sound recordings in Australia do not reflect their true value. It highlighted the significant difference between the license fees for the broadcast of the lyrics and composition of music (up to 3.76 per cent), which are not limited by a cap, and the license fees negotiated by PPCA under the cap (0.4 per cent) for the same music.⁴⁵
- 2.46 PPCA told the committee that, by limiting the amount of income that can be earned from the broadcast of sound recordings, these provisions 'directly endanger the livelihoods and long-term sustainability of Australian recording artists and labels'. It asserted that repealing the pricing caps would give Australian artists the opportunity to 'finally earn fair market rates for the commercial use of their works' and result in higher incomes for recording artists.⁴⁶
- 2.47 However, CRA disagreed, arguing that the pricing caps should remain. It told the committee that the caps are intended to protect the radio industry from multinational record labels. CRA argued that there is a link between the mandatory Australian content quotas and the pricing cap. It explained that, because radio broadcasters are required to broadcast quotas of Australian music, the pricing caps prevent record labels taking advantage of radio broadcasters:

...the record labels know that we're always going to have to pay them...the government mandates that we must play this protected [Australian] music and we have to pay the record labels for that protected [Australian] music...while we're required to play music for which we have to pay the record labels, we think it's fair that there's some break on what the record labels could ask us for...It can't be us trying to negotiate a deal with a record label for broadcast when they know that there's no way we cannot play the music that we're required to play under the code.⁴⁷

44 Mr Dan Rosen, Chief Executive Officer, Australian Recording Industry Association, *Committee Hansard*, Sydney, 2 November 2018, p. 14.

45 Phonographic Performance Company of Australia, *Submission 97*, p. 3.

46 Phonographic Performance Company of Australia, *Submission 97*, pp. 1-3.

47 Ms Joan Warner, Chief Executive Officer, Commercial Radio Australia, *Committee Hansard*, Sydney, 22 November 2018, pp. 20-21.

2.48 The Department of Communications and the Arts (the Department) advised the committee that the one per cent cap represents a longstanding policy dispute between the commercial radio sector and the record industries.⁴⁸ During this time, the caps have been considered by a number of government reviews. Notably, in 1995, the Review of Australian Copyright Collecting Societies (Simpson Review) concluded that:

Broadcasters are in no need of the protection offered by the present cap. They are sufficiently well represented to be able to negotiate market rates without the protective arm of government interfering in that process. Experience has shown that the best way of setting rates is by inter-parties negotiation with access to the Copyright Tribunal to determine matters that cannot be resolved in that way. **It is recommended that the ceiling on the broadcast fee payable pursuant to section 152 be removed forthwith.**⁴⁹

2.49 A similar conclusion was reached in 2000 by the Review of intellectual property legislation under the Competition Principles Agreement (Ergas review). However, it recommended that the provisions for the ABC under s. 152(11) remain:

...since the time of [the caps] introduction, the economic circumstances of the commercial radio industry have evolved, and the Committee does not believe capping remains warranted. No public policy is served by this preference, which may distort competition...resources use, and income distribution...to achieve competitive neutrality and remove unnecessary impediments to the functioning of markets on a commercial basis, the Committee recommends that s. 152(8) of the Copyright Act be amended to remove the broadcast fee price cap. We recommend that no change be made in relation to the ABC under s. 152(11) of the Copyright Act.⁵⁰

2.50 In 2013, the Australian Law Reform Commission (ALRC) considered the pricing caps in its broader consideration of the statutory licensing scheme for sound recordings under s. 109 of the Copyright Act. It recommended that the statutory licensing scheme for sound recordings be repealed in favour of a voluntary licensing scheme, such as that used for the licensing

48 Ms Kirsti Haipola, Director, Digital Media and Copyright Branch, Department of Communications and the Arts, *Committee Hansard*, Canberra, 13 February 2019, p. 4.

49 Shane Simpson, *Review of Australian Copyright Collecting Societies: A Report to the Minister for Communications and the Arts and the Minister for Justice*, Department of Communications and the Arts, July 1995, p. 112, emphasis in original.

50 Henry Ergas, *Review of intellectual property legislation under the Competition Principles Agreement: Final report to the Minister for Industry, Science and Resources and Attorney-General*, IP Australia, September 2000, p. 116.

of composition and lyrics. However, it noted that, 'if the s. 109 license is retained, there appears to be a strong case for repeal of the one per cent cap'.⁵¹

Conclusions

- 2.51 The committee is not convinced that the cap imposed by s. 152(8) of the Copyright Act on license fees for sound recordings on commercial broadcasters is justified. The committee sees no public policy which is served by the cap and is concerned that it distorts the market in a way that disadvantages Australian artists. This is particularly concerning at a time when Australian music, and sound recordings in particular, are reportedly providing less return for Australian artists than at any other time in the history of the industry.
- 2.52 The findings of the Simpson Review, Ergas Review, and Australian Law Reform Commission are compelling. The committee sees no reason why copyright owners of sound recordings should be limited in their ability to negotiate license fees when the copyright owners for the composition and lyrics of the same music are not.
- 2.53 The committee is of the view that, were the cap to be removed, the ability to apply to the Copyright Tribunal for determination of amounts payable for the broadcast of sound recordings would provide adequate safeguards against record labels taking advantage of commercial broadcasters.

Recommendation 1

- 2.54 **The committee recommends that the Australian Government amend s. 152(8) of the *Copyright Act 1968* to remove the one per cent cap on license fees for sound recordings.**

Licenses for the public performance of music

- 2.55 The public performance of recorded and live music requires businesses to acquire licenses for the music's composition and lyrics (administered by APRA AMCOS) and the sound recording (PPCA). These licenses vary based on the type of business, the purpose of the music being performed,

51 Australian Law Reform Commission, *Copyright and the Digital Economy: Final Report*, November 2013, p. 425.

and a range of other factors.⁵² The license fees are collected and distributed to the artists and record labels who own the music that is being played.

OneMusic Australia

- 2.56 APRA AMCOS and PPCA are currently conducting stakeholder consultation regarding a joint initiative, OneMusic Australia, which is intended to simplify the licensing process. The new initiative will enable businesses to obtain one license for the public performance of recorded music that will cover the composition, lyrics, and sound recording instead of seeking multiple licenses.⁵³
- 2.57 The Australian Hotels Association (AHA) acknowledged that the current system of seeking multiple licenses 'is cumbersome' and told the committee that it agrees in principle with any moves to simplify the process.⁵⁴ However, it raised concerns regarding the application of the new initiative, its calculation of license fees, and the oversight of collecting societies. AHA explained that:
- Most of the current APRA and PPCA metrics have been discarded by the joint venture and replaced by capacity-only tariffs totally unrelated to music use or value. The capacity-based tariffs simply measure the number of persons that a regulator such as the police or fire department say can be admitted to a venue and takes no account of factors such as the actual number of people attending, the value paid for the musical performance, the day or night of the week and other seasonable or variable factors.⁵⁵
- 2.58 Furthermore, AHA noted that licenses based on venue capacity are likely to have a greater impact on venues in regional and remote areas, which usually have high-capacity but low population density when compared to those venues in urban and city areas.⁵⁶ It told the committee that, according to its estimates, 40 per cent of hotels will be financially worse off

52 For more information regarding types and cost of licenses see:

<http://apraamcos.com.au/music-customers/licence-types/> and <http://www.pcca.com.au/music-users-/tariffs/>, accessed 9 January 2019.

53 Ms Lynne Small, General Manager, Phonographic Performance Company of Australia, *Committee Hansard*, Sydney, 22 November 2018, p. 49.

54 Australian Hotels Association, *Submission 114*, p. 3; Mr Stephen Ferguson, Chief Executive Officer, Australian Hotels Association, *Committee Hansard*, Canberra, 28 November 2018, p. 3.

55 Mr Stephen Ferguson, Chief Executive Officer, Australian Hotels Association, *Committee Hansard*, Canberra, 28 November 2018, p. 1.

56 Mr Stephen Ferguson, Chief Executive Officer, Australian Hotels Association, *Committee Hansard*, Canberra, 28 November 2018, p. 1.

under the new initiative and called for assurances that no venue be worse off under the new initiative.⁵⁷

2.59 Jon Perring, a live music venue operator, raised concerns that the OneMusic Australia initiative will also disproportionately affect small to medium live music venues. He explained that large stadium venues will 'pay nothing' because the show promoter pays the copyright license fees directly (APRA AMCOS's Promoted Music Event blanket license). Whereas smaller venues will be 'lumbered with an unsustainable, disproportionate and inflexible fee increase under the OneMusic proposal in the order of 2 to 3 times existing licensing fees'. Mr Perring cautioned that small and medium venues would 'have to consider shedding hundreds of gigs if the current OneMusic proposal proceeded'.⁵⁸

2.60 PPCA explained that, under the current system, APRA AMCOS and PPCA approach the calculation of license fees from 'completely different positions'. PPCA emphasised that the consultation and development process is ongoing and OneMusic Australia is endeavouring to 'achieve neutrality' in terms of the rates for licenses:

There were some tariffs where [PPCA] might be doing it based on the room capacity and APRA may have been doing it based on the number of speakers or other devices. So, we have had to come up with what we think is the best approach – either of those or even a new one – for each business sector.⁵⁹

2.61 PPCA explained that, while there is no intent that rates should increase, OneMusic Australia would not be able to guarantee that every business will pay the exact same amount under the new initiative as they were paying under the current system:

It is very hard, in doing all of these calculations, to make sure that every business will pay exactly the same amount...it is mathematically impossible, we've found, to make them all come out to exactly the same number, but there is certainly no intent that the rate should increase, and that is part of the feedback process.⁶⁰

2.62 AHA acknowledged that OneMusic Australia has 'embarked on a mammoth consultation process with a huge range of affected licensees'. However, it raised concerns that stakeholders do not have access to

57 Australian Hotels Association, *Submission 114*, p. 4.

58 Mr Jon Perring, *Submission 92*, p. 6.

59 Ms Lynne Small, General Manager, Phonographic Performance Company of Australia, *Committee Hansard*, Sydney, 22 November 2018, p. 50.

60 Ms Lynne Small, General Manager, Phonographic Performance Company of Australia, *Committee Hansard*, Sydney, 22 November 2018, p. 50.

sufficient information to properly analyse the proposed initiative. AHA called for greater access to the data and analysis undertaken by OneMusic Australia.⁶¹

2.63 PPCA advised the committee that the OneMusic Australia website provides calculators against each tariff. It explained that people can enter their information into the calculators and immediately receive feedback on what the new rates might be. This allows stakeholders to raise concerns or provide feedback on issues with OneMusic Australia before the initiative is launched and new tariffs are applied.⁶²

2.64 AHA noted that APRA's authorisation from the Australian Competition and Consumer Commission (ACCC) expires in June 2019 and called for the OneMusic Australia scheme to be considered as part of the re-authorisation process.⁶³ It told the committee that the ACCC's oversight authorisation process for the collecting societies has been 'very effective'. AHA explained that:

In their last authorisation they identified a lot of issues that had caused angst and they came up with solutions for them – and that was great. Everyone sort of came to the conclusion that it was all fair and we sort of moved on from poor behaviours.⁶⁴

2.65 In December 2018, APRA lodged its application seeking re-authorisation from the ACCC. The application advises ACCC regarding changes implemented by APRA since the previous authorisation and outlines the OneMusic Australia joint licensing scheme.⁶⁵

Conclusions

2.66 The current system for licensing the public performance of music is complex and challenging for many businesses, especially those not directly operating within the music industry. The committee notes OneMusic Australia initiative's intention to simplify this process and its active and ongoing consultation with stakeholders during its development.

61 Australian Hotels Association, *Submission 114*, pp. 3-5.

62 Ms Lynne Small, General Manager, Phonographic Performance Company of Australia, *Committee Hansard*, Sydney, 22 November 2018, p. 50.

63 Australian Hotels Association, *Submission 114*, p. 3.

64 Mr Stephen Ferguson, Chief Executive Officer, Australian Hotels Association, *Committee Hansard*, Canberra, 28 November 2018, p. 4.

65 Australian Competition and Consumer Commission, APRA, *Application and supporting submission*, <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/australasian-performing-right-association-limited-0>, accessed 15 February 2019, pp. [43-44].

- 2.67 The committee is aware of the challenges inherent in developing the methods for calculating license fees considering the different approaches currently used by APRA AMCOS and PPCA. The committee acknowledges that it may not be practical to guarantee that no business will pay more for license fees under the new system. However, it is important that all care is taken during the development process to ensure that changes to license fees are not unduly onerous for Australian venues and businesses.
- 2.68 OneMusic Australia is a significant change in the licensing of the public performance of music and the way in which licenses are administered and license fees are calculated. As such, it is essential that the ACCC has access to the finalised OneMusic Australia scheme in order to properly assess and consider the conditions under which to grant re-authorisation of APRA.

Recommendation 2

- 2.69 **The committee recommends that the Australian Competition and Consumer Commission incorporate an assessment of the finalised OneMusic Australia licensing scheme when considering the re-authorisation of the Australian Performing Rights Association.**

Background music industry

- 2.70 The background music industry comprises companies that facilitate the use of recorded music for businesses such as shops, gyms, bars, restaurants, etc. to play in the background. Background music companies offer services such as arranging for the appropriate public performance licenses for a business and curating playlists that suits that business' needs.
- 2.71 Nightlife Music told the committee that background music companies 'invest heavily in bespoke technology that links venues/brands to consumers through music'.⁶⁶ It emphasised that the background music industry is innovative and adaptable, explaining that 'whenever there's a gap in the market, we fill it...we use technology, combine it with music and give people their music in public spaces'.⁶⁷

66 Nightlife Music, *Submission 113*, p. 3.

67 Mr Mark Brownlee, Co-Founder and Managing Director, Nightlife Music, *Committee Hansard*, Sydney, 22 November 2018, p. 64.

- 2.72 However, Nightlife Music raised concerns that background music companies cannot compete with the prices offered by streaming services. It advised that background music companies price their services at between \$50 and \$200 per month, compared to the significantly lower subscription fees for streaming services. Nightlife Music warned that ‘if the background music companies are pushed to a price point of \$10.99 per month it won’t be possible to compete or survive’.⁶⁸
- 2.73 Nightlife Music argued that collecting societies should not provide public performance licenses that allow businesses to use streaming services for background music. It acknowledged that collecting societies are acting in the best interests of their members and are within their rights to provide such licenses. However, it asserted that this ‘does nothing to support Background Music Companies nor, in our opinion, the longer-term interests of the Australian Music Industry’.⁶⁹
- 2.74 Nightlife Music explained that collecting societies are ‘openly licensing Personal Services [streaming services] into business environments’ and that as a result ‘no one is policing what we believe is an inappropriate use of music in a massive segment of the Australian Music Industry’.⁷⁰ Nightlife Music asserted that:
- In licensing businesses to undertake the use of personal streaming services on a non-personal basis, contrary to the terms of use of these services, these organisations may in fact be authorising the unlicensed public performance of music and significantly increasing the potential for copyright infringement.⁷¹
- 2.75 APRA AMCOS acknowledged the competitive pressure placed on Nightlife Music by digital streaming services. However, it disagreed with Nightlife’s claims that streaming services were significantly impacting the background music industry, noting that the total number of businesses using background music services has remained relatively static over the last five years. Furthermore, APRA AMCOS explained that background music services offer a service that is more sophisticated and broader than the services offered by personal streaming services.⁷²
- 2.76 APRA AMCOS refuted Nightlife Music’s claims regarding copyright infringement, noting that it highlights a ‘fundamental misunderstanding of the legal position’. It explained that ‘a license from APRA AMCOS

68 Nightlife Music, *Submission 113*, pp. 5-6.

69 Nightlife Music, *Submission 113*, p. 5.

70 Nightlife Music, *Submission 113*, p. 5.

71 Nightlife Music, *Supplementary Submission 113.1*, p. 3.

72 APRA AMCOS, *Supplementary Submission 94.1*, p. 3.

prevents copyright infringement, it does not increase the potential for it to occur'. If a business has obtained a license for the public performance of music from the relevant collecting societies, it can play music from streaming services without infringing copyright.⁷³

- 2.77 Furthermore, APRA AMCOS explained that the use of personal digital music subscriptions in a business context is similar to commercial use of personal CDs and vinyl records in the past.⁷⁴
- 2.78 APRA AMCOS told the committee that it is 'very concerned' regarding Nightlife's calls for APRA AMCOS to police the terms of use of third party contracts:

[Nightlife] seeks to invoke the old paradigm of infringement and even criminality in relation to the use of music, which we regard as particularly unhelpful at a time when consumers of music are best served by comprehensive and amicable licensing solutions. Continued references to APRA AMCOS "policing" the terms of third party contracts do not accurately reflect the nature of the way APRA AMCOS does business.⁷⁵

- 2.79 APRA AMCOS raised concerns that Nightlife Music's proposals are 'in effect a regulated preservation of its own business model that goes far beyond any other protection offered to music industry stakeholders, and in a way that would protect it from having to compete with other providers of music services'.⁷⁶ It concluded that, 'if Nightlife cannot compete on price it will be required to compete on product'.⁷⁷

Conclusions

- 2.80 Digital disruption has required all businesses across the Australian music industry to adapt their business models to compete with the ease, low-cost, and convenience offered by digital alternatives such as streaming services – background music companies are no different. It is clear that background music companies offer businesses a broad and sophisticated service that is tailored to the company's brand, audience, and business needs. The background music industry must rise to the competitive challenge presented by streaming services.
- 2.81 It is the prerogative of copyright holders, and collecting societies operating on their behalf, to determine the conditions under which to

73 APRA AMCOS, *Supplementary Submission 94.1*, p. 3.

74 APRA AMCOS, *Supplementary Submission 94.1*, p. 3.

75 APRA AMCOS, *Supplementary Submission 94.1*, p. 1.

76 APRA AMCOS, *Supplementary Submission 94.1*, p. 1.

77 APRA AMCOS, *Supplementary Submission 94.1*, p. 3.

license the public performance of their music. The committee does not share the background music industry's concerns regarding the provision of licenses that allow businesses to use streaming services for background music.

Live music

- 3.1 Australians love live music. Our tastes range from opera, classical music, musical theatre, and art music to contemporary popular music and span across many more genres and styles. However, participants told the committee that, despite enjoying and attending live music, Australians often do not appear to recognise or value the work required to perform it.
- 3.2 This chapter will focus on the live music industry in Australia, considering the challenges of domestic touring, venues and infrastructure necessary for live music and incentives to stage live music.

