

**Submission  
No 254**

**INQUIRY INTO THE MUSIC AND ARTS ECONOMY IN  
NEW SOUTH WALES**

**Organisation:** Australian Recording Industry Association Ltd

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Australian Recording Industry Association Ltd.  
ABN 72 002 692 944 ACN 002 692 944  
Level 4, 11-17 Buckingham Street  
Surry Hills NSW 2010  
PO Box Q20  
Queen Victoria Building  
NSW 1230  
Telephone: (02) 8569 1144  
Facsimile: (02) 8569 1181  
Website: www.aria.com.au

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Committee Secretary  
Portfolio Committee No. 6 - Planning and Environment  
Parliament House, Macquarie Street  
Sydney NSW 2000

**Via online submission**

Dear Committee Secretary,

**INQUIRY INTO THE MUSIC AND ARTS ECONOMY IN NEW SOUTH WALES**

We refer to the call for submissions to the Legislative Council inquiry into the music and arts economy in New South Wales, including regional New South Wales (the “**Inquiry**”), and thank you for the opportunity to comment on this important issue for the local and national music industry.

**1. Background to ARIA**

The Australian Recording Industry Association Ltd (“**ARIA**”) is the peak trade body for the recorded music industry in Australia. It is a national industry association proactively representing the interests of its members.

ARIA has more than 100 members ranging from small "boutique" labels typically run by 1-5 people, to medium sized organisations and very large companies with international affiliates.

ARIA is active in many key areas of the music industry:

- acting as an advocate for the industry, both domestically and internationally;
- supporting Australian music, and creating opportunities to help it be heard;
- playing an active role in protecting copyright and making submissions to government on copyright reform, piracy, regulation and other issues where it has the information and expertise to do so;



- collecting statistical information from members and retailers and compiling numerous ARIA charts with data provided by retailers and data suppliers across the country;
- providing, in certain cases, a reproduction licensing function for various copyright users; and
- staging the highly prestigious annual ARIA Awards.

ARIA's primary objective is to advance the interests of the Australian recording industry. The role of ARIA is not to monitor, supervise or intervene in the pricing or other commercial decisions of its members.

## 2. The current state and operation of the market for the NSW music industry and the contribution of the music industry to the economy

Music is part of our state's cultural fabric, and helps to define and reflect our unique character. For decades NSW artists have given a soundtrack to our lives and exported these sounds globally, taking our stories and perspective to the world.

NSW performing and recording artists have demonstrated their world standing in recent years, with local artists such as Flume, Flight Facilities and Gang of Youths all enjoying international sales, critical acclaim and chart success. Such export success not only benefits the NSW economy, but helps to position Sydney and NSW on the world stage. Perhaps even more importantly, local performers and songwriters play an important role in reflecting and recording our cultural identity – telling our stories from our own unique perspective.

In a recent survey conducted on behalf of Screen Australia, 79% of Australians agreed that local stories are vital for contributing to our sense of Australian national identity<sup>1</sup>.

The Australian music industry's contribution to the economy is significant. In the recent PwC study prepared in September 2017 for the Australian Copyright Council, it was found that the Australian music industry (including theatrical productions) contributed **\$10.554 billion** to the Australian economy in 2016<sup>2</sup>. The industry also employed **92,379 people**<sup>3</sup>.

On the global stage, Australia is the seventh largest recorded music market in the world in absolute value and even higher on a per-capita basis<sup>4</sup>.

The local music industry enables a broad ecosystem to flourish in both the cities and the regions – in the form of tours, festivals, live music venues, and local businesses. The local radio stations use

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<sup>1</sup> Screen Australia research available at: <https://www.screenaustralia.gov.au/fact-finders/reports-and-key-issues/reports-and-discussion-papers/australian-stories-matter>

<sup>2</sup> *The Economic Contribution of Australia's Copyright Industries 2002-2016*, prepared by PwC and published in September 2017, page 13 and 23 available at

[https://www.copyright.org.au/acc\\_prod/ACC/Research\\_Papers/PwC\\_Report-Value\\_of\\_Copyright\\_Industries.aspx](https://www.copyright.org.au/acc_prod/ACC/Research_Papers/PwC_Report-Value_of_Copyright_Industries.aspx)

<sup>3</sup> *ibid*

<sup>4</sup> IFPI Global Music Report 2017 at page 75.



music to build and maintain audiences. Local papers generate revenue from local venue advertising and music festivals bring thousands of people into regional areas – for example, BluesFest (Byron Bay) and the Deni Ute Muster (Deniliquin).

Moreover, the arts (including music), contributes to the wellbeing and happiness of the nation<sup>5</sup> leading to improved productivity.

The music industry has undergone massive change in the past decade with the rise of digital distribution. After many years of declining revenue, predominantly due to the scourge of digital piracy, the industry has embraced innovative new business models to return to growth. For the calendar year ending December 2016 digital revenues accounted for just under 70% of overall recording revenues<sup>6</sup> with the majority of revenues earned from streaming services that did not even exist five years ago – underscoring the rapid pace of innovation and change embraced and championed by the industry. This proportion has continued to grow, and ARIA anticipates releasing figures for 2017 which will show that digital distribution now accounts for over 75% of recording revenues.

The key factor driving the industry's return to growth has been the adoption of online streaming services by consumers who are able to access either paid subscription or advertising supported service offerings. The proliferation and adoption by the public of these services has meant that Australians are now able to easily access the history of recorded music whenever and wherever they want at a very modest monthly subscription cost – or even for free via advertising supported services.

