

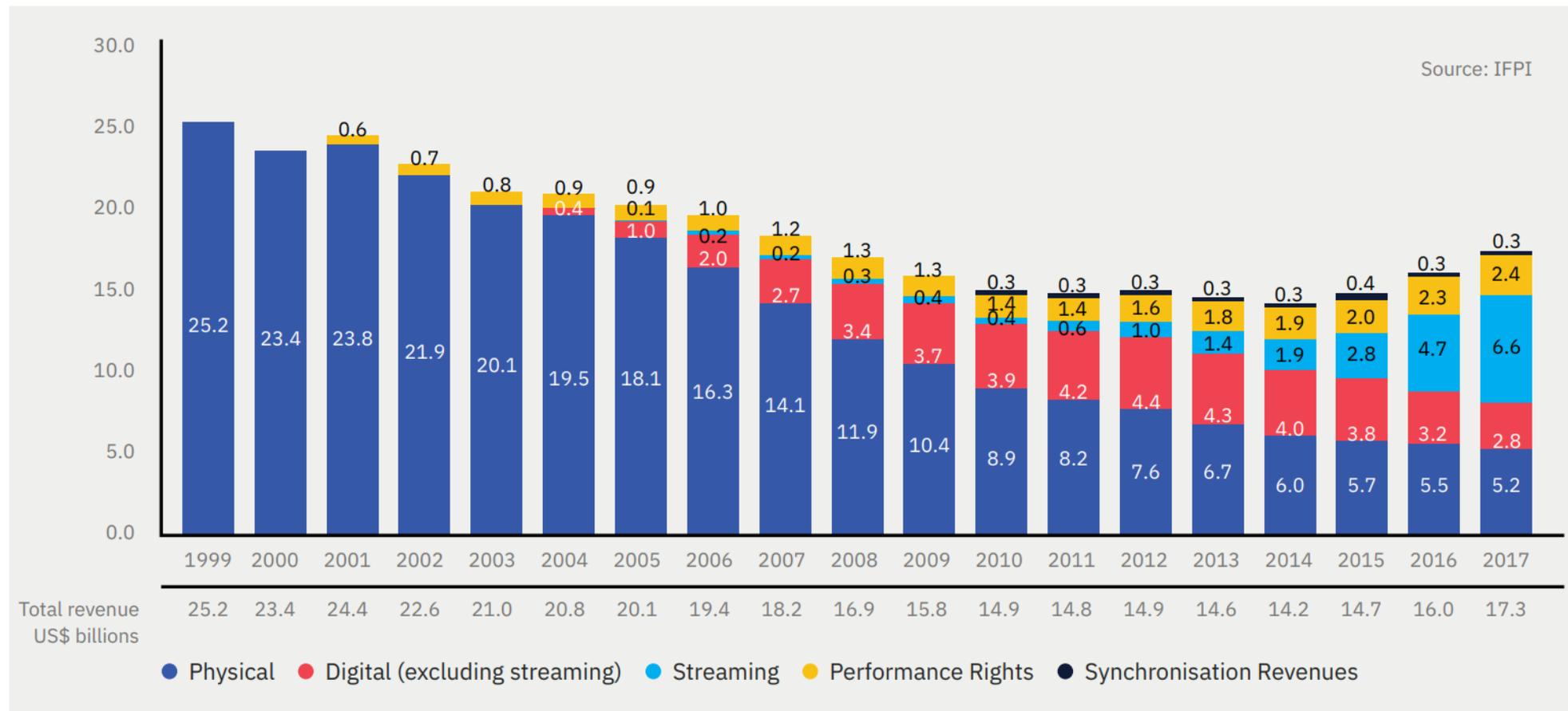
Australian music industry

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.