Live music industry

- 3.3 Taking broader economic activity related to live music into account, it is estimated that live music contributes \$15.4 billion to the Australian economy, generating 65,000 full and part-time jobs. The live music industry is forecast to achieve a compound annual growth rate of 2.7 per cent between 2018 and 2020.¹ Ticket sales generated \$991 million in 2016, with the largest proportions coming from contemporary music (\$440 million) and musical theatre (\$348 million).²
- 3.4 More than half of Australians (54 per cent) attended live music in 2016. While this is a slight decline in the overall proportion of Australians attending live music, dropping from 59 per cent in 2013, there is a growing number of Australians that attend live music more regularly, with the

1 Live Performance Australia, *Submission 112*, p. 4

2 Australia Council of the Arts, *Submission 98*, p. 14.

number of Australians attending live music at least once a month almost doubling from 10 per cent in 2009 to 18 per cent in 2016.³

Gig economy

- 3.5 The live music industry, the original ‘gig’ economy, is characterised by freelance and self-employed performing artists. This trend is increasing, with 86 per cent of musicians working on a freelance or self-employed basis in 2014-15, compared to 67 per cent in 2007-08.⁴
- 3.6 The nature of the gig economy means that artists’ careers are plagued by insecurity, for aspiring and successful professional artists alike. West Australian Music (WAM) told the committee that even successful artists do not have ‘sustainable careers’, explaining that:
- ...there is a point in an artist’s career where they have achieved a degree of local, national and international success and that success should support a sustainable career, yet when the time comes to pay the mortgage they are in trouble...more than 90% of artists [that] name music as their core occupation do not have the safety net of superannuation or health insurance.⁵
- 3.7 The Media Entertainment and the Arts Alliance (MEAA) described the live performance sector as ‘poorly regulated’ and ‘often dysfunctional’ pointing to the low performance fees, unreliable contracts, obstacles to enforcement, and undercutting that many performing artists experience.⁶

Remuneration for performing artists

- 3.8 Participants emphasised the growing importance of live music for artists, advising the committee that the majority of artist income now comes from live performances. Katie Wighton, a member of the band All Our Exes Live in Texas, told the committee that:
- Seventy-five per cent of our income was from performance, 8½ per cent was from grants, 6½ per cent was from merch sales and 8½ per cent was from other things, like royalties and publishing.⁷
- 3.9 However, MEAA advised the committee that many artists are paid very little or not paid at all for live performances. It explained that a quarter of

3 Australia Council of the Arts, *Submission 98*, p. 14.

4 Australia Council for the Arts, *Submission 98*, p. 18.

5 West Australian Music, *Submission 109*, p. 3.

6 Media Entertainment and the Arts Alliance, *Submission 45*, p. 6.

7 Ms Katie Wighton, Musician, APRA AMCOS Ambassador, *Committee Hansard*, Sydney, 22 November 2018, p. 53.

gigs performed by professional musicians are unpaid.⁸ Artists told the committee that there is a misguided expectation that professional artists will perform for free.⁹

- 3.10 Ms Wighton told the committee that, even as a successful band touring and performing stadium concerts, the performance fees her band received were significantly less than what was required to cover costs for travel and accommodation. She explained that the only significant revenue the band received from these gigs was the license fees for the public performance of their music:

...we got paid very little for the Midnight Oil tour in America...[Midnight Oil] had nothing to do with it – the venues paid us. The venues paid us US\$250 a show. When we toured with the Backstreet Boys here we got paid A\$500 per show for stadium shows. The only way we got money for those gigs was because APRA paid us each \$3½ thousand in performance royalties for performing twenty-five minutes of our own music.¹⁰

- 3.11 Participants explained that it is difficult for artists to negotiate higher performance fees because they have no leverage. Artists are frequently forced to choose between accepting low performance fees or losing the gig to another artist that is willing to perform for less or even perform for free. Barney McAll, a professional artist, told the committee that:

It's grapes of wrath in the sense that if you say I'm not doing it and put your foot down there are so many people, because of the situation we're in, who will do it.¹¹

- 3.12 Furthermore, the exposure from some performances can be invaluable for an artist and therefore any losses incurred may be seen as an investment. Ms Wighton explained that:

...you can't put a price on the exposure. We had people coming to our gigs on our last American tour who came to the Midnight Oil shows. So we see it as an investment, in those moments...it was a huge opportunity. It's about building a career.¹²

8 Mr Paul Davies, Director, Musicians, Media Entertainment and the Arts Alliance, *Committee Transcript*, Sydney, 22 November 2018, p. 29.

9 Ms Katie Wighton, Musician, APRA AMCOS Ambassador, *Committee Hansard*, Sydney, 22 November 2018, p. 58.

10 Ms Katie Wighton, Musician, APRA AMCOS Ambassador, *Committee Hansard*, Sydney, 22 November 2018, p. 58.

11 Mr Barney McAll, *Hansard Transcript*, Brisbane, 6 February 2019, p. 10.

12 Ms Katie Wighton, Musician, APRA AMCOS Ambassador, *Committee Hansard*, Sydney, 22 November 2018, p. 58.

Minimum rates of pay, standards and expectations

- 3.13 Some participants called for the introduction of minimum fees and the establishment of minimum standards, conditions and expectations for live music performances. The Live Performance Award 2010 [MA000081] sets out the minimum rates of pay for a variety of roles and professions in the live music industry, ranging from musicians to production and support staff. The rates of pay for musicians are set out in Tables 3.1 and 3.2 below.
- 3.14 MEAA acknowledged that the Live Performance Award is an important guide regarding minimum pay rates for performing artists. However, it explained that the award is only enforceable for musicians who work as employees and therefore is not enforceable for the majority of musicians, who operate as contractors or small businesses.¹³
- 3.15 Some international jurisdictions have set a minimum fee for performing artists. The University of Newcastle Conservatorium of Music advised the committee that, in France, there is a statutory minimum fee for public concerts set at €75 profit per performer, noting that this and other programs 'highlight the value France places on its cultural industries'.¹⁴
- 3.16 MEAA told the committee that it is currently working with artists and the industry to establish a code of conduct as a 'means of putting a floor on conditions within the music industry' and establish fair fees and rates for performances. MEAA explained that:

...we would have a code for professional musicians to set a floor — people can command a higher income if they can, but we need a floor. There would be exceptions that we could negotiate. Music is a community and social activity... We are not looking to discourage that culture but to encourage it. To encourage it means we can recognise the standards that should apply to professional musicians when they perform commercially.¹⁵

13 Mr Paul Davies, Director, Musicians, Media Entertainment and the Arts Alliance, *Committee Hansard*, Sydney, 22 November 2018, p. 30.

14 University of Newcastle Conservatorium of Music, *Submission 46*, p. 7.

15 Mr Paul Davies, Director, Musicians, Media Entertainment and the Arts Alliance, *Committee Hansard*, Sydney, 22 November 2018, p. 32.

Table 3.1 Rates of pay, musicians (employees)

Classification	Hourly pay rate	Sunday	Public holiday	Overtime - midnight to 7am	Overtime - Monday to Saturday - between 7am & midnight
Musician	\$40.00	\$80.00	\$80.00	\$80.00	\$60.00
Musician accompanying artists	\$42.11	\$84.22	\$84.22	\$84.22	\$63.17
Opera principal	\$26.59	\$53.18	\$53.18	\$53.18	\$39.89
Principal musician	\$46.98	\$93.96	\$93.96	\$93.96	\$70.47
Vocalist	\$29.67	\$59.34	\$59.34	\$59.34	\$44.51
Conductor - leader	\$50.97	\$101.94	\$101.94	\$101.94	\$76.46

Source Fair Work Ombudsman, Pay Guide - Live Performance Award 2010 [MA000081], July 2018, p. 21.

Table 3.2 Rates of pay, musicians (employees) (continued)

Classification	Less than 1 hour between calls - midnight to 7am	Less than 1 hour between calls - Monday to Saturday - between 7am and midnight	Playing in specialty entertainments for more than 6 days	Radio broadcast - more than 3 hours	Audio recorded performance - more than 21 minutes of material	More than 2 calls in 1 day
Musician	\$80.00 per hour for the second call	\$60.00 per hour for the second call	\$66.68	\$60.00	\$60.00	\$60.00 per hour during the 3rd and later calls
Musician accompanying artists	\$84.22 per hour for the second call	\$63.17 per hour for the second call	\$70.20	\$63.17	\$63.17	\$63.17 per hour during the 3rd and later calls
Opera principal	\$53.18 per hour for the second call	\$39.89 per hour for the second call	\$44.33	\$39.89	\$39.89	\$39.89 per hour during the 3rd and later calls
Principal musician	\$93.96 per hour for the second call	\$70.47 per hour for the second call	\$78.32	\$70.47	\$70.47	\$70.47 per hour during the 3rd and later calls
Vocalist	\$59.34 per hour for the second call	\$44.51 per hour for the second call	\$49.46	\$44.51	\$44.51	\$44.51 per hour during the 3rd and later calls
Conductor - leader	\$101.94 per hour for the second call	\$76.46 per hour for the second call	\$84.97	\$76.46	\$76.46	\$76.46 per hour during the 3rd and later calls

Source Fair Work Ombudsman, Pay Guide - Live Performance Award 2010 [MA000081], July 2018, p. 21.

- 3.17 MEAA advised that contracts for performances are regularly broken, with 35 per cent of musicians advising that they are paid less than the agreed fee at least 10 per cent of the time.¹⁶ The code would also seek to standardise performance agreements and establish a no-cost dispute resolution process. MEAA explained that:

It's very difficult for musicians to enforce their contracts. You can think about it in terms of any business trying to enforce a contract and having to go to court to do that, and then you can think about musicians who are underpaid, who are finding it very difficult to make a living out of being a musician, somehow following up and enforcing a contract that's not being honoured. We need a method to make sure that there is reliability in the system...we need a jurisdiction that would allow that to occur.¹⁷

Touring in Australia

- 3.18 Domestic touring is a critical way for performing artists to connect with and grow their audiences and develop their music. Participants emphasised the importance of encouraging and facilitating live performances in Australia's cities and regional towns and the need for 'viable' live music touring circuits in Australia. Kasey Chambers explained that the income generated from touring is critical for artists:

Touring for me, particularly here in Australia, is everything. It feeds my kids...I make my living from touring music, and it's important for me to get out to all the regional places as well. I tour most of the year and visit some of the littlest towns throughout Australia, but we have to have these venues to play in...¹⁸

- 3.19 Many participants noted the significant challenges and expense inherent to touring in Australia. Clea Pratt, a professional artist, told the committee that, as an independent artist, the income from her upcoming tour is not expected to exceed the cost of the tour itself:

I am the band, so I have to cover all costs for my band members and pay for all of their flights for the whole tour. It is very difficult. I literally have to work [a different job] to pay for my band to fly around...I don't think I'll get much money back from the tour. Once it's gone to the booking agent and the managers I might get

16 Media Entertainment and the Arts Alliance, *Submission 45*, p. 5.

17 Mr Paul Davies, Director, Musicians, Media Entertainment and the Arts Alliance, *Committee Hansard*, Sydney, 22 November 2018, p. 31.

18 Ms Kasey Chambers, as quoted in APRA AMCOS, *Submission 94*, p. 28.

some money back. But at the moment I'm not really making any money.¹⁹

- 3.20 The Australia Council for the Arts (Australia Council) advised that touring beyond the east coast capitals can compound these challenges, requiring artists to travel significant distances between population centres and providing haphazard performing opportunities.²⁰ WAM explained that 'regional touring in WA is bloody hard...it's a big empty state...it's a long way with nothing in between'.²¹

Mapping live music and touring circuits

- 3.21 The Live Music Office (LMO) emphasised the value of understanding when and where live music occurs. It explained that live music censuses map all the live music performances in a region over a period and provides regions, states, and territories with detailed information about what types of music are being played and where.²²
- 3.22 LMO created an interactive online map that lists live music venues, as well as production and promotion services for live music performances across Australia.²³ The map allows artists to identify where venues or community radio stations are within their area or other parts of Australia and provides online templates and resources covering the practical and business side of the live music industry.²⁴
- 3.23 The South Australian Music Industry Council and Music SA called for the development of financially viable touring circuits, noting that music (after food and wine) is the 'most popular attractor for tourists to regions'. It explained that financially viable touring circuits would 'help to grow fan bases for local artists and bring economic and social benefits to country towns'.²⁵
- 3.24 Music Australia's Contemporary Music Plan also called for the establishment of a 'world-class' contemporary music regional touring circuit for Australia. It explained that it would be 'demand driven, underwriting or sharing net touring and some promotional costs, and

19 Ms Clea Pratt, *Committee Hansard*, Brisbane, 6 February 2019, p. 3.

20 Australia Council for the Arts, *Submission 98*, p. 17.

21 Mr Mike Harris, Chief Executive Officer, West Australian Music, *Committee Hansard*, Canberra, 28 November 2018, p. 9.

22 Mr John Wardle, Consultant, Live Music Office, *Committee Hansard*, Sydney, 2 November 2018, pp. 41-42.

23 Live Music Office, Live Music Map, <http://livemusicoffice.com.au/livemusicmap/>, accessed 21 January 2019.

24 Live Music Office, *Submission 99*, p. 4.

25 South Australian Music Industry Council and Music SA, *Submission 107*, p. 4.

targeting regional performing arts centres and licensed venues’ and serve as a companion to Commonwealth touring grants:

This program would mitigate commercial risks faced by the music sector and regional venues who want to provide live music for local communities...it would deliver vital stimulus to regions by generating audiences and local employment, providing local up skilling, and would offer a boost to the contemporary industry by expanding the live performance market.²⁶

Commonwealth touring grants

- 3.25 The Australia Council offers a number of grants to offset the costs associated with touring interstate. The Playing Australia: Regional Performing Arts Touring Fund (Playing Australia Fund) supports performing artists to reach regional and remote communities across Australia. Grants are provided to support the net touring costs associated with a national tour; there is no limit on the amount that can be requested.²⁷
- 3.26 The Australian Major Performing Arts Group (AMPAG) told the committee that the Playing Australia Fund ‘does not have the capacity to meet the growing needs and ambitions of regional Australia’. It called for an increase in funding for the Playing Australia Program of \$8 million shared across four years from 2019-20 to 2022-23. AMPAG explained that an increase in funding is required in order to enable greater certainty around regional touring and to enhance regional artist engagement, as well as creating new opportunities for other types of touring (including inter-regional and regional to city).²⁸
- 3.27 The Contemporary Music Touring Program supports national touring activity undertaken by Australian musicians performing original contemporary music. Grants of up to \$15,000 are provided to support travel for artists and their managers for tours in Australia that include performances in regional and remote areas. Up to an additional \$15,000 can be requested for remote and very remote touring.²⁹
- 3.28 The Australia Council told the committee that the Contemporary Music Touring Program supports touring circuits such as the Sand Tracks program. Sand Tracks tours a high-profile and an emerging First Nations
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26 Music Australia, *Submission 63*, pp. [30-31].

27 Australia Council for the Arts, ‘Grants’, <https://www.australiacouncil.gov.au/funding/>, accessed 20 January 2019.

28 Australian Major Performing Arts Group, *Submission 77*, p. 13.

29 Australia Council for the Arts, *Submission 98*, p. 17; Australia Council for the Arts, ‘Grants’, <https://www.australiacouncil.gov.au/funding/>, accessed 20 January 2019.

band across three state and territory borders, through the central desert region of Australia. It explained that the program benefits the bands, individual musicians, communities, and the touring sector:

It links circuits from Western Australia to the Northern Territory, allowing for music exchange and the development of touring infrastructure along the way. It builds on existing events, strengthens networks and organisations, creates opportunities for young musicians to develop their craft and gives them the chance to gain business contacts and to perform to a wider audience.³⁰

- 3.29 Clea Pratt, a professional artist, told the committee that touring grants are essential for artists to address the cost of growth. She explained that, as artists grow their audience and become more successful, their costs rapidly escalate. Ms Pratt noted that artists that cannot cover these costs may miss out on opportunities to grow and succeed or may be discouraged and leave the industry:

...it just seems that the more success I get the more money I have to pay, because you've then got to go further to play more shows... There are so many more expenses the more successful you get. It seems like I'm getting a bit more attraction but actually I'm spending more... I would just love for there to be in place more touring grants. That's where most of my money seems to not be present.³¹

- 3.30 Live Performance Australia (LPA) advised that there is greater capacity to support more regional touring. It explained that federal government funding to support regional touring is limited, with the Australia Council 'only able to provide 23 contemporary music touring grants out of 84 applications' in 2016-17. It called for the government to increase funding for the Playing Australia Fund and Contemporary Music Touring Fund.³²

Conclusions

- 3.31 Domestic touring is a crucial element in the development and sustainment of performing artists' careers and live performance is an integral income stream for Australian artists. However, touring is a challenging and expensive endeavour for artists, particularly those seeking to tour beyond the capital cities along the east coast of Australia.

30 Australia Council for the Arts, *Submission 98*, p. 17.

31 Ms Clea Pratt, *Committee Hansard*, Brisbane, 6 February 2019, p. 9.

32 Live Performance Australia, *Submission 112*, p. 7.

- 3.32 The committee notes the work of the Australia Council and supports the Playing Australia Fund and the Contemporary Music Touring Program. However, the committee is concerned that Australian artists that have invested time, effort, and money to develop and grow their Australian audience are unable to take full advantage of opportunities to continue this growth due to limited access to touring grants.
- 3.33 The committee is of the view that there is opportunity for Government to invest in the domestic touring grants programs to enable more Australian artists and performing arts organisations to tour around Australia, particularly in regional areas. This will have the dual benefit of supporting the growth and development of Australian artists whilst stimulating regional cities and towns, both economically and culturally.

Recommendation 3

- 3.34 **The committee recommends that the Australian Government invest in the Australia Council for the Arts' domestic touring grant programs and work with state, territory, and local governments as well as industry to develop a contemporary music regional touring circuit.**

Live music venues

- 3.35 Throughout the inquiry participants emphasised that live music venues are vital to the Australian music industry. In particular, artists need access to a wide range of appropriate and affordable venues that can cater to large and small live performances. The Australian Recording Industry Association (ARIA) told the committee that 'a thriving local music scene is incredibly important to the development of recording artists, and critical to the success of our local record labels'.³³
- 3.36 Samuel Whiting, a PhD candidate at RMIT researching the social and cultural value of small live music venues, explained that small venues (500 capacity or less) are essential to the growth and sustainability of the Australian live music industry:

Small music venues offer performance opportunities for young and emerging musicians and act as social hubs for local music scenes, supporting high quality, culturally significant and

33 Australian Recording Industry Association, *Submission 96*, p. 11.

innovative music...forming the grassroots of the nation's live music ecology, upon which the rest of the live music sector rests.³⁴

- 3.37 Participants raised concerns that, despite increasing domestic and global demand for live performance of Australian music, the live music industry is facing major challenges due to the closure of many small live music venues. Mr Whiting told the committee that many small venues operate on thin financial margins and that 'it is difficult for these small businesses to remain afloat in the face of increasing gentrification, rising rents, continued over-development of cultural precincts, noise complaints, and the high-cost of operation'.³⁵

Regulatory impacts

- 3.38 Many participants attributed the closure of live music venues to inconsistent and restrictive regulatory environments. MEAA told the committee that 'performance spaces in our cities and towns are disappearing as a result of poorly regulated residential development and other forms of social regulation'.³⁶
- 3.39 LPA explained that Australia's live music industry is 'significantly burdened' by regulatory red tape and restrictions. It advised that 'there are numerous inefficient, inconsistent, overlapping and burdensome regulations at the local and state level that significantly deter the staging of live music at both indoor and outdoor venues'.³⁷
- 3.40 LPA asserted that local music businesses are restricted by 'convoluted and cost-prohibitive regulations' regarding, among other things:
- liquor licensing;
 - lockout laws;
 - development planning and approvals;
 - land use conflicts;
 - environmental protection;
 - noise pollution;
 - events permits and licensing;
 - crowd and emergency management; and
 - security.³⁸

34 Mr Samuel Whiting, *Submission 60*, pp. 1-2.

35 Mr Samuel Whiting, *Submission 60*, p. 2.

36 Media Entertainment and the Arts Alliance, *Submission 45*, p. 6.

37 Live Performance Australia, *Submission 112*, p. 6.

38 Live Performance Australia, *Submission 112*, p. 6.

- 3.41 Participants called for the Australian Government to work with state and local governments to streamline regulations and minimise the regulatory burden placed on live music venues. LPA called for the Government to ‘drive a collaborative initiative with state and local governments to introduce reforms that reduce onerous red tape and streamline regulatory compliance between state and local jurisdictions’.³⁹
- 3.42 Local Government NSW advised that a uniform approach to regulation may not be appropriate, given the various factors that shape music culture in each city and region. However, it too recommended that the Australian Government work with state and territory jurisdictions to reduce and streamline planning regulations required for music and arts activities.⁴⁰

Best practice

- 3.43 The International Federation of the Phonographic Industry (IFPI)’s report *The Mastering of a Music City* considers the conditions necessary to support, encourage and grow a vibrant music economy. It lists key strategies to effectively grow and strengthen the music economy, such as:
- music-friendly and musician-friendly government policies;
 - a music office to lead city music strategy development and mediate conflicts that arise between music businesses and the larger community;
 - a music advisory board to link the music industry with legislators and regulators;
 - a full range of venues to support artists as they advance through their careers, as well as places for rehearsal and music education;
 - audience development, in particular engaging younger audiences to develop a lifelong relationship with music; and
 - music tourism and the development of a music city brand, leveraging music tourism assets such as a city’s year-round live music scene, music festivals, and historic music landmarks.⁴¹
- 3.44 Many participants highlighted Melbourne as an example of a thriving ‘Music City’; it has 465 live music venues (one per 8,915 residents), which is more than New York, Paris, London, Berlin, and Tokyo. The Victorian Government advised that, in 2016, live music generated \$175.5 million in revenue from 2.1 million audience members in Victoria. Melbourne hosts more than 62,000 live music concerts every year, worth more than \$250

39 Live Performance Australia, *Submission 112*, p. 6.

40 Local Government NSW, *Submission 76*, p. 3.

41 International Federation of the Phonographic Industry, *The Mastering of a Music City: key elements, effective strategies, and why it’s worth pursuing*, pp. 13-15.

million in ticket sales alone, and has three times more live music performances than the national average.⁴²

- 3.45 The Australian Broadcasting Corporation (ABC), explained that Melbourne is one of the best cities in the world for music and live music in particular:

I think Victoria – Melbourne in particular – is always held up as a fantastic example of broadcast infrastructure that really supports Australian music, with very strong community radio in Melbourne, but also there are government supported initiatives at a state level, like Music Victoria and Creative Victoria, who are there actively looking to support music and local artists and help them have a career. That's why Melbourne is one of the best cities in the world for music, and live music in particular. It's because it's ingrained into the culture of that city. Artists know that they will be heard and that they can get their music out there and audiences know very early that live music and consuming music is part of the culture and something that they should be doing.⁴³

- 3.46 A number of participants praised the Agent of Change planning principle that was introduced in Victoria in 2014 to resolve land use conflict issues between residents and venues. The principle protects established live music venues by placing the onus on the applicant proposing a new use or development to mitigate any external effects. For example, new residential planning proposals that are close to existing music venues are required to include appropriate noise attenuation measures.⁴⁴
- 3.47 In addition, the Victorian Government provides matched funding opportunities for up to \$25,000 for live music venues to manage their sound attenuation needs, through its Good Music Neighbours program.⁴⁵
- 3.48 Participants also highlighted the success of special entertainment precincts/areas introduced in Brisbane in 2006. Entertainment venues in the Special Entertainment Precinct are exempt from the amplified music noise requirements of the Queensland Government's liquor licensing laws, with responsibility for regulating amplified music noise from venues in

42 Creative Victoria, *Submission 128*, p. 3.

43 Mr Chris Scaddan, Head of Music and Creative Development, Australian Broadcasting Corporation, *Committee Hansard*, Sydney, 22 November 2018, p. 10.