Whilst recent sustained industry growth is welcome, it should be noted that current recording revenue results are still some 40% below those achieved for the 2003 calendar year, being the last year prior to the impact of digital disruption taking effect.

The music of Australian labels and artists now competes in a global marketplace, which creates both opportunities and threats. Within this competitive environment it is even more vital that NSW has the right policy settings to support and encourage the creation and consumption of local music.

The landscape is currently dominated by international online services Apple Music, Google (particularly via YouTube) and Spotify. Amazon is a recent entrant to the market.

There are minimal barriers preventing local music being made available on these services, which typically have libraries of tens of millions of songs. The challenge is having local music discovered within each of these extensive services, via organic search or the curated playlists.

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<sup>5</sup> According to the Australia Council survey, *Connecting Australians: Results of the National Arts Participation Survey June 2017*, at page 31, in 2016, 60% of Australians believed the arts impacted their sense of wellbeing and happiness. This is an increase from 52% in 2013.

<sup>6</sup> 2016 ARIA Yearly Statistics, available at <http://www.aria.com.au/pages/documents/ARIAYearlyStatistics2016.pdf>



### **3. Policies to support a diverse and vibrant music and arts culture across New South Wales**

#### ***Music Cities***

A thriving and vibrant local music scene is incredibly important to the development of recording artists, and critical to the success of our local record labels. ARIA draws the Committee's attention to work of IFPI<sup>7</sup> – representative of the global recording industry - on the development of music cities. Their report *The Mastering of a Music City*<sup>8</sup> outlines the steps that can help local authorities, businesses, community groups and the creative sector capitalise on the potential of music to build, grow and strengthen their cities.

It cites examples from 22 cities from all continents to explain what a music city is, why it is beneficial, and – critically – the most effective strategies and policies that can be implemented to nurture active music hubs. *The Mastering of a Music City* has identified recommendations in seven strategic areas that are an effective means to grow and strengthen a city's music economy:

1. Music and musician-friendly policies, from licensing and liquor laws to parking and planning regulations to affordable housing and artist entrepreneur training.
2. The creation of Music Offices to help musicians and music businesses navigate the broad range of government policies and regulations that impact music.
3. The formulation of Music Advisory Boards to engage the broader music community in a collaborative way and to facilitate dialogue with city governments.
4. Engaging the broader music community to ensure the people most affected by music policies are involved and informed.
5. Access to spaces and places for artists to practice, record and perform at every stage of their career.
6. A focus on audience development, ensuring that there is an engaged and passionate audience for local musicians as well as international touring artists, now and into the future.
7. Music tourism or the development of a Music City brand to leverage a thriving live music scene, rich music history, or large music festivals in order to reap the significant benefits associated with music.

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<sup>7</sup> International Federation of the Phonographic Industry: <http://www.ifpi.org/>

<sup>8</sup> Available at: <http://www.ifpi.org/downloads/The-Mastering-of-a-Music-City.pdf>



### ***Live Music / Night-Time Economy***

With respect to issues around the implementation of the Government response to the New South Wales Night-Time Economy Roundtable Action Plan, ARIA supports the submission of the Australian Live Music Office.

### ***Major Events***

ARIA works closely with the NSW Government agency Destination NSW on the annual ARIA Awards. The ARIA Awards are the pinnacle of success for Australian artists and generates significant national and international media attention for our local artists. It works to position Sydney and NSW as the music capital of the Asia-Pacific region. With the success of ARIA WEEK – a series of showcase gigs, events and industry conferences – the ARIA Awards has attracted thousands of visitors to Sydney from intrastate, interstate and international destinations. The financial and marketing support of Destination NSW is an essential component of the success of the ARIA Awards in achieving these outcomes.

### ***Create NSW***

The newly created agency of Create NSW offers a positive opportunity for the support of contemporary music and the arts more broadly. It is recommended that there be subject matter experts within Create NSW that can collaborate with the music industry to deliver the best policy outcomes.

### ***Strategic Plan***

Many other Australian States have developed strategic plans for their contemporary music industries and on the back of these plans committed funding to achieve the objectives and goals to promote and grow their local industries. The best example is *Music Works*, the Victorian Government's four-year, \$22.2 million contemporary music funding and support program. ARIA supports the development of a strategic plan with the ability for new funding for the NSW contemporary music sector.

### ***Touring***

The ability to tour for local and international audiences is a critical part of a NSW musician's ability to earn a living and grow their fan base. Any support for the contemporary music sector should include funding to facilitate regional and international touring. Music NSW (for local) and Sounds Australia (for international) are existing organisations that can work to administer any funding to the most worthy candidates. Regional touring has the added advantage of helping to reinvigorate and energise regional communities and provide positive entertainment options for young people in the regions.





### ***Intellectual Property***

Copyright and intellectual property are the bedrock of the recorded music industry – it is the means by which artists and labels can get paid for their creative work. While this is predominantly a Federal issue, it is important that in forums such as the Council of Australian Governments (“COAG”), the NSW Government supports the rights of musicians and the music industry to protect its intellectual property in the digital environment.

### **4. Conclusion**

We thank the Committee for considering this very important issue, and for providing us with the opportunity to participate in the Inquiry.

Overall, the local music industry is growing and is a digitally and globally focused industry – representing opportunities for jobs, exports and economic contribution for the NSW economy.

With targeted policies and a coordinated approach, the NSW Government can ensure that Sydney and NSW will be a leading creative centre of the Asia-Pacific and a place where musicians, labels and audiences flourish.

We would be pleased to discuss this further with the Committee or provide any further information to this Inquiry if required.

Yours sincerely,

**Dan Rosen**  
**Chief Executive Officer**