

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.
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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.**