44 Live Performance Australia, *Submission 112*, p. 7.

45 Creative Victoria, *Submission 128*, p. 10.

the Special Entertainment Precinct transferred from the State Liquor Licensing Division to Council.⁴⁶

Tax incentives to stage live music

- 3.49 A number of participants called for the introduction of tax offsets to encourage venues to stage live music, referring to a 2016 report conducted by Ernst & Young and commissioned by the Australasian Performing Right Association and Australasian Mechanical Copyright Owners Society (APRA AMCOS), which considered the impact of tax offsets for investment in the contemporary music sector.
- 3.50 The report found that the top three factors influencing a venue's decision to stage live music (for venues both currently and not currently staging live music) were:
- the overall cost to stage live music;
 - current regulatory environments; and
 - the cost of artists.⁴⁷
- 3.51 It reported that the majority of venues currently staging live music (75 per cent) as well as the majority of venues not currently staging live music (59 per cent) agreed that a tax offset would be an incentive to further invest in and stage live music.⁴⁸

Live Music Office

- 3.52 In 2013, the LMO was established by the Australian Government, in partnership with the Australia Council, the Ministry for the Arts, and APRA AMCOS, to review the impact of policy frameworks on the Australian live music sector. Its work includes:
- liaising and collaborating with all levels of government and live music industry stakeholders;
 - providing strategic planning support and assisting in the development of live music plans and strategies for local, state, and territory governments;
 - advocating for and providing advice regarding regulatory best practice; and

46 Live Music Office, *Answers to questions on notice*, New South Wales Parliament, Portfolio Committee No. 6 Planning and Environment, Inquiry into the music and arts economy in New South Wales, p. 1.

47 Ernst & Young, *Investment initiative to cultivate the Australian contemporary music industry*, February 2016, pp. 20-21.

48 Ernst & Young, *Investment initiative to cultivate the Australian contemporary music industry*, February 2016, p. 21.

- live music industry development programs, such as the Live and Local Strategy, the Amplify Program, and the Live Music Map.⁴⁹
- 3.53 Many participants praised the work of the LMO. LPA told the committee that the LMO has ‘delivered significant benefits in support of growing live music in Australia...producing key economic research, successfully working with state and local governments on regulatory initiatives and providing expert advice’.⁵⁰
- 3.54 Music Australia commended the LMO for spearheading national reform to remove barriers to live music and ‘fostering a strategic approach across Federal, State, and Local Governments, and providing specific jurisdictional advice and input’. It asserted that the LMO’s work is ‘vital to effective regulatory reform’ and called for its continued funding and support.⁵¹
- 3.55 The results of the 2018 APRA AMCOS survey regarding the services provided by the LMO found that it is valued by stakeholders and has a high level of stakeholder engagement. The survey found that the majority of stakeholders (80 per cent) felt that the LMO is effective at promoting the interests of the live music scene; that it successfully removes barriers for live music (85 per cent); and that it advocates on behalf of the live music scene (85 per cent).⁵²
- 3.56 The LMO advised that it is no longer in receipt of Australian Government funding. It was initially funded for three years (2013 to 2016), and was then in receipt of Project Funding for Organisations from the Australia Council (2017). However, government funding ceased at the end of 2017-18, after which APRA AMCOS has been covering its operational costs.⁵³ This has significantly reduced the capacity of the LMO, which is now operating with 0.4 FTE staff (two staff, engaged for two days a week).⁵⁴
- 3.57 Participants called for the Australian Government to recommence funding the Live Music Office. The ACT Government told the committee that Live Music Australia has strong links and provides valuable developmental assistance to music industry bodies across Australia and urged ‘the Australian Government to consider funding options for this important organisation to continue its valuable work’.⁵⁵

49 Live Music Office, *Submission 99*, p. 3.

50 Live Performance Australia, *Submission 112*, p. 6.

51 Music Australia, *Submission 63*, pp. [30], [42].

52 APRA AMCOS, *Submission 94*, p. 25.

53 Live Music Office, *Submission 99*, p. 4; APRA AMCOS, *Submission 94*, p. 24.

54 Live Music Office, *Submission 99*, p. 4.

55 ACT Government, *Submission 122*, p. 3.

Conclusions

- 3.58 A thriving local music scene is essential to the development of Australian artists. Live music provides an opportunity for artists to reach audiences and grow as performers as well as being a key income stream. A wide range of accessible and affordable spaces for the performance and rehearsal of all styles and genres of music, from small intimate spaces to massive stadiums, is necessary to foster and grow a city's music scene.
- 3.59 The committee is concerned by the reports that live music venues in many cities and towns are closing, despite increasing demand for live music. As with all businesses, there is a range of complex issues that determine whether or not a live music venue succeeds. However, it is clear that the regulatory environment at the state/territory and local levels is a significant factor in the success of a city's live music venues and its music scene more broadly.
- 3.60 The stark contrast between the thriving music scene in Melbourne and the declining music scene in other cities demonstrates the importance of getting the regulatory and policy settings right at the state and local level. Melbourne's world-class music scene provides an excellent example of the ways in which state and local investment and focus on music-friendly and musician-friendly policies can set the scene for music to flourish.
- 3.61 The committee notes the positive work of the Live Music Office. Its work liaising with all levels of government and live music industry stakeholders is invaluable. Its work developing, collating, and advising on regulatory best practice supports the development of live music strategies and assists state and local governments to develop regulation that encourages and celebrates live music rather than hindering it. It is the committee's view that the Australian Government should invest in the Live Music Office.

Recommendation 4

- 3.62 **The committee recommends that the Australian Government invest in the Live Music Office.**
- 3.63 The committee is not convinced that tax offsets are the most effective way to encourage the staging of live music. At this stage, it is more important to focus on removing the barriers presented by regulatory environments and ensuring that Australian cities and towns are 'Music Cities' that encourage and celebrate live music.

- 3.64 The committee encourages state, territory, and local governments to consider initiatives and programs, such as Victoria's Good Music Neighbours program, that incentivise and assist live music venues to invest in live music.

Ticket scalping

- 3.65 LPA raised concerns regarding the illegitimate or unauthorised resale of tickets at an inflated price, commonly known as 'ticket scalping'. It told the committee that ticket scalping is a 'major growing concern for the live music industry' and that it 'can negatively affect the patron experience'. LPA explained that:

...there have been instances in recent times where people have turned up to their venue having bought tickets for shows from the secondary market that were fake or at an inflated mark-up above the original price, even though tickets were not sold out and still available from the primary seller at the original price...for every event featuring a high-profile act...there are many instances where the ticket presented is fraudulent (usually because the same ticket has been resold multiple times).⁵⁶

- 3.66 Some states have recently introduced legislation that prohibits the resale of tickets for more than 10 per cent above the face value of the ticket and provides various protections for consumers purchasing tickets from the secondary resale market.⁵⁷ The Victorian Government advised the committee that its legislation 'ensures that consumers are given a fair go when purchasing tickets and can attend events without being priced-out or made to pay exorbitant costs'.⁵⁸
- 3.67 LPA called for the Australian Government to implement a nationally consistent legislative approach to address ticket scalping. It explained that this would result in less confusion amongst consumers about the protections that exist and less administrative burden on ticketing companies and event organisers to comply with differing legislative requirements.⁵⁹
- 3.68 The Department of Communications and the Arts advised the committee that the Australian Government is monitoring the issue of the illegitimate

56 Live Performance Australia, *Submission 112*, p. 9.

57 For examples see: *Fair Trading Act 1987* (NSW); *Major Events Act 2009* (Vic); and *Fair Trading Act 1987* (SA).

58 Creative Victoria, *Submission 128*, p. 8.

59 Live Performance Australia, *Submission 112*, p. 1.

or unauthorised resale of tickets at an inflated price and the recent state legislation to counteract it.⁶⁰

Conclusions

- 3.69 The committee recognises the benefit of a nationally consistent legislative response to address illegitimate or unauthorised resale of tickets at an inflated price. However, at this stage, it is the view of the committee that the Australian Government should continue to monitor the implementation, outcomes, and success of recent state legislation before developing a national legislative response to counteract ticket scalping.

60 Dr Stephen Arnott, First Assistant Secretary, Arts, Department of Communications and the Arts, *Committee Hansard*, Canberra, 13 February 2019, pp. 2-3.

Incentives to use Australian music

- 4.1 For Australian music to flourish it must be heard at home and around the world. It is essential that Australians can easily access and encounter Australian music – hear it on the radio, find it on streaming playlists, and hear it in our favourite television programs and in the films we see.
- 4.2 This chapter will focus on the promotion of Australian music, domestically and internationally, considering incentives to broadcast and stream Australian music. It will also discuss the export and promotion of Australian music to global audiences.

Commercial radio

- 4.3 Participants emphasised the importance of commercial radio play for the success of Australian artists and the Australian music industry more broadly. Chrissie Vincent, Head of Entertainment Management, Australian College of the Arts, advised that ‘Australian artists receiving support on commercial radio are financially and professionally better off than artists that don’t receive commercial radio airplay’.¹
- 4.4 Many participants supported Australian content requirements for commercial radio broadcasters. The Australasian Music Publishers Association (AMPAL) explained that, rather than viewing Australian content quotas as an impost for operators or a form of forced supply, they should be recognised as an obligation ‘inherent in gaining access to the

1 Professor Chrissie Vincent, *Committee Hansard*, Melbourne, 21 November 2018, p. 38.

finite analogue and digital spectrum to offer a commercial service to the Australian public'.²

- 4.5 The Australasian Performing Right Association and Australasian Mechanical Copyright Owners Society (APRA AMCOS) told the committee that 'local content requirements continue to remain highly relevant to the Australian broadcast media landscape', explaining that 'quotas provide an enormous opportunity for radio stations to celebrate great Australian musical works and discover the exciting new talent emerging across the country and grabbing international headlines'.³

Code of practice

- 4.6 Commercial radio broadcasters are issued broadcasting licenses, which grant the broadcasters permission to use a portion of the radio frequency spectrum in a given geographical area for broadcasting purposes. Section 123 of the *Broadcasting Services Act 1992* provides for the development of codes of practice for commercial radio broadcasting licensees and, in particular, provides for the code of practice to incorporate provisions relating to the broadcasting of Australian music.
- 4.7 The Commercial Radio Industry Code of Practice (the Code), is developed by the national industry body representing commercial radio broadcasters, Commercial Radio Australia (CRA), in consultation with the Australian Communication and Media Authority (ACMA). Once developed, the code is approved by and registered with ACMA, which also monitors the code and deals with unresolved complaints made under the code.⁴
- 4.8 The current Code, which came into operation in March 2017, requires a proportion of commercial broadcasters' content to be Australian music, dependant on the category of content they broadcast (Table 4.1). Radio broadcasters are able to nominate which category best applies to their format of service.⁵

2 Australasian Music Publishers Association, *Submission 100*, p. 3.

3 APRA AMCOS, *Submission 94*, p. 20.

4 Australian Communication and Media Authority, <https://www.acma.gov.au/theACMA/About/The-ACMA-story/Regulating/broadcasting-codes-schemes-index-radio-content-regulation-i-acma>, accessed 12 January 2019.

5 *Commercial Radio Industry Code of Practice*, March 2017, pp. 8-9.

4.9 The Code states that, in order to qualify as Australian music for the purposes of the content quota, the music must be performed predominantly by one or more Australians.⁶ In addition, the Australian music must be played during the Australian Performance Period – the 126 hours each week that comprise the time between 6.00am and 12.00 midnight.⁷

Table 4.1 Format of service categories

Category	Format of service	Proportion of Australian music
A	Mainstream Rock Album Oriented Rock Contemporary Hits Top 40 Alternative	Not less than 25 per cent
B	Hot/Mainstream Adult Contemporary Country Classic Rock	Not less than 20 per cent
C	Soft Adult Contemporary Hits & Memories Gold – encompassing Classic Hits Hip Hop	Not less than 15 per cent
D	Oldies Easy Listening Easy Gold Country Gold	Not less than 10 per cent
E	Nostalgia Jazz NAC (smooth jazz)	Not less than 5 per cent
F	All other formats of service (including, without limitation, programs which are predominantly comprised of open-line, news, talk, and sport content)	N/A

Source *Commercial Radio Industry Code of Practice*, p. 8.

Table 4.2 New Australian performances as a proportion of total Australian performances

Category	New Australian performances as a proportion of total Australian performances
A	Not less than 25 per cent
B	Not less than 20 per cent
C	Not less than 15 per cent

Source *Commercial Radio Industry Code of Practice*, p. 9.

⁶ *Commercial Radio Industry Code of Practice*, March 2017, p. 9.

⁷ *Commercial Radio Industry Code of Practice*, March 2017, p. 22.

- 4.10 For commercial radio broadcasters that fall within categories A, B, or C, a proportion of the total Australian music played must be new Australian music (Table 4.2). This must be a sound recording of a previously unpublished performance of a musical item that is performed by an Australian, and which has been on sale to the Australian public for 12 months or less.⁸
- 4.11 Some participants questioned why the format of service should determine the Australian music requirement for that service, asserting that the formats of service are undefined and out of date. Participants raised concerns regarding commercial broadcasters' ability to nominate which category, and thus what proportion of Australian content, should apply to their service. APRA AMCOS explained that:
- For example, if a station categorises itself as falling within the 'Classic Rock' format, a minimum quota of 20% Australian Music will apply, whereas if the same station categorised itself as 'Gold – encompassing Classic Hits', an Australian music quota of only 15% would apply, and if the category of 'Easy Gold' were chosen, the quota would be only 10%. The various format categories are not defined anywhere within the Code...⁹
- 4.12 APRA AMCOS called for all 'music focused' stations to be required to meet the full 25 per cent Australian music quota. APRA AMCOS asserted that this is 'not only achievable', but is also 'internationally reasonable' when compared with the 35 per cent quota applied in Canada.¹⁰
- 4.13 However, CRA cautioned against the return to an industry-wide Australian music requirement. It advised that the current format-based Australian music obligation 'allows stations to freely choose their format, ranging from one where no music is played, to content that is heavily music focused'. CRA explained that:
- A universal Australia music quota applied across the industry would force all stations to play music, even those that currently have a talk format. It would also fail to reflect the difficulty that stations have in finding commercial music for certain genres of music.¹¹
- 4.14 The ABC and community radio are discussed in greater detail in Chapter 5 of this report.

8 *Commercial Radio Industry Code of Practice*, March 2017, p. 9.

9 APRA AMCOS, *Submission 94*, p. 20.

10 APRA AMCOS, *Submission 94*, p. 20.

11 *Commercial Radio Australia, Submission 50*, p. 3.

Meeting Australian content quotas

4.15 Some participants raised concerns that commercial radio broadcasters were not playing the proportion of Australian music required under the code. Chrissie Vincent, Head of Entertainment Management, Australian College of the Arts, told the committee that her research indicated that many commercial radio stations were not meeting the requirements, and that, when played, Australian music was often played outside ‘peak’ times:

One of the major findings of the research was that there is a definite disconnect between the minimum content and what is actually happening on air. Besides commercial radio playing well below the minimal content quota obligations, a marked decrease in Australian music content was found in the peak times between 6am and 6pm.¹²

4.16 CRA assured the committee that ‘as a rule, commercial radio stations reach – and in some respects exceed – their Australian music quotas’.¹³ However, CRA acknowledged that there had been confusion amongst its members regarding what qualified as Australian music:

...everybody was working on a different definition of what we were meant to be measuring. We are not meant to be measuring composers, writers or producers...[this] didn’t seem to be understood by some of our music directors or by some of the music pluggers that go out to radio. In fact...one of our young music directors was told he could count one of Justin Bieber’s songs as Australian content because it was produced in Melbourne.¹⁴

4.17 CRA advised that it has developed a working definition with APRA AMCOS and ARIA, to clarify what qualifies as Australian music. The definition states that Australian music relates to performances by Australian artists who are citizens of, or ordinarily residents in Australia, and who are:

- the main performer;
- a featured artist;
- a band that is comprised of 50 per cent or more Australian citizens/residents; or

12 Professor Chrissie Vincent, *Submission 87*, p. 5.

13 Commercial Radio Australia, *Submission 50*, p. 2.

14 Ms Joan Warner, Chief Executive Officer, Commercial Radio Australia, *Committee Hansard*, Sydney, 22 November 2018, p. 15.

- a DJ that is featured/credited by the label and appears on the charts as a main or featured performer (the track must be marketed/sold under the DJ's name on iTunes).¹⁵
- 4.18 Music does not qualify as Australian music (unless meeting the above criteria), if it is:
- performed by session musicians (even if they are Australian citizens/residents);
 - produced by an Australian;
 - written by an Australian (lyrics or composition) but performed by a non-Australian artist;
 - recorded in Australia (if the artist is not a resident or citizen); or
 - a mix track that has been developed by an Australian DJ, if that track is not available for sale on iTunes under the name of the Australian DJ.¹⁶
- 4.19 CRA told the committee that it receives reports from each individual station regarding the percentage of Australian music played each month. CRA annually reports the percentage of Australian music played by each station to the Australian Recording Industry Association (ARIA), which publishes it in its annual report. CRA noted that the commercial radio industry also reports quarterly to APRA, providing details regarding all music played (on a track by track basis).¹⁷

Monitoring and oversight

- 4.20 Some participants questioned the adequacy of the oversight, monitoring, and enforcement of Australian content quotas. Chrissie Vincent, Head of Entertainment Management, Australian College of the Arts, raised concerns regarding the removal of the overseeing body, the Australian Music Performance Committee (AMPCOM), in March 2017.¹⁸
- 4.21 When in operation, AMPCOM comprised representatives of CRA, ARIA, the Phonographic Performance Company of Australia (PPCA), AMPAL, the Musicians' Union of Australia, and the Media Entertainment and Arts Alliance (MEAA). Its objectives were to:
- maximise the exposure of Australian music on commercial radio, having due regard to the availability of appropriate broadcast-worthy material and the needs and preferences of the Australian listening public;

15 Commercial Radio Australia, *Submission 50*, p. 2.

16 Commercial Radio Australia, *Submission 50*, p. 2.

17 Commercial Radio Australia, *Submission 50*, p. 2.

18 Professor Chrissie Vincent, *Submission 87*, pp. 4-5.

- monitor the commercial radio industry's observance of the Australian music requirements under the Code;
 - monitor the music industry's production of Australian music performances and composition;
 - monitor the effects of the Code on performers, composers, producers of sound recordings, musicians, and broadcasters; and
 - review the operation of the Code and to recommend changes to it as considered necessary, and to consider other such matters, relevant to the above objectives, as the committee thinks fit.¹⁹
- 4.22 AMPCOM was also responsible for deciding which category (Table 4.1 above) each station's format fell under (which determines the proportion of commercial broadcasters' content that is required to be Australian), if there was a dispute about a station's nomination.²⁰
- 4.23 Professor Vincent advised the committee that the removal of AMPCOM was 'not a wise thing'. She explained that it has decreased the oversight and monitoring of Australian content requirements on commercial radio, with AMPCOM's annual reports on Australian music content return being replaced by a 'brief' list of what stations are playing:
- ...now CRA are just reporting annually to ARIA. ARIA have just done a brief two-page list – not even a report – of what the stations are playing. The thing for me is that no-one is overseeing that at all and checking on that.²¹
- 4.24 ARIA advised that ARIA and APRA AMCOS have been working with CRA to monitor the proportion of Australian music being played on commercial radio and ensure that Australian content quotas are being met, describing the results as 'positive'.²² CRA explained that:
- ...the monitoring that we are having done is very rigorous and has been agreed upon between the three organisations, APRA, ARIA and CRA. We are all on the same page with this.²³
- 4.25 The Department of Communications and the Arts told the committee that, whilst ACMA does not actively monitor compliance with Australian music quotas, it can accept and investigate complaints about individual

19 AMPCOM, *Annual Report 2015-16*, p. 3.

20 AMPCOM, *Annual Report 2015-16*, p. 3.

21 Professor Chrissie Vincent, Head of Entertainment Management, Australian College of the Arts, *Committee Hansard, Melbourne*, 21 November 2018, pp. 39-41.

22 Mr Dan Rosen, Chief Executive Officer, Australian Recording Industry Association, *Committee Hansard, Sydney*, 2 November 2018, p. 11.

23 Ms Joan Warner, Chief Executive Officer, Commercial Radio Australia, *Committee Hansard, Sydney*, 22 November 2018, p. 19.

licensees in relation to their compliance with the Code. It advised that, in the last five years, ACMA has not received any complaints about compliance with the Australian music requirements.²⁴

Conclusions

- 4.26 Radio remains one of the most popular and common ways Australians access music. For many Australians, the first time they hear a song is on the radio; there is no doubt that commercial radio airplay has a significant impact on the popularity and success of Australian artists. It is imperative that Australians are able to easily access and encounter Australian music on the radio, especially during peak listening times.
- 4.27 The committee was encouraged to hear examples of commercial radio helping to break new Australian artists into the mainstream, providing promotion, radio interviews, and importantly playing Australian music. It is clear that commercial radio has an incredible capacity to support and promote Australian artists and Australian music.
- 4.28 The committee agrees that Australian content requirements should not be viewed as a burden imposed on commercial radio stations, but rather as an obligation inherent in gaining access to the finite analogue and digital spectrum to offer commercial service to the Australian public. In exchange for this privilege, commercial broadcasters have a responsibility to provide access to Australian music.
- 4.29 The committee is not convinced that a self-nominated format of service is the most appropriate way to determine the minimum proportion of Australian music that a broadcaster should be required to play. It is not clear why broadcasters that consider their format of service to be 'Hot/Mainstream Adult Contemporary' or 'Soft Adult Contemporary' would be less able to meet Australian content requirements than broadcasters that consider their format to be 'Contemporary Hits' or 'Alternative'.
- 4.30 The committee acknowledges that it would be inappropriate to apply an Australian content quota to commercial broadcasters that do not play music. Australian content requirements should apply to hours of music played. This prevents non-music broadcasters from being forced to play music and provides freedom and flexibility for broadcasters who have a mixed format incorporating music and non-music programs.

24 Department of Communications and the Arts, *Submission 126*, p. [7].

- 4.31 The vast and growing repertoire of high-quality Australian music across all genres and styles is more than sufficient for all music-focused broadcasters to easily ensure that 25 per cent of music played is Australian.
- 4.32 ACMA should consult and work with industry stakeholders to amend and simplify the Code to require all commercial broadcasters to meet an Australian content quota of 25 per cent of all music played during the Australian Performance Period, which should reflect peak listener times. New Australian performances should comprise no less than 25 per cent of total Australian performances for all broadcasters that play new music.
- 4.33 Commercial broadcasters that have a specialised format, such as a focus on music in a language other than English, and that can demonstrate that sufficient Australian music is not available to meet the 25 per cent requirement, should be able to apply to ACMA on a case by case basis for authorisation and assignment of a more reasonable Australian content quota.

Recommendation 5

- 4.34 **The committee recommends that the Australian Communications and Media Authority (ACMA) consult and work with industry stakeholders to amend and simplify the Commercial Radio Industry Code of Conduct to:**
- **require all commercial broadcasters to meet an Australian content quota of no less than 25 per cent of all music played during the Australian Performance Period;**
 - **require all commercial broadcasters that play new music (published within the last 12 months) to meet a new Australian performances quota of no less than 25 per cent of Australian content played;**
 - **include a provision that broadcasters may be granted authorisation by ACMA on a case by case basis to broadcast a lower proportion of Australian music (or new Australian music), provided the broadcaster can demonstrate that sufficient Australian music is not available; and**
 - **report its progress to the committee by April 2020.**

- 4.35 The committee is concerned by reports that commercial radio stations are not meeting the proportion of Australian content currently required under the Code. Furthermore, the committee is disappointed by reports that Australian content is being played outside peak listening times, meeting the letter, if not the spirit, of the Australian content requirements.

Recommendation 6

- 4.36 **The committee recommends that the Australian Communications and Media Authority consult and work with industry stakeholders to amend the Commercial Radio Industry Code of Conduct to change the Australian Performance Period to the time between 6.00am and 6.00pm.**
- 4.37 The committee is concerned that the oversight, monitoring and enforcement of Australian content quotas are less robust under the current Commercial Radio Industry Code of Conduct. The committee is not convinced that the current arrangements provide adequate oversight or monitoring to ensure that commercial broadcasters are meeting the Australian content requirements.

Recommendation 7

- 4.38 **The committee recommends that the Australian Communications and Media Authority consult and work with industry stakeholders to amend the Commercial Radio Industry Code of Conduct to re-establish and strengthen the Australian Music Performance Committee's oversight of the industry.**

Streaming services

- 4.39 Playlists on streaming services such as Spotify and Apple Music are curated by editors, users, and algorithms. Popular playlists have become increasingly influential and can have significant impact on audience exposure to artists and their music. The Australia Council for the Arts (Australia Council) told the committee that being added to high-profile Spotify playlists can significantly boost an artist's career:

Kllo, a Melbourne-based electronic duo, were added to high-profile Spotify playlists and have gained over 15 million

streams and 800,000 monthly listeners. This now means that Spotify is a major income source for the band...²⁵

- 4.40 A number of participants raised concerns that, unlike commercial radio, streaming services are not subject to Australian content quotas. Participants called for incentives to encourage streaming services to feature more Australian music and promote Australian artists. Some called for quotas to be applied to streaming services; however, many participants acknowledged that this might not be practical.
- 4.41 ARIA told the committee that, unlike traditional radio, it is difficult to apply local content quotas on interactive and 'on-demand' services where the listener is in control of the content they consume.²⁶ APRA AMCOS agreed, explaining that 'in the streaming space...[there is] a need for a more flexible approach as it is not a linear medium like radio'.²⁷
- 4.42 ARIA and APRA AMCOS called for streaming services to work with the Australian music industry to ensure that Australian consumers have access to local content. ARIA explained that 'the challenge is having local music discovered within each of these extensive services, via organic search or the curated playlists'.²⁸ It explained that key ways this could be addressed include:
- employing locals dedicated to curating Australian content;
 - creating locally produced and curated playlists;
 - ensuring that Australian content is appropriately represented on locally curated playlists; and
 - highlighting Australian artists in promotional material internally, to users, and externally, via marketing channels.²⁹
- 4.43 Spotify explained that content quotas are contrary to the purpose of on-demand services, such as Spotify, which respond to the individual tastes of their users. However, Spotify assured the committee that, within the structure of the service, users, both in Australia and around the world, are able to access a wide range of Australian music. Spotify stated:
- ...we have a team of editors here in Australia who are curating, on a daily basis, local playlists, many of which are for Australian music specifically and many of which also contain a high percentage of Australian music. If our listeners did prefer to listen

25 Australia Council for the Arts, *Submission 98*, p. 14.

26 Australian Recording Industry Association, *Submission 96*, p. 10.

27 APRA AMCOS, *Submission 94*, p. 21.

28 Australian Recording Industry Association, *Submission 96*, p. 5.

29 Australian Recording Industry Association, *Submission 96*, p. 10.

to Australian music, there's certainly easy accessibility on the service in terms of doing that...You are not going to go hungry for being able to either find or listen to Australian music on Spotify.³⁰

- 4.44 Spotify noted that it is very happy to participate with all stakeholders and work collaboratively to support a thriving music economy in Australia. Spotify advised that it has 'invested heavily in Australia', noting that its Sydney office has expanded to over 55 staff, including label and artist services and a team of music curators.³¹
- 4.45 APRA AMCOS acknowledged that music streaming services have local curation teams in Australia and have 'already demonstrated very good support for Australian artists'. It advised that it is working with streaming services to develop an industry-agreed 'benchmark' for Australian content on locally curated playlists to 'ensure there is an opportunity for Australian music to be heard and discovered by local audiences, and mitigate the risk of foreign artists unfairly dominating charts'.³²

Conclusions

- 4.46 Streaming services have rapidly become one of the most popular ways Australians access music. The 'on demand' nature of streaming services allows users to choose what music they listen to. However, many users also access music, particularly new music, through playlists curated by editors, users, and algorithms determined by their personal music preferences and listening history.
- 4.47 Increasingly, Australians are discovering new music through streaming service playlists. It is clear that support from popular playlists has a significant impact on the popularity and success of Australian artists. It is vital that Australian music is appropriately represented and promoted on popular and editor-curated 'front page' playlists to ensure that there is an opportunity for Australian music to be heard and discovered by Australian audiences.
- 4.48 The committee acknowledges that content quotas, such as those applied to commercial radio, would not be practical in the on-demand streaming context. The committee encourages streaming services to work with the Australian music industry to establish benchmarks for Australian content on locally curated playlists.

30 Ms Jane Huxley, Managing Director, Australia and New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2018, p. 5.

31 Ms Jane Huxley, Managing Director, Australia and New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2018, p. 5.

32 APRA AMCOS, *Submission 94*, p. 21.

Screen industries

- 4.49 Australian music intersects with a number of other creative industries. Film, television, videogames, and advertising are key vehicles for Australian music. Participants advised the committee that when Australian music is synchronised – appearing in film, television, videogames and advertising – it can be both lucrative and a highly effective form of exposure for artists but that opportunities for synchronisation are highly competitive and often few and far between.
- 4.50 APRA AMCOS commended the screen sector’s ‘growing commitment to local creatives’ highlighting Australian songwriters and composers that have composed music for productions including *Wentworth*, *Top of the Lake*, *Picnic at Hanging Rock*, and the *Great Australian Bake-Off*.³³
- 4.51 However, participants advised the committee that Australian film and television composers are facing increasing challenges and diminishing income streams. Caitlin Yeo, a professional composer and President of the Australian Guild of Screen Composers, advised that the industry is becoming increasingly challenging for composers and many careers are being lost:
- ...many composers are now expected to offer more music, in less time, for a wider scope of rights, and a smaller fee. This is simply not sustainable and I fear the art and craft of what we do is at risk of becoming extinct here in Australia. Careers are already being lost, diversity of already shrinking, voices are being lost, and many Australian films and TV shows will simply no longer have Australian music.³⁴
- 4.52 Ms Yeo told the committee that composers, many of whom are freelance, traditionally relied on royalties as a key income stream, noting that ‘up-front fees are not enough to live on alone’. She explained that, as more and more viewers use on-demand television and film streaming services, such as Netflix and Stan, these royalties have been ‘diluted catastrophically without any additional compensation in the upfront agreements’.³⁵
- 4.53 Guy Gross, a professional composer, agreed, describing film and television streaming services as ‘the wolf knocking at the door’. He told the committee that film and television streaming services ‘don’t really

33 APRA AMCOS, *Submission 94*, p. 18.

34 Ms Caitlin Yeo, President of the Australian Guild of Screen Composers, as quoted in APRA AMCOS, *Submission 94*, p. 22.

35 Ms Caitlin Yeo, President of the Australian Guild of Screen Composers, as quoted in APRA AMCOS, *Submission 94*, p. 22.

wish to pay a performance royalty' or 'are paying a small one'.

Furthermore, Mr Gross noted that streaming services are also 'not paying a great deal for the commissioning of products'.³⁶

- 4.54 Some artists advised that, whilst the exposure that comes from their music being used on television and in film is positive, they do not receive much income from the use of their music. Clea Pratt, a professional artist, told the committee that:

...Usually if they ask you it's for free. There's not really ever much income. The only thing that I've done for TV was an Australian made show called *The Kettering Incident* and I recorded a cover of 'Crimson and Clover'. They paid me an initial sum and then they got all of the money from the actual income of the song on iTunes... It was pretty good for gaining a few more audience members, but that's about it.³⁷

- 4.55 The Producer Offset is a refundable tax offset (rebate) for producers of Australian feature films, television and other projects. The Department of Communications and the Arts (the Department) advised the committee that the use of Australian music strengthens applicant's claims regarding the Significant Australian Content (SAC) eligibility requirement for the Producer Offset.³⁸

- 4.56 The Department explained that the use of an Australian composer and/or the synchronisation of pre-existing Australian music would be considered as part of the SAC test. However, it noted that the SAC test is holistic and takes a range of considerations into account. Therefore, a project can use a non-Australian composer and/or license non-Australian music and pass the SAC test if other elements are 'Australian'.³⁹

- 4.57 The Department advised that the rebate for the Producer Offset is paid based on the Qualifying Australian Production Expenditure (QAPE) – 40 per cent of QAPE for feature films and 20 per cent of QAPE for other eligible formats (e.g. television, documentaries, multi-platform). The expenditure for working with an Australian composer or licensing Australian music would be considered QAPE. The Department noted that applicants for the Producer Offset will want to maximise their QAPE, as this increases their rebate.⁴⁰

36 Mr Guy Gross, *Committee Hansard*, Sydney, 22 November 2018, p. 57.

37 Ms Clea Pratt, *Committee Hansard*, Brisbane, 6 February 2019, pp. 8-9.

38 Department of Communications and the Arts, *Submission 129*, pp. [2-3].

39 Department of Communications and the Arts, *Submission 129*, pp. [2-3].

40 Department of Communications and the Arts, *Submission 129*, pp. [2-3].

Export of Australian music

- 4.58 Music export revenues are primarily derived from activities such as live performance (touring); the production and sale of sound recordings; the administration of copyright in compositions and sound recordings; and exploitation of copyright across both traditional and new media (television, film, videogames, advertising, radio, mobile phones, social media, etc.).⁴¹
- 4.59 In recent years, the scale of Australian music exports has grown. In 2017, international royalties generated \$44.7 million (11.6 per cent of royalty income for artists), compared to \$22.1 million (9.1 per cent of royalty income for artists) in 2012.⁴²
- 4.60 Sounds Australia told the committee that song writing is considered one of Australia's fastest growing export industries, with \$43.5 million in royalties earned overseas by APRA AMCOS members in 2016-17. Sounds Australia explained that this was a '13.6 per cent year-on-year growth and more than double the \$21.8 million collected only four years earlier'.⁴³
- 4.61 An Australian Research Council project conducted by the University of Newcastle Conservatorium of Music (ARC project) examining the economic and cultural value of Australian music exports advised that a much broader base of Australian artists have been achieving international success in recent years. It explained that Australian acts are finding overseas markets across pop, indie and mainstream rock, progressive rock, country, and electronic pop.⁴⁴
- 4.62 The ARC project told the committee that Australian artists are succeeding in multiple genres and territories due to a 'combination of multinational and indie label development; a digital landscape/soundscape that allows for easier access to audiences; and a greater number of acts that accord with both niche and global genres'. Australian songwriters and performers are also increasingly subverting traditional music career structures, bypassing the Australian market and targeting international audiences:

Older 'pyramid' career structures (transitions from local to national to international success) are less relevant in an era of 'instant' streaming success, and where national borders are also

41 University of Newcastle Conservatorium of Music, *Submission 46*, pp. 2-3.

42 University of Newcastle Conservatorium of Music, *Submission 46*, pp. 2-3.

43 Ms Peta Jane (Millie) Millgate, Executive Producer, Sounds Australia, *Committee Hansard*, Sydney, 2 November 2018, p. 1.

44 University of Newcastle Conservatorium of Music, *Submission 46*, p. 3.

less relevant in terms of constructing regional and global audiences. Gabrielle Cilmi, Gotye, Iggy Azalea and Sia are all good examples of artists who bypassed the Australian market to different extents in favour of international bases seeking US or European audiences.⁴⁵

- 4.63 A number of participants called for the music industry and Australian Government to work towards an ‘ambitious goal’ of Australian music gaining a five per cent market share of the global music market by 2030. ARIA told the committee that this would generate a \$5 billion export market.⁴⁶ APRA AMCOS explained that:

A Goldman Sachs report into music released in September 2017 estimated the global recorded music market would hit \$US41 billion by 2030. Add publishing revenue and live music to this figure and it is likely for music to become a \$100 billion industry within a decade. Australian artists, publishers and creators have the potential to earn a 5% market share of this by 2030.⁴⁷

Music export schemes

- 4.64 The ARC project advised the committee that Australia’s key competitors have significantly expanded their support for music exports. It explained that increases in national export funding have been achieved on the basis of an increased return on investment. In Britain, its Music Export Growth Scheme is estimated to return £8.50 for every £1.00 invested, which is expected to increase to £11 for every £1 by 2018.⁴⁸
- 4.65 The ARC project also highlighted the success of the Canadian model. It advised that Canada’s investment in the Canadian Independent Music Association together with its export scheme, Canadian Blast, is argued to have leveraged \$10.55 million from an original government investment of \$227,000, generating a return of \$46.50 for every \$1.00 invested.⁴⁹
- 4.66 The ARC project told the committee that Australia’s key competitors are also ‘increasingly viewing music export schemes as an important component of broader heritage and national branding strategies’. It explained that governments are viewing music exports as a ‘useful form of

45 University of Newcastle Conservatorium of Music, *Submission 46*, pp. 3-4.

46 Australian Recording Industry Association, *Submission 96*, p. 6.

47 APRA AMCOS, *Submission 94*, p. 5.

48 University of Newcastle Conservatorium of Music, *Submission 46*, p. 6.

49 University of Newcastle Conservatorium of Music, *Submission 46*, p. 6.

“soft power”, recognising that cultural industries affect the promotion of cultural resources abroad.⁵⁰

Sounds Australia

- 4.67 Sounds Australia is an international music market development initiative established to ‘provide a cohesive and strategic platform to assist the Australian music industry access international business opportunities’. It is a joint initiative of the Australia Council and APRA AMCOS and is administered by APRA AMCOS.⁵¹
- 4.68 Sounds Australia operates with four staff.⁵² It receives funding from the Australian Government (Australia Council, Department of Communications and the Arts, and Department of Foreign Affairs and Trade); state and territory governments; and peak industry associations.⁵³
- 4.69 Sounds Australia aims to raise the profile of Australian contemporary music in key international markets by supporting Australian artists and businesses attending and showcasing at an annual program of events covering popular music, classical music, jazz, folk, and electronic dance music. Since its establishment in 2009, a total of 1,560 Australian artists have showcased internationally with Sounds Australia.⁵⁴
- 4.70 Sounds Australia’s work comprises four areas of core activity:
- international performance opportunities;
 - networking events;
 - marketing and promotion; and
 - export training, resources and strategic market knowledge.⁵⁵
- 4.71 Sounds Australia advised that, whilst it receives industry support through trade organisations (APRA AMCOS, PPCA, AMPAL), ‘there is no financial support received from the music industry itself’. Sounds Australia explained that receiving funding from big promoters or record labels could create conflicts of interest, with the potential for pressure from such investors to give preference to their acts.⁵⁶

50 University of Newcastle Conservatorium of Music, *Submission 46*, p. 7.

51 Sounds Australia, *Submission 95*, p. 8.

52 Ms Peta Jane (Millie) Millgate, Executive Producer, Sounds Australia, *Committee Hansard*, Sydney, 2 November 2018, p. 4.

53 Australia Council for the Arts, *Submission 98*, p. 20.

54 Ms Peta Jane (Millie) Millgate, Executive Producer, Sounds Australia, *Committee Hansard*, Sydney, 2 November 2018, p. 1.

55 Sounds Australia, *Submission 95*, p. 10.

56 Sounds Australia, *Submission 95*, p. 11.

- 4.72 Sounds Australia explained that it chooses artists on merit, explaining that 'the acts get chosen by the market...we deliberately remain at arm's length...our acts are chosen by the [event] programmers, so, already someone sees that there's a future and there's a commercial opportunity'.⁵⁷
- 4.73 Sounds Australia advised that it employs an impartial artist selection process to guarantee that the artists with the greatest artistic and commercial potential are chosen for promotion in each respective territory and specific event. It explained that its methodology 'ensures that the artists are of the highest relevance to each particular international audience and local industry, thus fortifying their potential for success and minimising the investment risk'.⁵⁸
- 4.74 Many participants praised the work of Sounds Australia and encouraged the Australian Government to increase its resources so that it can expand its operations. AMPAL told the committee that it supports the 'crucial work of Sounds Australia' explaining that 'this strategic partnership between industry and the Government has delivered tangible results' and 'assisted the careers of hundreds of Australian artists through its extensive promotional and networking activities'.⁵⁹
- 4.75 Associate Professor Shane Homan, Director of Research, School of Media, Film and Journalism, Monash University and a researcher for the ARC project, told the committee that Sounds Australia 'punches above its weight' despite lacking the resources of export schemes in competitor nations.⁶⁰ Associate Professor Homan advised the committee that Australia's competitor nations are 'throwing more resources at this area' and called for greater investment in Sounds Australia:
- ...it's become clear that Sounds Australia is being asked to do more and more with the capacity they've got, and being asked every couple of years, 'Can you investigate this territory...Australia has always done well in Europe and we've always done pretty well in the States. But to look at expanding territories, I think there's a challenge, given the staffing scale they've got'.⁶¹

57 Ms Peta Jane (Millie) Millgate, Executive Producer, Sounds Australia, *Committee Hansard*, Sydney, 2 November 2018, p. 3.

58 Sounds Australia, *Submission 95*, p. 10.

59 Australasian Music Publishers' Association Limited, *Submission 100*, p. 6.

60 Associate Professor Shane Homan, Director of Research, School of Media, Film and Journalism, Monash University, *Committee Hansard*, Melbourne, 21 November 2018, p. 31.

61 Associate Professor Shane Homan, Director of Research, School of Media, Film and Journalism, Monash University, *Committee Hansard*, Melbourne, 21 November 2018, p. 34.

- 4.76 Sounds Australia identified key ways in which it would expand Australia's export music program if additional resources are made available, including:
- bolstering Australian content on global streaming platforms;
 - developing an emerging market export strategy to open up export markets in Asia and South America;
 - presenting First Nations artists at all key international showcase events;
 - creating opportunities and activity that focuses on supporting the professional development of Artist Managers;
 - creating a boutique In-Bound Buyers Program specifically targeted to support Australia's folk, jazz, contemporary classical, blues, roots, and world music genres; and
 - building on existing domestic professional development and training for managers, label executives, publishers, agents, and artists to improve industry capacity and sustainability.⁶²

Music diplomacy

- 4.77 Sounds Australia identified a number of ways that Australian diplomatic activities can promote and support the export of Australian music whilst also benefiting from the 'soft power' generated by the export of Australian music. It explained that Australian music export activity contributes to cultural diplomacy outcomes by 'positioning Australia as a high quality exporter of contemporary music, a country of professional operators with an appetite to establish long-term, mutually beneficial, cultural and business partnerships'.⁶³
- 4.78 Sounds Australia recommended that the Australian Government foster a culture of engaging 'Australian Music First' across all international Government activity, events, and promotions. It explained that this might include hiring Australian artists to perform at events or ensuring that Australian music is always used when background music is played at formal and social functions hosted by Australian Embassies, Consulates or High Commissions.⁶⁴
- 4.79 Sounds Australia called for the Australian Government to work closely with the United States to develop mutually beneficial visa arrangements for artists to showcase and tour. It told the committee that petitioning an entertainment Visa for Australian artists to showcase and tour is one of

62 Sounds Australia, *Submission 95*, pp. 14-21.

63 Sounds Australia, *Submission 95*, p. 24.

64 Sounds Australia, *Submission 95*, p. 23.

the greatest barriers to exporting Australian music to the United States. Furthermore, Australia's temporary immigration and entry requirements for American artists looking to perform in Australia is also 'cost prohibitive and tedious'.⁶⁵

- 4.80 Sounds Australia proposed that the Australian Government enter into discussions with the United States to introduce a 'reciprocal Music Exporters Provisional Visa' that would provide artists the opportunity to showcase and tour on up to three occasions before they need to apply for a working permit. It explained that:

The innovative and game changing Music Exporters Provisional Visa would allow artists in both directions the opportunity to form key business partnerships and secure future paid work, without the restrictive set up costs.⁶⁶

Conclusions

- 4.81 Australia has produced some of the world's most celebrated artists. The digitisation of the distribution of music, whilst presenting many challenges to the music industry, has provided unprecedented opportunity for Australian music to reach a global audience.
- 4.82 The scale of Australian music exports is rapidly increasing. Song writing is now considered one of Australia's fastest growing export industries, with royalties earned overseas having more than doubled in the last four years. Australian artists and the music they produce is an invaluable national resource. The committee supports the Australian music industry's ambitious goal of Australian music gaining a five per cent market share of the global music market by 2030.
- 4.83 There is incredible potential and capacity for Australia's music exports to continue to grow exponentially in the foreseeable future. However, this potential may not be fully realised without more investment in Australia's music export initiatives. The committee was concerned by reports that Australian music export initiatives are under resourced, especially when compared to our key competitors.
- 4.84 Sounds Australia's success in fast-tracking Australian artists' international careers has been clearly demonstrated. Over the last decade, Sounds Australia has established and grown its services, maximising the opportunities for emerging Australian artists to enter into the consciousness of the world's most influential music markets across the United States, United Kingdom and Europe.
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65 Sounds Australia, *Submission 95*, p. 25.

66 Sounds Australia, *Submission 95*, p. 25.

- 4.85 Sounds Australia's success represents an important opportunity for the Australian Government to invest in growing the export and promotion of Australian music in overseas markets. The significant return on investment demonstrated by competitor countries' music export programs, together with what Sounds Australia has been able to achieve with comparatively less resources, provides a strong argument for investment in Sounds Australia and programs for the export and promotion of Australian music in overseas markets.

Recommendation 8

- 4.86 **The committee recommends that the Australian Government invest in Sounds Australia to enable it to expand its music exports program.**
- 4.87 The committee agrees that the Australian government should endeavour to prioritise and promote the use of Australian music at government activities, events, and promotions, both in Australia and at Australian-hosted functions and events overseas. The vast and growing repertoire of high-quality Australian music across all genres and styles provides ample variety to suit the needs of government activities and functions. Furthermore, this is an opportunity for the Australian government to proudly promote our music to Australians and the world.

Recommendation 9

- 4.88 **The committee recommends that the Australian Government implement policy to prioritise and promote the use of Australian music and the hiring of Australian artists for government activities, events, and promotions, both in Australia and at Australian-hosted functions and events overseas.**
- 4.89 The committee is concerned by reports that the challenges involved in obtaining a United States entertainment Visa to showcase and tour Australian artists is a significant barrier to exporting Australian music to the United States, particularly for emerging artists.
- 4.90 The committee notes the complexities surrounding both Australian and United States visa arrangements. However, there is the potential for both

countries to benefit from visa arrangements that allow artists to more easily showcase and tour.

Recommendation 10

- 4.91 **The committee recommends that the Department of Foreign Affairs and Trade work with the United States of America to develop mutually beneficial visa arrangements that allow artists from both countries to more easily showcase and tour.**

Talent pipeline

- 5.1 Australian artists and the music they create is the product that every other part of the music industry exists to promote, sell, or develop. Making music takes a significant investment from artists – not only the cost of recording or staging music, but also the time involved in learning their craft and applying their knowledge and skills to create great music.
- 5.2 It is therefore essential that Australia supports and safeguards its ‘talent pipeline’, ensuring that Australian artists are able to create great music now and into the future.
- 5.3 This chapter will explore the talent pipeline, considering the support and education necessary to ensure that Australian artists have the skills, tools, and opportunities to create and succeed in the industry.

Education and training

- 5.4 Participants emphasised the importance of music education, not only for the cultivation of future artists but also for the development of future audiences. The Australian Music Association (AMA) told the committee that ‘music education is central to a thriving music industry’.¹

Music in schools

- 5.5 School is one of the first places that many Australians are introduced to the process behind the creation of music – whether by learning an instrument or learning the basic building blocks of music theory. Many

¹ Australian Music Association, *Submission 105*, p. 2.

participants emphasised the importance of investing in the music education of all Australians from an early age. The Australian Music Industry Network (AMIN) explained that:

Music education is definitely something we feel is a huge priority – ensuring everyone gets access to playing an instrument. It helps develop music audiences, musicians and industry professionals. It's all about industry renewal.²

- 5.6 The Australian Youth Orchestra (AYO) raised concerns that approximately 70 per cent of Australian primary school children do not have access to music education.³ AMA advised that, while more than 80 per cent of independent schools offer music programs, 62.7 per cent of public primary schools and 33.8 per cent of public secondary schools have no dedicated music classes.⁴
- 5.7 West Australian Music (WAM) advised the committee that the availability of music programs in public schools 'fluctuates widely'. It explained that public school music programs are 'dependant on interested principals and senior teachers who are able to push music within the system because it's something they believe in passionately'. However, 'in other schools they don't have these champions, so music falls far behind'.⁵
- 5.8 Participants praised Queensland's public school music programs. The Australian Recording Industry Association (ARIA) noted that 'Queensland is the one state that ensures every school does have a music program'.⁶ AMIN agreed, explaining that 'Queensland is definitely the one state that has consistently delivered when it comes to music education'.⁷
- 5.9 AYO told the committee that a number of countries are seeking to increase the importance and priority of music within schools and the school system. AYO explained that countries such as the United States, United Kingdom, Singapore, Japan, and Korea require almost every primary

2 Ms Emily Collins, Deputy Chair, Australian Music Industry Network, *Committee Hansard*, Sydney, 22 November 2018, p. 41.

3 Mr Colin Cornish, Chief Executive Officer, Australian Youth Orchestra, *Committee Hansard*, Melbourne, 21 November 2018, p. 14.

4 Australian Music Association, *Submission 105*, p. 2.

5 Mr Michael (Mike) Harris, Chief Executive Officer, West Australian Music, *Committee Hansard*, Canberra, 28 November 2018, p. 9.

6 Mr Dan Rosen, Chief Executive Officer, Australian Recording Industry Association, *Committee Hansard*, 2 November 2018, p. 14.

7 Ms Emily Collins, Deputy Chair, Australian Music Industry Network, *Committee Hansard*, Sydney, 22 November 2018, p. 41.

school student to receive music education in their classroom, utilising a mix of specialist and generalist music teaching.⁸

- 5.10 Participants also praised a range of programs and organisations that encourage and support music in schools, in particular, the work of the Song Room; Musica Viva; Music: Count Us In; Major Performing Arts Organisations education programs; the APRA AMCOS Ambassadors Program and SongMakers Program; and the ARIA Music Teacher of the Year program.

Conclusions

- 5.11 Music education is essential to the development and cultivation of Australia's next generation of artists. However, it is clear that the understanding and appreciation of music that results from music education is beneficial to all Australians, not only those who go on to pursue careers in the music industry.
- 5.12 The committee is disappointed by reports that so many Australian students do not have access to music education. All Australian students should have access to music education, whether within the independent or public school system. The committee commends those principals and teachers that are championing music in their schools; however, a child's access to music education should not be dependent on this.
- 5.13 This dearth of music education is particularly concerning during a time when other countries are seeking to increase the importance and priority of music within schools and the school system. If Australia wishes to remain competitive as a music export nation, we must not neglect to invest in the crucial first stage of the talent pipeline.
- 5.14 All Australian students at public primary and secondary schools should have access to music education. The committee commends Queensland for its dedication to music education. The Australian Government should strongly encourage states and territories to follow Queensland's example and ensure that all students have access to music education. To this end, the Australian Government should ensure that music education in primary and secondary schools is a key agenda item for the next meeting of the Council of Australian Governments.

8 Australian Youth Orchestra, *Supplementary Submission 90.1*, pp. 3-4.

Recommendation 11

- 5.15 **The committee recommends that the Australian Government ensure that music education in primary and secondary schools is a key agenda item for the next meeting of the Council of Australian Governments.**

Equipping professionals

- 5.16 Participants emphasised the importance of high-quality education and training to prepare artists, technicians, managers, and other professionals for a career in the music industry. The Australian Independent Record Labels Association (AIR) told the committee that many musicians and creative people, ‘know what they would like to do, but they don’t know how’. AIR explained that:
- The great thing about the creative industries is that we already know the outcome that we want to achieve. Then we work backwards to gain the skills and support and the networks and the knowledge that we need to get where we want to go and achieve the results that we want...⁹
- 5.17 The Australian Major Performing Arts Group (AMPAG) told the committee that ‘educating the next generation of “elite” artists and developing career pathways post tertiary education are critical for classical music in Australia’. It advised that Major Performing Arts Organisations support emerging artists through collaboration with tertiary training institutions, elite competitions, and professional internal training programs.¹⁰
- 5.18 Musica Viva told the committee that elite training of musicians requires a unique learning approach. It raised concerns that, since the integration of conservatoriums into universities, there has been increasing pressure for music education to conform to a group-teaching model over limited weeks that is common to most other tertiary studies. Musica Viva asserted that music teaching should remain a ‘special case’ for funding and called for individual tuition to be well-supported.¹¹

9 Ms Maria Amato, General Manager, Australian Independent Record Labels Association, *Committee Hansard*, Melbourne, 21 November 2018, p. 6.

10 Australian Major Performing Arts Group, *Submission 77*, pp. 8-9.

11 Musica Viva, *Submission 53*, p. 3.

- 5.19 Kristy-Lee Peters, known professionally as KLP, told the committee that ‘there is no university’ for many artists and others in the music industry, rather ‘we kind of learn through doing it’. She explained that many people working in the music industry ‘learn through mistakes’ and ‘learn through the support around us’.¹²
- 5.20 Ms Peters advised that connections and support from those with experience and knowledge of the industry provides artists with a significant advantage. She told the committee that she was ‘very lucky’ that her father was a musician and could teach her about the ‘business side’ of the industry. However, she said that she sees many artists ‘that don’t have that and they’re just fumbling their way through it’.¹³
- 5.21 The Arts Centre Melbourne emphasised the importance of mentoring and ‘real life experiences’ for musicians and industry professionals. It explained that university is potentially ‘not a great fit’ for everyone in the music industry. Therefore, it is vital to ensure that there are other pathways and strong mentoring programs for those seeking a career in the music industry.¹⁴
- 5.22 The Arts Centre Melbourne advised that it currently offers five full-time Certificate III traineeship programs each year within the production team areas of Lighting, Sound & Vision, Wardrobe, Venue Technician, and Staging. It explained that the training programs combine formal classroom-based study with structured mentorship and have had a 100 per cent success rate in leveraging its industry networks to transition graduates into employment.¹⁵
- 5.23 TAFE NSW agreed, asserting that vocational training is vitally important to the future workforce within all sectors of the music industry. It explained that, unlike some sectors within the music industry (such as classical and jazz music), the mainstream music industry has not traditionally had a culture of formal training.¹⁶
- 5.24 Vocational education and training (VET) programs are being provided by an increasing number of practitioners, which offer practical, industry-relevant skills and knowledge. TAFE NSW advised that there are a myriad of music industry qualifications ranging from Certificate II to Advanced Diplomas in specialisations such as music performance; sound production;

12 Ms Kristy-Lee Peters, *Committee Hansard*, Brisbane, 6 February 2018, p. 17.

13 Ms Kristy-Lee Peters, *Committee Hansard*, Brisbane, 6 February 2018, p. 17.

14 Ms Janine Barrand, Director, Australian Performing Arts Collection, Arts Centre Melbourne, *Committee Hansard*, Melbourne, 21 November 2018, p. 43.

15 Arts Centre Melbourne, *Supplementary Submission 71.1*, p. 2.

16 TAFE NSW, *Submission 116*, p. 1.

music business; electronic music production; composition; and music theatre.¹⁷

- 5.25 AMIN told the committee that state and territory music industry associations provide training and professional development for artists and others in the music industry. A number of participants praised AMIN's professional development programs RELEASE (for record labels) and CONTROL (for managers). AIR explained that:

Two key programs that received cross industry support and government funding were CONTROL and RELEASE for managers and record labels, respectively. Both of these programs were abundantly successful and if re-instated would create clear pathways for established managers and record labels.¹⁸

- 5.26 Sounds Australia noted the 'value and importance' of the RELEASE and CONTROL initiatives in helping to prepare the music industry for export activity.¹⁹ Music Australia commented that the programs 'have strong industry engagement and outcomes' and recommended that the RELEASE and CONTROL programs be 'supported by government and increased'.²⁰

- 5.27 AMIN told the committee that RELEASE and CONTROL were delivered by AMIN from 2011-2017. However, it advised that funding for these 'transformational initiatives' ceased in 2018 as a result of changes to the criteria for program funding from the Ministry for the Arts.²¹

- 5.28 Sounds Australia also highlighted Live on Stage (for artists) and Track Record (for Artist Managers), which later evolved into the International Music Makers and Music Managers fund. It explained that these grants were 'effective, timely and strategic' and 'provided important tangible support for a number of artists and industry professionals'.²²

- 5.29 Sounds Australia told the committee that the Australia Council for the Arts (Australia Council) had previously administered these 'discrete funding schemes' which were 'targeted and fit for purpose for the contemporary [music] industry'. It called for the return of these or similar funding grants that specifically target the growth and sustainability of the Australian music industry.²³

17 TAFE NSW, *Submission 116*, p. 2.

18 Australian Independent Record Labels Association, *Submission 104*, p. 6.

19 Sounds Australia, *Submission 95*, p. 20.

20 Music Australia, *Submission 63*, p. [37].

21 Australian Music Industry Network, *Submission 35*, p. 2.

22 Sounds Australia, *Submission 95*, p. 29.

23 Sounds Australia, *Submission 95*, p. 29.

Conclusions

- 5.30 Unlike some careers, there is no one clear, defined pathway for artists and others in the music industry. One artist may formally train in an instrument from a young age, study it through school, study at a conservatorium, and then be employed by an orchestra. Another artist may be self-taught, develop their music performing at local pubs, publish their music online, and be discovered by an overseas record label. Every successful artist's story and path is different.
- 5.31 Throughout the inquiry it has become clear that the ability to create great music alone is not enough to succeed. Industry knowledge, business acumen, and the ability to network and build connections are paramount to a successful career in the music industry. It is therefore essential that artists and others seeking a career in the music industry have access to the training and professional development necessary to succeed.
- 5.32 Vocational education and training, together with specialised training and mentoring programs, are valuable resources for those pursuing careers in the music industry. The committee notes the positive work of organisations such as the Arts Centre Melbourne for their programs mentoring and training music industry professionals in the early stages of their careers.
- 5.33 The committee is concerned by reports that Australian Government funding for strategic programs and initiatives, such as the Australian Music Industry Network's RELEASE and CONTROL initiatives and funding schemes such as the International Music Makers and Music Managers fund has recently ceased.
- 5.34 These programs had strong industry support and were reported to be achieving positive outcomes in building the capacity for Australian artists, artist managers, and record labels to grow their businesses and to develop and market their music in Australia and overseas. The Australian Government should invest in initiatives such as these to provide support for artists and industry professionals to grow their businesses.

Recommendation 12

- 5.35 The committee recommends that the Australian Government invest in initiatives aimed at training and supporting artists and industry professionals to grow and develop their businesses, such as the:
- Australian Music Industry Network's RELEASE and CONTROL initiatives; and
 - Australia Council for the Arts' International Music Makers and Music Managers fund.

Investing in talent

- 5.36 Throughout the inquiry, participants emphasised the challenges inherent in building a sustainable career in the music industry. Participants told the committee that artists operate as small businesses that are repeatedly required to make significant investments and take substantial financial risks in order to develop and market their product.

New recordings

- 5.37 Participants told the committee that creating new recordings is an expensive but necessary investment; however, some raised concerns that the cost of recording music is increasingly greater than the income generated by the recording. The Association of Artist Managers (AAM) explained that investing in a recording is seen as necessary to access other income streams:

When you're looking at recording, you're saying, 'We've got to spend this because it's actually going to create a live situation or it's going to create some syncs or it's going to create some profile or some branding.' It's almost like a very expensive thing you have to do.²⁴

- 5.38 Jonathan Zwartz, a professional artist, told the committee that recording an album costs approximately \$30,000 – comprising studio costs, musicians' fees, mixing, mastering, and production. He raised concerns that the low incomes generated by streaming is making it more difficult for artists to make back the money they invest in recording.²⁵

24 Mr Rick Chazan, Co-Chair, Association of Artist Managers, *Committee Hansard*, Sydney, 2 November 2018, p. 17.

25 Mr Jonathan Zwartz, *Committee Hansard*, Brisbane, 6 February 2019, p. 16.

- 5.39 Participants reported that it is the artist, rather than the record label, that is expected to bear the cost of recording. John Watson, President, John Watson Management, explained that 'the costs of making the sound recording are typically borne 100 per cent by the artist'.²⁶
- 5.40 Furthermore, Mr Watson advised that, despite artists being the main investor in the creation of the sound recording, the record label typically receives the majority of the income generated. He explained 'as a general rule of thumb, 80 per cent of each dollar that is made out of a sound recording is going to the record company'.²⁷
- 5.41 Clea Pratt, a professional artist, told the committee that advances in technology have enabled the production of high-quality recordings outside of traditional recording studios. She explained that this makes it possible for artists, such as herself, to afford to create recordings:
- I am very fortunate, because my partner...taught himself how to produce, how to record and started building a studio at his dad's farm on the Scenic Rim...I didn't have to have the financial burden of renting out a studio space or renting a producer... I don't even know how I would have recorded an album if I didn't have that. It would be unfathomable to think about how much money that is...That's how I'm surviving, doing it myself.²⁸
- 5.42 The Australia Council told the committee that the PPCA-Australia Council Partnership helps artists to create new sound recordings. Grants of up to \$15,000 are provided to support the costs primarily associated with the creation of a sound recording, which may also involve costs associated with the promotion of that recording.²⁹ In 2018, five grants of \$15,000 were offered under the PPCA-Australia Council Partnership.³⁰

Record labels

- 5.43 Participants had differing views regarding the value and support provided by record labels and music publishers. The Australian Copyright Council (ACC) advised the committee that 'an artist or a writer who is

26 Mr John Watson, President, John Watson Management; and President, Eleven: A Music Company, *Committee Hansard*, Sydney, 2 November 2018, p. 17.

27 Mr John Watson, President, John Watson Management; and President, Eleven: A Music Company, *Committee Hansard*, Sydney, 2 November 2018, p. 17.

28 Ms Clea Pratt, *Committee Hansard*, Brisbane, 6 February 2019, pp. 3-16.

29 Australia Council for the Arts, PPCA-Australia Council Partnership, <https://www.australiacouncil.gov.au/funding/funding-index/ppca-australia-council-partnership/>, accessed 1 March 2019.

30 Australia Council for the Arts, <https://www.australiacouncil.gov.au/news/media-centre/media-releases/ppca-and-the-australia-council-announce-recording-grants-recipients/>, accessed 7 March 2019.

supported by a record label or a publisher is in a much better position to exploit their work than an individual person who puts their material up on a social media platform'.³¹

- 5.44 ARIA advised that its record label members invest millions of dollars every year in the support, development, and marketing of recording artists. It pointed to a report from the International Federation of the Phonographic Industry (IFPI) into the value of recording companies, which found that, globally, record companies invest 27 per cent of their revenues into artist discovery and development, 'the R&D of the music business'.³² ARIA explained that:

...you need to have the infrastructure here of the labels and the publishers and the managers who can invest in those artists so that, when they are able to take on the world, there's the infrastructure around them...What you want is the artist to focus on what they do very well, which is be a great artist, and you need that team around you in order to break those markets, to deal with all of the commercials and the business side around it.³³

- 5.45 Artists are encouraged to have a record label, distributor, or aggregator when seeking to put their music on streaming services such as Spotify. However, streaming services are increasingly providing options for independent artists to upload their music directly, provided the content meets the streaming services' requirements.³⁴ Conversely, other services, such as triple j Unearthed do not accept music from artists that have a recording contract with a major record label.³⁵
- 5.46 AMIN told the committee that, since the digital disruption of the 2000s and the resulting falls in revenue, record label investment in artist development has dropped significantly. It advised that artists are now expected to be 'entrepreneurs' with a clear understanding of their own marketing, audience, branding, and business needs (in addition to creating great music) before signing deals with a label.³⁶

31 Ms Kate Haddock, Chair of the Board, Australian Copyright Council, *Committee Hansard*, Sydney, 22 November 2018, p. 37.

32 Australian Recording Industry Association, *Submission 96*, p. 7.

33 Mr Dan Rosen, Chief Executive Officer, Australian Recording Industry Association, *Committee Hansard*, Sydney, 2 November 2018, p. 12.

34 Spotify, 'How do I get my music on Spotify?', <https://artists.spotify.com/faq/music#how-do-i-get-my-music-on-spotify>, accessed 25 February 2019; iTunes, <https://www.apple.com/au/itunes/working-itunes/sell-content/music-faq.html>, accessed 25 February 2019.

35 Triple J Unearthed, <https://www.triplejearthed.com/comps-and-resources/help>, accessed 25 February 2019.

36 Australian Music Industry Network (AMIN), *Submission 35*, p. 6.

5.47 Furthermore, participants told the committee that record label investment in artists is expected to be repaid by the artist, with some artists describing it as worse than a loan from a bank. Jonathan Zwartz, a professional artist, told the committee that ‘any money that’s afforded to an artist by a major record label is against future earnings’. He explained that:

Sometimes the rates can be usurious. You can be a very popular and successful major label artist and then, when you're no longer so popular and their label drops you, you can end up with a debt to that label of hundreds of thousands of dollars. All the money that they're spending on advertising campaigns or recordings or tours, you have to pay that back. As an artist, you have to pay it back.³⁷

5.48 Kristy-Lee Peters, known professionally as KLP, told the committee that deals with major labels are ‘like the worst bank loan ever’. She explained that she is able to earn much more money as an independent artist releasing music under her own record label than she did under a major record label:

I've had two major label deals. I'm pretty sure it was something like 80 per cent that went to a major label. It's like the worst bank loan ever. I would keep 20 per cent, whereas now, as an independent artist [with my own record label], it's flipped. I can use a digital platform for streaming, and they take 20 per cent. And it's incentive based, so they only take it when they actually are getting streams and finding placement for my music. And then I keep 80 per cent.³⁸

5.49 Participants also reported that very little of the money generated by the music is received by the artist until the record label’s investment is repaid. Clea Pratt, a professional artist, told the committee that that she has not yet received money from sales of her recent album as ‘my label takes all the income first, and whenever that money is paid off, like to a bank, then maybe I’ll see something’.³⁹

5.50 The Australian Broadcasting Corporation (ABC) advised the committee that its record label, ABC Music, supports a range of genres that may be otherwise overlooked by other labels. This includes children’s, classics, jazz, and country, ‘through to triple j’. The ABC explained that ABC Music

37 Mr Jonathan Zwartz, *Committee Hansard*, Brisbane, 6 February 2019, p. 11.

38 Ms Kristy-Lee Peters, *Committee Hansard*, Brisbane, 6 February 2019, p. 24.

39 Ms Clea Pratt, *Committee Hansard*, Brisbane, 6 February 2019, p. 3.

also represents leading classical music artists and Australian classical music organisations, including symphony orchestras and ensembles.⁴⁰

- 5.51 The ABC advised that, during 2017-18, ABC Music released 212 titles – 98 titles for ABC Classics and 114 titles for Contemporary (including 47 ABC KIDS titles). 201 albums were released digitally across a number of platforms.⁴¹ ABC Music operates under the commercial arm of the ABC, with all profits made going back into funding ABC content.⁴²
- 5.52 The ABC told the committee that, in the most recent respective award presentations, ABC Music and ABC Classics collectively won six ARIA awards, three AIR Independent Music awards and three Country Music Australia awards, including single of the year and song of the year.⁴³

Capitalising on momentum

- 5.53 Participants raised concerns that many artists miss opportunities due to limited cash flow, especially at crucial times, such as following a successful overseas appearance. Sounds Australia identified cash flow as ‘one of the greatest barriers’ for Australian artists. It advised that it is essential for artists to be able to capitalise on and continue to build momentum after experiencing success overseas. Sounds Australia explained that:

If artists achieve their targeted outcomes and are successful for instance in securing a booking agent, signing to a label or being invited to open for a major tour or festival appearance, off the back of showcasing at SXSW [South by Southwest Music Festival] or Americana, then the most difficult thing to navigate are the costs involved for the act to return to the market within three to six months (at the most), to capitalise on the opportunity and build on their international career.⁴⁴

- 5.54 Sounds Australia told the committee that the Export Market Development Grants scheme, administered by Austrade, ‘provides key financial assistance for exporting music businesses’. However, it noted that the retrospective nature of the program means that artists and industry must first have the cash flow to incur the export expenses. It explained that,

40 Australian Broadcasting Corporation, *Submission 102*, p. 5.

41 Australian Broadcasting Corporation, *Submission 102*, p. 5.

42 Australian Broadcasting Corporation, <https://www.abcmusic.com.au/catalogue>, accessed 7 March 2019.

43 Australian Broadcasting Corporation, *Submission 102*, p. 5.

44 Sounds Australia, *Submission 95*, p. 29.

- ‘whilst providing an invaluable and necessary fiscal break to our sector’, the program ‘doesn’t tackle the immediate cash flow impediment’.⁴⁵
- 5.55 Sounds Australia advised that the current model of federal funding ‘does not adequately provide a viable platform for funding support for international activity for the contemporary music sector’. It explained that, the timeframes for grant rounds for Australia Council Career Development Grants for Individuals and Groups and Arts Projects for Individuals and Groups in 2018-2020, prevent artists invited to participate in SXSW, The Great Escape, or Reeperbahn Festival from being able to apply for federal funding.⁴⁶
- 5.56 Sounds Australia recommended that the Australia Council consider introducing a ‘quick response’ grants model similar to that used by Creative Victoria.⁴⁷ Creative Victoria’s Music Works Quick Response Grants provide support to individuals (up to \$5,000) and groups/organisations (up to \$15,000) to cover immediate opportunities.⁴⁸ There are five funding rounds per year and funded activities can begin three weeks after the closing date for each round.⁴⁹
- 5.57 The Australia Council told the committee that it is working to find more flexible ways to support artists. It advised that it is developing a trial microloans scheme:
- We have seen small microloan programs for artists offered in Australia and overseas – very small pockets of them. We’ve done work with those organisations that have delivered them and we’ve identified that the repayment rates are extremely high. The defaults are less than five per cent, which is pretty phenomenal. We want to do the pilot and run it for a year, because more flexible ways of being able to support artists are the thing that drives the Australia Council.⁵⁰
- 5.58 The Australia Council told the committee that it developed the program in response to feedback from artists calling for access to ‘quick response cash’ to address cash flow challenges. The Australia Council explained that it was ‘hearing a lot from the music sector – that cash flow was as much an

45 Sounds Australia, *Submission 95*, p. 29.

46 Sounds Australia, *Submission 95*, p. 27.

47 Sounds Australia, *Submission 95*, p. 27.

48 Creative Victoria, Music Works Quick Response Grants, <https://creative.vic.gov.au/funding-and-support/programs/music-works/music-works-grants>, accessed 1 March 2019.

49 Creative Victoria, <https://creative.vic.gov.au/funding-and-support/programs/music-works/frequently-asked-questions>, accessed 7 March 2019.

50 Mr Frank Panucci, Executive Director Grants and Engagement, Australia Council for the Arts, *Committee Hansard*, Sydney, 2 November 2018, p. 28.

issue as getting a grant...this is a way of meeting that sort of need and for us to be thinking creatively about the sorts of support that we provide to artists'.⁵¹

Unfunded excellence

- 5.59 The Australia Council is the Australian Government's principal arts funding and advisory body. It invests in artistic excellence through support for all facets of the creative process; increases awareness of the value of the arts; and is committed to the benefits of arts and culture being more accessible for all Australians.⁵²
- 5.60 The Australia Council's investment in music is primarily achieved through its peer assessed grants program. It offers grants to individuals and organisations to support activities that deliver benefits to the arts sector and wider public, including national and international audiences.⁵³
- 5.61 This includes the creation of new musical compositions and recordings; the presentation of new and existing repertoire in concerts, festivals and tours nationally; international touring, residencies and artistic collaborations; and broader sectoral projects, which support the development and promotion of Australian musicians.⁵⁴
- 5.62 The Australia Council advised that an expert, arms-length peer assessment of artistic merit and excellence is central to the grant-making decisions of the Australia Council. It explained that the Australia Council's music panels bring together musicians, composers, and administrators that represent a broad range of cultural and geographic perspectives and areas of expertise. This allows the panels to engage in complex, rich, and respectful discussion of the relative merits of each application.⁵⁵
- 5.63 The Australia Council told the committee that, since the launch of the new grants model in 2015, applications to the music category have accounted for 23 per cent of all applications received. However, proportionally, applications to music are increasing. It advised that music has received the highest number of applications in the first two rounds of 2018, representing 27 per cent of total applications received.⁵⁶
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51 Paul Mason, Arts Practice Director, Music, Australia Council for the Arts, *Committee Hansard*, Sydney, 2 November 2018, p. 28.

52 Australia Council for the Arts, *Submission 98*, p. 2.

53 Australia Council for the Arts, *Submission 98*, p. 2.

54 Australia Council for the Arts, *Submission 98*, p. 2.

55 Mr Frank Panucci, Executive Director Grants and Engagement, Australia Council for the Arts, *Committee Hansard*, Sydney, 2 November 2018, p. 24.

56 Australia Council for the Arts, *Submission 98*, p. 8.

- 5.64 The Australia Council noted that the number of music applications submitted by individuals and groups is significantly larger than those from organisations. The Australia Council advised that, in line with overall Australia Council results, there is an average 17 per cent success rate for music applications.⁵⁷
- 5.65 The Australia Council also delivers a range of initiatives on behalf of the Australian government, managing programs where the funds have been dedicated for specific purposes, such as the Playing Australia and Contemporary Music Touring Program,⁵⁸ which provide support to artists who perform in regional and remote areas.⁵⁹
- 5.66 The Australia Council raised concerns that it is experiencing high levels of ‘unfunded excellence’. It explained that unfunded excellence refers to applications that are considered to be excellent by its peer assessment process but which could not be supported, given the budget available to distribute.⁶⁰
- 5.67 The Australia Council told the committee that music applications have experienced a particularly high proportion of unfunded excellence. In its June 2018 funding round, 43 applications that were considered to be ‘excellent’ by the peers could not be supported given the budget.⁶¹
- 5.68 The Australia Council advised that an additional \$1 million would have been required in the June 2018 round to fund all music applications that the peers considered ‘excellent’.⁶² The Australia Council explained that the high level of unfunded excellence demonstrates the ‘untapped potential for increased public investment, strategic partnerships, and related opportunity costs that are forgone when we’re unable to invest in those applications’.⁶³

Conclusions

- 5.69 A career in the music industry is hard-won. Throughout the inquiry, it has become clear that artists are required to make significant investments and take substantial financial risks pursuing a career in the music industry. In order to be successful, artists must not only invest in refining their musical

57 Australia Council for the Arts, *Submission 98*, p. 8.

58 These specific grants are discussed in greater detail in Chapter 3 of this report.

59 Australia Council for the Arts, *Submission 98*, p. 2.

60 Australia Council for the Arts, *Submission 98*, p. 28.

61 Australia Council for the Arts, *Submission 98*, p. 2.

62 Australia Council for the Arts, *Submission 98*, p. 2.

63 Mr Frank Panucci, Executive Director Grants and Engagement, Australia Council for the Arts, *Committee Hansard*, Sydney, 2 November 2018, p. 24.

- talents; as small businesses, they must also invest time and money in developing and marketing their product and building their audience.
- 5.70 The committee is concerned that talented Australian artists may be discouraged from or unable to make new recordings because of the high cost of investment and the risk of low direct returns. New recordings are essential to the growth and sustainability of the Australian music industry. Without artists making new recordings, the recorded music industry and subsequently the wider music industry would grind to a halt.
- 5.71 The committee notes the positive work of the PPCA-Australia Council Partnership. This program demonstrates the benefits of the Australian Government partnering with the music industry. It is the view of the committee that Australian Government should invest in the partnership and that the grant program should be expanded to provide more opportunities for talented artists to create new recordings.

Recommendation 13

- 5.72 **The committee recommends that the Australian Government invest in and seek to expand the PPCA-Australia Council Partnership and ensure that talented Australian artists have the capacity to create new recordings.**
- 5.73 The committee is concerned by reports that many artists miss opportunities due to limited cash flow, especially at crucial times, such as following a successful overseas appearance. The committee agrees that it is vital that artists have the capacity to capitalise on and continue to build momentum after experiencing success overseas.
- 5.74 The committee agrees that the timeframes for Australia Council grant rounds are not optimal for artists seeking to participate in international activities. It is counterproductive for the Australian Government to invest in supporting artists to promote their music in overseas markets only to leave them without the support to effectively capitalise on export opportunities generated from this promotion.
- 5.75 The committee notes the Australia Council's positive work to develop more flexible ways to support artists. The trial microloans scheme appears to be a promising way to enable artists to access 'quick response cash' to address cash flow challenges. The committee supports the microloans pilot.

- 5.76 Nonetheless, it is clear that a more rapid response for grants is necessary to meet the needs of Australian artists, especially those seeking to capitalise on and build on their success in international markets. The Australia Council should introduce a 'quick response' grant to ensure that Australian artists are able to take advantage of time-sensitive opportunities to promote their music in overseas markets as they arise.

Recommendation 14

- 5.77 **The committee recommends that the Australia Council for the Arts introduce a 'quick response' grant to ensure that Australian artists are able to take advantage of time-sensitive opportunities as they arise.**
- 5.78 Investment in Australian artists is essential to the sustainability and growth of the Australian music industry. The 'unfunded excellence' experienced by the Australia Council represents a missed opportunity for investment in exceptional and high-quality artists and their music. It is clear that the Australian music industry is not lacking in talent; however, its growth may be hindered by insufficient investment.
- 5.79 The committee is of the view that the funding for the Australia Council peer assessed grants program should be reviewed. The Australian Government should invest in and expand the peer assessed grants program to ensure that opportunities to invest in 'excellent' Australian artists are not missed as a result of insufficient funding.

Recommendation 15

- 5.80 **The committee recommends that the Australian Government invest in and expand the Australia Council for the Arts peer assessed grants program.**

Building audiences

- 5.81 Throughout the inquiry, participants and artists emphasised the importance of accessing, developing, and growing an audience for their music. Participants highlighted the invaluable role of the ABC and community radio in supporting and broadcasting Australian music, especially in the early stages of an artist's career.

5.82 The role of commercial radio, streaming, and screen industries in building audiences, as well as incentives to encourage the use Australian music are considered in Chapter 4 of this report.

National broadcaster

5.83 The ABC told the committee that, as the country's preeminent cultural institution, it views its contribution to Australian music as a central tenet of its public service obligations. It advised that the privileged position it has as an independent and trusted cultural institution enables it to have a positive impact on the music industry.⁶⁴

5.84 The ABC explained that it has supported many young Australian artists during the most vulnerable and challenging stage of their careers, 'when they would have received no commercial airplay or interest from record labels and distributors'.⁶⁵ Its work supporting and promoting Australian music primarily comprises:

- ABC Radio, including analogue and digital radio music networks;
- ABC Music, its independent record label;
- supporting and broadcasting music festivals and tours, including Splendour in the Grass, Tamworth Country Music Festival, Port Fairy Folk Festival; Wangaratta Jazz Festival; Australian Festival of Chamber Music in Townsville; ABC Classic Kids: Sounds Like Australia; triple j One Night Stand; and Ausmusic month concerts;
- Ausmusic month, an ABC-led focus on Australian music every November, that includes a range of events such as concerts, programs, and the triple j Awards;
- initiatives to promote the benefits of music education for children, their families and the broader community, such Don't Stop the Music, What is Music?, How Music Works, and Sounds Like Australia;
- television programs such as the recently launched program The Set, which airs live performances in front of a studio audience on Wednesday and Saturday nights; and
- the triple j Unearthed online platform.⁶⁶

5.85 ABC Radio reached 4.7 million metropolitan Australians in an average week in 2016-17 and has a 22.3 per cent share of the five-city metropolitan market. The ABC has two analogue national music radio stations, triple j (with a five-city metropolitan average weekly reach of 1.91 million) and

64 Australian Broadcasting Corporation, *Submission 102*, pp. 8-9.

65 Australian Broadcasting Corporation, *Submission 102*, pp. 8-9.

66 Australian Broadcasting Corporation, *Submission 102*, pp. 3-7.

Classic FM (with a five-city metropolitan average weekly reach of 729,000), as well as several popular digital radio stations including Double J, ABC Jazz, ABC Country, and triple j Unearthed.⁶⁷

- 5.86 The ABC has no mandated Australian content quota obligations; however it reported that its radio networks far exceed the Australian music content requirements set for commercial radio stations (Table 5.1).⁶⁸
- 5.87 Many participants praised the ABC for its work promoting and supporting Australian music and its important role in the Australian music industry. The Australia Council advised the committee that ‘national broadcasters continue to play an important role in supporting the Australian music industry and championing Australian artists through radio, television, and their involvement in music festivals and events’.⁶⁹

Table 5.1 ABC Radio Network Australian music percentage

ABC Radio Network	ABC Network 2017-18 Target	ABC Network 2017-18 result	Comparable commercial quota requirement
ABC RN	25 per cent	43.8 per cent	N/A
ABC Local Radio	25 per cent	45.33 per cent	N/A
ABC Classic FM	30 per cent	51 per cent	Not less than 5 per cent
triple j	40 per cent	58.04 per cent	Not less than 25 per cent
Double J	35 per cent	35.6 per cent	Not less than 25 per cent
ABC Jazz	25 per cent	29.1 per cent	Not less than 5 per cent
ABC Country	25 per cent	65.77 per cent	Not less than 20 per cent
Triple j Unearthed	100 per cent	100 per cent	Not less than 25 per cent

Source Australian Broadcasting Corporation, *Submission 102*, p. 4.

- 5.88 Music Australia told the committee that the ABC makes a ‘vital contribution to music in Australia, and represents a key Australian government investment in Australian music’. It explained that the ABC networks, and triple j in particular, ‘play a vital role in discovery and development of Australian contemporary music’. Music Australia called for continued and expanded investment in the ABC.⁷⁰
- 5.89 The South Australian Music Industry Council and Music South Australia told the committee that it is ‘impossible to overstate the importance of the pivotal role that the ABC plays in the larger ecosystem of the Australian music industry’.⁷¹ Leah Flanagan, a professional artist, agreed, asserting

67 Australian Broadcasting Corporation, *Submission 102*, p. 4; Australian Broadcasting Corporation, *Investing in Audiences: Annual Report 2017*, Vol. 1, pp. 63-66.

68 Australian Broadcasting Corporation, *Submission 102*, p. 4.

69 Australia Council for the Arts, *Submission 98*, p. 29.

70 Music Australia, *Submission 63*, p. [35].

71 South Australian Music Industry Council and Music South Australia, *Submission 107*, p. 1.

that the ABC's support and promotion of Australian music, particularly in regional and remote Australia, is 'vital'. She explained that without the ABC 'we cease to have a platform to get our music out to a wider audience and also to audiences outside major cities'.⁷²

triple j Unearthed

5.90 triple j Unearthed is a web-based platform where Australian independent artists can upload and share their recordings online. Through triple j Unearthed, artists control their own rights, have free access to upload their music, and manage their profiles. There are approximately 80,000 Australian artists active on the platform, with 136,500 songs uploaded and almost 240,000 reviews posted by the audience.⁷³

5.91 The ABC told the committee that triple j Unearthed is 'a uniquely ABC innovation and has become a platform that has revolutionised the Australian music industry'. It advised that triple j Unearthed provides a 'direct line to the audience for artists who may not have had a platform to otherwise do so' and 'acts as a pathway to airplay on triple j and other ABC music networks'.⁷⁴ Chris Scaddan, Head of Music and Creative Development, ABC, explained that:

We have a team who listen to every single track which is uploaded, assessing it for its relevance for airplay. It then exists within its own radio network and online outcomes but it also feeds that music through to triple j, Double J and other parts of the ABC to get airplay.⁷⁵

5.92 Many participants praised triple j and the Unearthed platform. The Australia Council advised the committee that triple j Unearthed is one of Australia's leading platforms in supporting new, independent local music. It noted that artists such as Flume, Amy Shark, and Tash Sultana were all discovered on Unearthed.⁷⁶

5.93 AIR told the committee that 'triple j Unearthed is fantastic'. It explained that it has 'really broken ground for a lot of the new artists coming up' and described it as an 'amazing platform for a lot of these young Australian artists'.⁷⁷ Adrian Mauro, a professional artist, told the committee that,

72 Ms Leah Flanagan, *Committee Hansard*, Brisbane, 6 February 2019, pp. 18-19.

73 Australian Broadcasting Corporation, *Investing in Audiences: Annual Report 2017*, Vol. 1, p. 64.

74 Australian Broadcasting Corporation, *Submission 102*, p. 7.

75 Mr Chris Scaddan, Head of Music and Creative Development, Australian Broadcasting Corporation, *Committee Hansard*, Sydney, 22 November 2018, p. 9.

76 Australia Council for the Arts, *Submission 98*, p. 29.

77 Mr Ashley Woodford, Director, Australian Independent Record Labels Association, *Committee Hansard*, Melbourne, 21 November 2018, p. 7.

‘triple j is amazing’. He stated that ‘I basically got my start from triple j with my own original works, like triple j Unearthed and things like that’.⁷⁸

- 5.94 The ABC advised that triple j Unearthed is ‘integral to the way the entire Australian contemporary music industry discovers new music, with Australian music labels using the Unearthed website for A&R [artist and repertoire] research and to discover new talent’.⁷⁹ Sounds Australia agreed. It told the committee that Australian artists have experienced rapid national and international success after their music was discovered on triple j Unearthed:

... Hatchie was an example. She put her song on Unearthed. She fell asleep. She woke up. The amount of people that had listened to that song and got in touch, including a UK booking agent who got it! She had a UK agent before the month was out almost, and then the following year she was playing on a stage in Brighton with us at The Great Escape with that agent. So people are looking. They're using portals like Unearthed. They're using all sorts of ways to now discover Australian music...⁸⁰

- 5.95 However, the ABC advised that Unearthed is focused on young audiences; it is matched with triple j and contemporary music. The ABC told the committee that it ‘would love to expand Unearthed to genres of music that cater to older demographics of audiences, older music fans, more traditional forms of music, such as folk, jazz, world music’. The ABC explained that these demographics and genres are currently part of the triple j and Unearthed community but are not highlighted and do not achieve the same outcomes as contemporary music.⁸¹

Community radio

- 5.96 A number of participants highlighted the importance of community radio. The Community Broadcasting Association of Australia (CBAA) told the committee that community radio stations ‘provide an avenue for local musicians and artists to be broadcast on airwaves across the world’. It explained that they ‘serve as a catalyst for building diverse and passionate music communities that support vibrant live music scenes and the venues that host them across the country’.⁸²

78 Mr Adrian Mauro, *Committee Hansard*, Brisbane, 6 February 2019, p. 19.

79 Australian Broadcasting Corporation, *Submission 102*, p. 7.

80 Ms Peta (Millie) Millgate, Executive Producer, Sounds Australia, *Committee Hansard*, Sydney, 2 November 2018, p. 3.

81 Mr Chris Scaddan, Head of Music and Creative Development, Australian Broadcasting Corporation, *Committee Hansard*, Sydney, 22 November 2018, p. 11.

82 Community Broadcasting Association of Australia, *Submission 67*, p. 1.

- 5.97 CBAA advised that many internationally-successful Australian artists' first radio play was on community radio. It explained that artists such as Dan Sultan, Gotye, The Vines, Emily Wurramara, Wolfmother, Hermitude, Courtney Barnett, and Jeff Lang all received support and airplay from community radio in the early stages of their careers.⁸³
- 5.98 Adrian Mauro, a professional artist, told the committee that community radio is a 'massive help' for artists. He explained that airplay on community radio not only helps artists to build audiences but is a key factor that helps to motivate artists and retain talent:
- Having small, independent community radio stations supporting you, as a songwriter anyway, gives you that motivation to keep going, rather than just throwing in the towel because you're like, 'At least someone's listening and someone's appreciating what I'm trying to produce.'⁸⁴
- 5.99 CBAA advised the committee that the popularity of community radio is on the rise. The 2018 Community Radio National Listener Survey reported community radio's highest ever listening levels, with almost a third (29 per cent) of Australians (approximately 5.7 million) tuning in to the almost 450 community radio services operating across Australia each week, compared to 3.76 million in 2004.⁸⁵
- 5.100 A number of participants highlighted the popularity and success of community radio in Melbourne. CBAA told the committee that, according to the 2017 Melbourne Live Music Census, more music fans in Melbourne listen to community radio stations Triple R, PBS FM and public radio station triple j than any commercial stations. It noted that 'this occurs nowhere else in the world'.⁸⁶ The ABC explained that:
- I think Victoria – Melbourne in particular – is always held up as a fantastic example of broadcast infrastructure that really supports Australian music, with very strong community radio in Melbourne... That's why Melbourne is one of the best cities in the world for music, and live music in particular. It's because it's ingrained into the culture of that city. Artists know that they will be heard and that they can get their music out there and audiences know very early that live music and consuming music is part of the culture and something that they should be doing.⁸⁷
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83 Community Broadcasting Association of Australia, *Submission 67*, p. 3.

84 Mr Adrian Mauro, *Committee Hansard*, Brisbane, 6 February 2019, p. 30.

85 Community Broadcasting Association of Australia, *Submission 67*, p. 2.

86 Community Broadcasting Association of Australia, *Submission 67*, p. 3.

87 Mr Chris Scaddan, Head of Music and Creative Development, Australian Broadcasting Corporation, *Committee Hansard*, Sydney, 22 November 2018, p. 10.

- 5.101 The Victorian Music Development Office, highlighted the links between the popularity of community radio in Melbourne and its thriving live music scene. It advised that the opportunity for relatively unknown artists to be heard by a large audience through community radio is an important element that drives the live sector. The Victorian Music Development Office explained that this 'results in a greater awareness and a greater appreciation of some of those smaller acts that then go on to develop further'.⁸⁸
- 5.102 CBAA told the committee that many of their listeners reported that specialist music programs and Australian music are their main reasons for listening to community radio. It advised that across Australia, no less than 37 per cent of music broadcast on community radio is from Australian artists, surpassing the 25 per cent required under the Community Radio Broadcasting Code of Practice. Furthermore, CBAA advised that many individual stations are setting their own quotas to increase Australian content and improve diversity:

For example, 4ZZZ in Brisbane has airplay quotas, and is working to increase these by the end of 2019. Currently the station's Australian music quota is 30% (target 40%), local 15% (target 30%), new music 30% (remains), Indigenous (new target of 5%), and female and non-binary 30% (target 50%). The station reports that they are currently hitting all target quotas, and since the beginning of 2018 their Australian music airplay is averaging 60%.⁸⁹

Conclusions

- 5.103 The ABC and community radio play a critical role in the Australian music ecosystem and the talent pipeline. The ABC and community radio champion and provide airplay for a wide range of genres and styles that would otherwise be unlikely to receive airplay on mainstream commercial stations. They also support, promote, and provide airplay for many Australian artists in the most vulnerable and challenging stages of their careers.
- 5.104 The committee notes the ABC's commitment to meeting its obligations under the ABC Charter to encourage and promote Australian music. The high proportions of Australian music played on ABC analogue and digital radio stations highlights the vast and growing repertoire of high-quality

88 Ms Bonnie Dalton, General Manager, Victorian Music Development Office, *Committee Hansard*, 21 November 2018, p. 19.

89 Community Broadcasting Association of Australia, *Submission 67*, p. 2.

Australian music across all genres and styles as well as demonstrating audience demand for Australian music.

- 5.105 The ABC provides valuable support to the Australian music industry. In particular, the committee recognises the important role that the triple j Unearthed platform plays in the development and discovery of Australian talent. This innovative platform empowers Australian artists and provides a pathway, not only to airplay on ABC stations, but to the wider Australian and global audiences.
- 5.106 The committee commends the work of the more than 450 community radio stations around Australia. Community radio's dedication to celebrating and showcasing Australian music is integral to the growth and sustainability of the Australian music industry. Furthermore, community radio's rising popularity demonstrates that there is a strong and growing demand for the locally-focused and diverse content offered by community radio.
- 5.107 Community radio is an integral element in the music ecosystem, particularly at the local level. There is a clear link between the strength and popularity of local community radio and the health and growth of a city's live music scene. This is most clearly demonstrated in Melbourne, where community radio enjoys unprecedented popularity and which supports more music venues per capita than New York, Paris, London, Berlin, and Tokyo.

Retaining talent and fostering diversity

- 5.108 Throughout the inquiry, participants emphasised the challenges faced by Australian artists and the toll that this can take on artists, managers, other industry professionals, and their families. In particular, participants told the committee that many Australian artists are overwhelmed by the financial and mental stress of building a career in the music industry.
- 5.109 The Media Entertainment and the Arts Alliance (MEAA) told the committee that, despite being highly educated and skilled, most artists cannot make a living from their music. It explained that the unreliability of the music industry and, in particular, the current nature of the recorded music industry, means that artists 'tend to be living in poverty, if you measure it by basic standards of average income'.⁹⁰

90 Mr Paul Davies, Director, Musicians, Media Entertainment and the Arts Alliance, *Committee Hansard*, Sydney, 22 November 2018, p. 29.

- 5.110 Katie Wighton, a professional artist, questioned the sustainability of being a musician in Australia. She told the committee that, despite being an ARIA award-winning artist and touring for 9 months of the year, her band, All Our Exes Live in Texas, 'did not earn enough money to pay rent and live properly'. She explained that:
- ...my band brought in about \$350,000 this tax year. I was paid \$11,000 of that \$350,000. That's not because we have a manager who is tight fisted and won't give us the money. It's because we grossed \$350,000 but we netted about \$50,000. So we each took less than five per cent from the year. To give you some perspective, we were on the road for like nine months of the year, so I cannot get another job, and \$11,000 is below the poverty line. So as an ARIA-award winning artist I'm still not able to make enough money to pay rent and live properly.⁹¹
- 5.111 Participants also emphasised the importance of fostering diversity in the Australian music industry, particularly with regards to female, non-binary, and First Nations artists. Cicada International told the committee that 'creating an industry that is competitive and sustainable must begin with inclusivity and gender equity'.⁹²
- 5.112 AMIN told the committee that equal access of opportunity is 'a matter of both moral and commercial necessity'. It explained that, 'if the industry is perceived to be hostile to diverse people, its attractiveness as a career destination will be threatened and limit the industry's growth potential'. It noted that diversity is also critical to audience development, as audiences want to see themselves represented in the music they consume.⁹³

Female and non-binary artists

- 5.113 Participants told the committee that, while there is strong engagement in the music industry among females, the industry remains male dominated. Cicada International advised the committee that gender-based inequality in the music industry operates on two levels: who 'makes it' as a performing success story; and who 'makes the decisions' impacting the industry.⁹⁴
- 5.114 In 2017, *Skipping the beat*, a report assessing the state of gender equality in the Australian music industry, found that 'male advantage is a

91 Ms Katie Wighton, Musician, APRA AMCOS Ambassador, *Committee Hansard*, Sydney, 22 November 2018, p. 52.

92 Cicada International, *Submission 28*, p. 1.

93 Australian Music Industry Network, *Submission 35*, p. 5.

94 Cicada International, *Submission 28*, p. 1.

pervasive feature of the Australian music industry'. It asserted that 'radio playlists, festival line-ups, industry awards, peak bodies and major industry boards are dominated by male contributions and voices'.⁹⁵

5.115 The report found that:

- women represent only one-fifth of songwriters and composers registered with APRA, despite making up 45 per cent of qualified musicians and half of those studying music;
- women creative artists earn far less than their male counterparts;
- women receive less airplay on Australian radio and are consistently outnumbered by men on triple j's annual countdown of the 100 most popular songs and albums;
- music festival line-ups are dominated (sometimes entirely) by male artists and male-lead acts;
- women are significantly less likely to be honoured in the music industry's most prestigious awards including the ARIAs, 'J' and AIR awards;
- women hold only 28 per cent of senior and strategic roles in key industry organisations; and
- there are no women on the boards of ARIA or AIR and women are underrepresented on the boards of all other national music industry peak bodies.⁹⁶

5.116 The Australia Council advised that there have been a range of industry responses to the findings of gender disparity in the Australian music industry.⁹⁷ It explained that APRA AMCOS has introduced a range of new initiatives in 2017⁹⁸ to address the imbalance and that industry organisations such as AIR have ensured boards are more gender balanced.⁹⁹

5.117 The Australia Council advised that, despite remaining male-dominated, gender balance is improving in the professional music population. The proportion of female musicians has grown from 31 per cent in 2001 to 45 per cent in 2016. The proportion of female composers has grown from 20 per cent in 2001 to 40 per cent in 2016.¹⁰⁰

95 Associate Professor Rae Cooper, Dr Amanda Coles, and Ms Sally Hanna-Osbourne, *Skipping a beat: Assessing the state of gender equality in the Australian music industry*, 2017, p. 2.

96 Associate Professor Rae Cooper, Dr Amanda Coles, and Ms Sally Hanna-Osbourne, *Skipping a beat: Assessing the state of gender equality in the Australian music industry*, 2017, p. 2.

97 Australia Council for the Arts, *Submission 98*, p. 24.

98 For more information see APRA AMCOS, *Submission 94*, p. 33.

99 Australia Council for the Arts, *Submission 98*, p. 24.

100 Australia Council for the Arts, *Submission 98*, p. 23.

- 5.118 The Australia Council also advised that, in the June 2018 grants round, 73 per cent of music grants awarded to individual artists were awarded to women. It noted that this was a significant increase from previous rounds, in which women were awarded 45 per cent of music grants between 2015 and 2017.¹⁰¹
- 5.119 A number of participants praised the inaugural Australian Women in Music Awards, held in Brisbane in October 2018. Music Australia told the committee that the awards, ‘give the opportunity to acknowledge female contributions to the music industry’.¹⁰²
- 5.120 Cicada International explained that the Awards will be ‘the first time in Australian music history that women will be recognised and acknowledged for their contribution and value across all areas of industry’. It told the committee that the Awards received hundreds of nominations for the 14 award categories, ‘demonstrating the variety and quality of female artists, songwriters, composers, producers, technicians, videographers, educators, and photographers that Australia has to offer’.¹⁰³

First Nations artists

- 5.121 Participants highlighted the critical role Aboriginal and Torres Strait Islander artists play in Australia’s music identity. First Nations Australian music and artists span all forms and genres, and have achieved significant critical and commercial success both in Australia and overseas.
- 5.122 APRA AMCOS advised the committee that its First Nations artist membership is increasing. It explained that there are now 1,468 First Nations members, an increase of 9.6 per cent from the previous year.¹⁰⁴ Furthermore, the Australia Council advised the committee that Australians are increasingly attending music performed by First Nations Australians. One in six (16 per cent) attended in 2016, double those that attended in 2009 (8 per cent).¹⁰⁵
- 5.123 However, a number of participants raised concerns that First Nations music and artists continue to be underrepresented at Australia’s mainstream venues, festivals, and commercial radio. Leah Flanagan, a professional artist, told the committee that, despite being some of

101 Australia Council for the Arts, *Submission 98*, p. 24.

102 Music Australia, *Submission 63*, p. 12.

103 Cicada International, *Submission 28*, p. 3.

104 APRA AMCOS, *Submission 94*, p. 10.

105 Australia Council for the Arts, *Submission 98*, p. 22.

Australia's most recognisable and internationally celebrated music, First Nations music is rarely heard on Australian commercial radio:

Indigenous culture is exported around the world. Anytime you think of Australia, everyone thinks of Indigenous culture, but, if you want to get Indigenous culture on the radio, ABC are the only people that are really doing it. You wouldn't know Dr G if it weren't for the local ABC in Darwin playing all of that stuff originally. He's one of the biggest exports we've ever had. A lot of Aboriginal people can't get play on these other commercial radio stations, and ABC is really supporting that industry.¹⁰⁶

- 5.124 Music Australia told the committee that First Nations performing arts comprised just 120 works (approximately 2 per cent) of almost 6,000 works programmed and presented in 2015. This included theatre (36 per cent), contemporary music (31 per cent), and dance (15 per cent).¹⁰⁷
- 5.125 Music Australia asserted that government needs to build cross-cultural engagement between mainstream presenters and First Nations artists and community. It explained that 'sector wide leadership and commitment is essential with federal government taking the leadership to continue discussions in vital two-way cultural conversations'.¹⁰⁸
- 5.126 Participants praised a range of government and industry initiatives aimed at supporting First Nations artists. The Australia Council highlighted the work of the Central Australian Aboriginal Media Association (CAAMA) Music. It explained that CAAMA Music works with First Nations Australians at a community level, training, developing, and nurturing the talents and skills of artists and music industry workers through recording, performance, distribution, and publishing.¹⁰⁹
- 5.127 APRA AMCOS told the committee that it established the Aboriginal and Torres Strait Islander Music Office in 2008 to support First Nations songwriters and composers. It operates a number of programs with industry organisations, such as Song Cycles Inbound and Staring Ground, focusing on professional development and education.¹¹⁰
- 5.128 APRA AMCOS advised that these programs are seeking to address issues such as the lack of performance opportunities, the physical distance of remote communities, and lack of economic return experienced by many First Nations artists. It explained that it is 'committed to listening and

106 Ms Leah Flanagan, *Committee Hansard*, Brisbane, 6 February 2019, p. 29.

107 Music Australia, *Submission 63*, p. 11.

108 Music Australia, *Submission 63*, p. 11.

109 Australia Council for the Arts, *Submission 98*, p. 23.

110 APRA AMCOS, *Submission 94*, p. 11.

responding to the needs of Aboriginal and Torres Strait Islander music creators' and 'understanding and respecting the importance of Aboriginal and Torres Strait Islander music and culture'.¹¹¹

- 5.129 Spotify told the committee that it is 'committed to increasing representation of and developing First Nations creators'. Spotify advised that, in addition to its reconciliation action plan, it has been working with First Nations creators to showcase Aboriginal and Torres Strait Islander artists through three key playlists – Deadly Beats, Black Australia, and Original Story.¹¹²

Mental health

- 5.130 Participants told the committee that many artists and music workers experience mental ill-health. Support Act advised the committee that research indicated that artists and others in the music industry are more likely to suffer mental ill-health than the average Australian.¹¹³ Support Act explained that 'it's an uncertain life working in the music industry, and this adds to the poor mental health that some experience'.¹¹⁴
- 5.131 Music ACT explained that artists and others in the music industry face particular mental health challenges that are inherent to the industry. These include career instability, precarious finances, the 'pressures of the 24/7 online media world', and demanding schedules that take artists away from home for long periods.¹¹⁵
- 5.132 AAM told the committee that 66 per cent of artist managers reported suffering a mental health challenge attributed to the work environment of the music industry.¹¹⁶ John Watson, President, John Watson Management, explained that many artist managers are overwhelmed by the challenges of the job and the industry:

I was lucky to be able to go on and grow a business. The [artist managers] who were managing these other [artists] – one of them ended up flaming out with drug problems, one had a suicide attempt and had major mental health issues and continues to seek therapy for them and two others ended up leaving management

111 APRA AMCOS, *Submission 94*, p. 11.

112 Ms Jane Huxley, Managing Director, Australia New Zealand, Spotify, *Committee Hansard*, Sydney, 22 November 2018, p. 2.

113 Support Act, *Submission 70*, p. 2.

114 Mr Clive Miller, Chief Executive Officer, Support Act, *Committee Hansard*, Sydney, 22 November 2018, p. 61.

115 Music ACT, *Submission 119*, p. 2.

116 Association of Artist Managers, *Submission 61*, p. 6.

and going to work within record companies because it was a safer way to go.¹¹⁷

- 5.133 Many participants praised the work of Support Act, a charity that delivers crisis relief services to music artists and music workers that are experiencing financial hardship, ill-health, injury, or mental health issues. Support Act told the committee that it aims ‘to provide breathing space to help members of the music community get back on track when they have hit a rough patch’. Support Act explained that its assistance includes:
- paying the rent or the mortgage;
 - buying a bed or wheelchair;
 - paying for car repairs;
 - paying medical or dental bills;
 - paying phone, electricity or credit card bills;
 - providing referrals to other support services;
 - providing funding for funerals; and
 - supporting friends and families seeking to raise funds for an artist or music worker in crisis.¹¹⁸

Conclusions

- 5.134 The Australian music industry is a challenging and highly-competitive industry in which to pursue a career. Many Australians dream of a career in the music industry and being able to make a living out of their passion and talent for music. However, as with many other creative industries, this dream remains out of reach for many artists.
- 5.135 Throughout the inquiry it has become clear that the majority of Australian artists, whilst making great music and contributing to the Australian music industry and broader community in a myriad of ways, will not generate sufficient income to live from their music alone. This is not necessarily a reflection of their skill or talent as artists, nor is it a recent phenomenon. Artists have always faced fierce competition when pursuing coveted positions in prestigious orchestras or seeking to be the next band to ‘make it big’.
- 5.136 Demanding work schedules, long periods of travel, uncertainty, precarious finances, and long-term career instability are challenges that have always characterised the music industry. However, the digital

117 Mr John Watson, President, John Watson Management, *Committee Hansard*, Sydney, 2 November 2018, p. 23.

118 Support Act, *Submission 70*, p. 1.

disruption and its impact on the recorded music industry has made already challenging careers even more difficult; challenges which are further compounded for female, non-binary and First Nations artists.

- 5.137 Australians pursuing a career in the music industry invest significant time, money, and effort – often with little return. The committee is concerned that, if the return on this investment continues to decrease, it may discourage or hinder the development of Australian talent and compromise the talent pipeline for the Australian music industry.
- 5.138 It is vital that the Australian music industry work to ensure that artists and other industry careers are supported and sustainable, and that a diverse range of Australian artists are able to thrive. Investment in the support of Australian artists is essential to the retention of talent and, ultimately, the sustainability and growth of the Australian music industry.
- 5.139 The committee commends the work of organisations and initiatives that are seeking to address the gender imbalances in the Australian music industry and encourage and support First Nations artists. The committee is encouraged by reports that the proportion of female and First Nations artists are increasing; however, more must be done to ensure that diversity can flourish in the Australian music industry.
- 5.140 The committee also commends the work of Support Act. Throughout the inquiry, the committee heard from many artists who praised the service as well as those who had directly benefited from its crisis relief services. Supporting Australian artists that are experiencing financial hardship, ill-health, injury, or mental health issues is a vital part of preserving Australian talent and ensuring that artists are able to thrive, during the good times and the bad.

Recommendation 16

- 5.141 **The committee recommends that the Australian Government invest in Support Act to enable it to expand its services and deliver crisis support for artists and others working in the Australian music industry.**

Luke Howarth MP
Chair
28 March 2019



Appendix A – Submissions and exhibits

Submissions

- 1 Dr Graham Seal
- 2 Mr Peter Thoms
- 3 Mr Lachlan McLeod
- 4 Musicland
- 5 Mr Warren Fahey AM
- 6 Mr Gary Phillipson
- 7 Ms Fiona Lugg
- 8 Ms Deidre Richards OAM
- 9 Mr Maxwell Dowling
- 10 Ms Bobbie King
- 11 Mr Nik Phillips
- 12 Name Withheld
- 13 Mr Duane Williams
- 14 Name Withheld
- 15 Ms Shelley Karutz
- 16 Confidential
- 17 Mr Ben Panucci
- 18 Mr Trent Morgan
- 19 Ms Chloe Coulson
- 20 Ms Taryn McGregor, Rockinghorse Studios
- 21 Grandstand Agency
- 22 Ms Anita Monk, Wrokdwn TV and radio

- 23 The Folk Federation of NSW
- 24 The HEARing CRC
- 25 Confidential
- 26 Confidential
- 27 Name Withheld
- 28 Cicada International
- 29 Name Withheld
- 30 Ms Jenny Eriksson
- 31 Decibel New Music Ensemble Incorporated
- 32 Ms Ruth Hazleton
- 33 Mr Ivan Beecroft
- 34 Symphony Services Australia
- 35 Australian Music Industry Network
- 35.1 Australian Music Industry Network (supplementary)
- 36 Mr Ryan Brooks
- 37 Ms Hannah Fairlamb
- 38 Name Withheld
- 39 Pangu
- 40 Mr Jamie Oehlers
- 41 Australian Venues Association
- 42 Mr Martin Jackson, National Jazz Alliance
- 43 Mr Darryl Beaton
- 44 Mr Spencer Jones
- 45 Media Entertainment and Arts Alliance
- 46 University of Newcastle Conservatorium of Music Conservatorium of Music
- 47 City of Newcastle
- 48 The Association of Australian Musicians
- 49 Confidential
- 50 Commercial Radio Australia
- 50.1 Commercial Radio Australia (supplementary)
- 51 Xelon Entertainment Pty Ltd
- 52 Name Withheld
- 53 Music Viva Australia

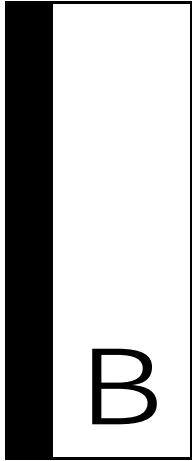
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- 54 Mr Max Skilbeck-Porter
 - 55 Name Withheld
 - 56 Watling & Bates
 - 57 Ms Stephanie Eslake
 - 58 Dr Catherine Strong
 - 59 Yamaha Music Australia
 - 60 Mr Samuel Whiting
 - 61 Association of Artist Managers (AAM)
 - 61.1 Association of Artist Managers (AAM) (supplementary)
 - 62 Australian Copyright Council
 - 63 Music Australia
 - 64 Australian Association of Musicians (AM)
 - 65 Creativism
 - 66 Mr Steve Bull
 - 67 Community Broadcasting Association of Australia
 - 67.1 Community Broadcasting Association of Australia (supplementary)
 - 68 Ms Lisa Lane-Collins
 - 69 Mr Carlo Colosimo
 - 70 Support Act
 - 71 Arts Centre Melbourne
 - 71.1 Arts Centre Melbourne (supplementary)
 - 72 Australian Brandenburg Orchestra
 - 73 Dr Linda Lorenza
 - 74 The Song Room
 - 75 Australian Music Centre
 - 76 Local Government New South Wales
 - 77 Australian Major Performing Arts Group
 - 77.1 Australian Major Performing Arts Group (supplementary)
 - 78 Mr Trevor Evans MP
 - 79 Mr Paul Blakey
 - 80 Dr Julie Storer
 - 81 Sydney Youth Orchestra
 - 82 Mr Daryl Buckley, Elision
 - 83 Songwriters & Original Musicians Association Dubbo Inc.

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- 84 Australasian Blockchain Music Association
 - 85 Ms Lamorna Nightingale
 - 86 Dr Brad Purcell
 - 87 Professor Chrissie Vincent, Chrissie Vincent Publicity and Management
 - 87.1 Professor Chrissie Vincent, Chrissie Vincent Publicity and Management (supplementary)
 - 88 FBi Radio
 - 89 Ms Jenny Duck-Chong, Halcyon
 - 90 Australian Youth Orchestra
 - 90.1 Australian Youth Orchestra (supplementary)
 - 91 Mr Mark Gardner
 - 92 Mr Jon Perring
 - 93 Name Withheld
 - 94 APRA AMCOS
 - 94.1 APRA AMCOS (supplementary)
 - 95 SOUNDS AUSTRALIA
 - 95.1 SOUNDS AUSTRALIA (supplementary)
 - 96 Australian Recording Industry Association (ARIA)
 - 96.1 Australian Recording Industry Association (ARIA) (supplementary)
 - 97 Phonographic Performance Company of Australia (PPCA)
 - 98 Australia Council for the Arts
 - 99 Live Music Office
 - 100 Australasian Music Publishers Association Limited (AMPAL)
 - 100.1 Australasian Music Publishers Association Limited (AMPAL) (supplementary)
 - 101 Ms Leanne de Souza
 - 102 Australian Broadcasting Corporation (ABC)
 - 103 UNIFIED Music Group
 - 104 Australian Independent Record Labels Association
 - 104.1 Australian Independent Record Labels Association (supplementary)
 - 105 Australian Music Association
 - 106 Name Withheld
 - 107 South Australian Music Industry Council and Music SA
 - 108 Music Tasmania

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- 109 West Australian Music
 - 110 Music Victoria
 - 110.1 Music Victoria (supplementary)
 - 111 MusicNT
 - 112 Live Performance Australia
 - 113 Nightlife Music
 - 113.1 Nightlife Music (supplementary)
 - 114 Australian Hotels Association
 - 115 Confidential
 - 116 TAFE NSW
 - 117 Time Out Australia
 - 118 Municipal Association of Victoria
 - 119 MusicACT
 - 120 Chasing Sound
 - 121 Mr Sparrow Daley
 - 122 Australian Capital Territory Government
 - 123 Mr Peter Kennard
 - 124 Ms Roseann Dale Dengate
 - 125 Northern Territory Government
 - 126 Spotify Australia & NZ
 - 127 Arts Queensland
 - 128 Creative Victoria
 - 129 Department of Communications and the Arts

Exhibits

- 1 Ms Leanne de Souza, Collection of articles published between 2014-2018
- 2 Mr Trevor Evans MP, The Economic and Cultural Value of Live Music in Australia 2014
- 3 Australian Hotels Association, Code of Conduct for Copyright Collecting Societies
- 4 Australian Hotels Association, OneMusic, Hotels, Pubs, Taverns and Bars Music Licensing Consultation
- 5 Australian Hotels Association, OneMusic, Recorded Music for the Purposes of Dancing Music License Consultation
- 6 Australian Hotels Association, OneMusic, Dining Music License Consultation
- 7 Australian Hotels Association, OneMusic, Karaoke Venues Music License Consultation
- 8 Australian Hotels Association, OneMusic, Telephone on Hold Music License Consultation
- 9 Australian Hotels Association, OneMusic, Function, Convention and Conference Centres Consultation
- 10 Australian Hotels Association, OneMusic, Function, Convention and Conference Centres Second Consultation Paper
- 11 Australian Hotels Association, AHA response to OneMusic Consultation Paper One
- 12 Australian Hotels Association, OneMusic Australia Response to AHA Submission
- 13 Nightlife Music, Soundtrack Report
- 14 Australian Hotels Association, Background Music, Hospitality, Licence Agreement



Appendix B – Hearings and witnesses

Friday, 2 November 2018 – Sydney

Sounds Australia

Ms Peta Jane (Millie) Millgate, Executive Producer

Mr Glenn Dickie, Export Music Producer

Australian Recording Industry Association

Mr Dan Rosen, Chief Executive Officer

Association of Artist Managers

Ms Leanne de Souza, Executive Director

Mr Rick Chazan, Co-Chair

Mr John Watson, Patron; President, John Watson Management; and President
Eleven: A Music Company

Australia Council for the Arts

Mr Frank Panucci, Executive Director, Grants and Engagement

Mr Paul Mason, Arts Practice Director, Music

Ms Rebecca Mostyn, Manager of Research

Australasian Music Publishers Association Limited (AMPAL)

Mr Matthew O'Sullivan, General Manager

Live Music Office

Mr John Wardle, Consultant

Music Australia

Mr Michael Smellie, Chair

Australian Major Performing Arts Group

Ms Bethwyn Serow, Executive Director

Ms Kate Lidbetter, Chief Executive Officer, Symphony Services

Mr Hywel Sims, General Manager, Musica Viva

Wednesday, 21 November 2018 – Melbourne**Live Performance Australia**

Ms Evelyn Richardson, Chief Executive Officer

Australian Independent Record Labels Association

Ms Maria Amato, General Manager

Mr Ashley Woodford, Director

Australian Youth Orchestra

Mr Colin Cornish, Chief Executive Officer

Music Victoria

Ms Bonnie Dalton, General Manager, Victorian Music Development Office

Australian Venues Association

Mr Maslyn Salt, Director

Chrissie Vincent Publicity and Management

Professor Christine (Chrissie) Vincent, Head of Entertainment Management,
Australian College of the Arts

Arts Centre Melbourne

Ms Janine Barrand, Director, Australian Performing Arts Collection

Private capacity

Associate Professor Shane Homan, Director of Research, School of Media, Film
and Journalism, Monash University

Thursday, 22 November 2018 - Sydney**Spotify**

Ms Jane Huxley, Managing Director, Australia and New Zealand

Australian Broadcasting Corporation (ABC)

Mr Chris Scaddan, Head of Music and Creative Development

Commercial Radio Australia

Ms Joan Warner, Chief Executive Officer

Ms Sarah Kruger, Head of Legal and Regulatory

Community Broadcasting Association of Australia

Grace Pashley, Station Manager, 4ZZZ

Mr Andrew Khedoori, Australian Music Radio Airplay Project Manager

Mr Jon Bisset, Chief Executive Officer

Media Entertainment and the Arts Alliance

Mr Paul Davies, Director, Musicians

Ms Chanel Lucas

Australian Copyright Council

Ms Kate Haddock, Chair of the Board

Australian Music Industry Network

Ms Emily Collins, Deputy Chair; and Managing Director of MusicNSW

Phonographic Performance Company of Australia (PPCA)

Ms Lynne Small, General Manager

APRA AMCOS

Mr Dean Ormston, Chief Executive Office

Mr Jonathan Carter, Head of Legal, Corporate, and Policy

Mr Guy Gross, Composer; and APRA AMCOS Ambassador

Ms Katie Wighton, APRA AMCOS Ambassador

Support Act

Mr Clive Miller, Chief Executive Officer

Nightlife Music

Mr Mark Brownlee, Co-Founder and Managing Director

Mr Timothy de Souza, Director

Mr Matthew Lymbury, Content Director

Dr Alex Malik, General Counsel

Wednesday, 28 November 2018 - Canberra**Australian Hotels Association**

Mr Stephen Ferguson, Chief Executive Officer;

Mr Chris Gatfield, Manager, Policy and Research

West Australian Music (WAM)

Mr Michael (Mike) Harris, Chief Executive Officer

Wednesday, 5 December 2018 – Canberra**UNIFIED Music Group**

Mr Matthew Rogers, Chief Operating Officer

Wednesday, 6 February 2018 – Brisbane**Songwriters and composers**

Mr Jonathan Zwartz

Mr Barney McAll

Ms Clea Pratt

Performing artists

Ms Leah Flanagan

Ms Kristy-Lee Peters

Mr Gavin (Gav) Parry

Ms Trina Massey

Mr Adrian Mauro

Ms Chanel Lucas

Miss Jacqueline (Pepper Jane) Evans

Mr Danny Widdicombe

Wednesday, 13 February 2018 – Canberra

Department of Communications and the Arts

Dr Stephen Arnott, First Assistant Secretary, Arts

Dr Carolyn Patteson, First Assistant Secretary, Digital Media and Copyright
Branch

Ms Kristi Haipola, Director, Digital Media and Copyright Branch

