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Australian Musical Futures: The New Music Industry

A briefing paper for the Music Council of Australia

Julian Knowles



1.1. The Online Context 1: Some Basic Facts and Figures

The past decade has seen the rapid emergence and growth of broadband internet services, data capable mobile networks, portable digital media players and online music stores. The convergence of these factors has driven the digital music market providing a large and growing platform for distribution.

Key Indicators (2007)	
Broadband lines	350 million (up 23% on 2006) ¹
Mobile subscriptions	2.5 billion (up 11% on 2006) ²
Portable music player sales	140 million (up 15% on 2006) ³
Legal tracks downloaded	1.7 billion (up 53% on 2006) ⁴

1 Source: IFPI, based on Point Topic data
2 Source: PriceWaterhouseCoopers
3 Source: Understanding & Solutions
4 Source: IFPI

The digital share of the total music market has risen from close to zero in 2003 to around 15% in 2007 and is now valued at around \$US5bn. The following diagram tracks the emergence of this market from 2003-2007.

Reinventing an Industry – The Digital Difference Over 5 Years			
	2003	2007	
Number of legal services	Less than 50	Over 500	A legal digital music market has been created from scratch over the last five years, with consumers now able to shop around more than 500 legal services.
Licensed tracks	1 million	6 million +	Consumers can now legally access more than six million tracks through legal services.
Value of digital music sales	Around US\$20 million ¹	Around US\$2.9 billion	Record labels have created a digital music industry worth approximately US\$2.9 billion in just five years, a rate of growth many industries would envy.
Digital as a percentage of overall recorded music sales	0%	15%	Almost a sixth of music sales already come through digital channels just five years after legal options opened up and this figure is set to grow.
Number of formats available per artist release	Less than 10 and dominated by the CD and cassette	Over 100	Today a single artist release can be packaged in multiple formats include video downloads, ringtones or mobile full tracks. Sales of Justin Timberlake's FutureSex/Love Sounds comprised of 115 products which sold a total of 19 million units, of which only 20 per cent were in CD format.

¹Estimated digital sales, USA, IFPI.

According to the 2008 IFPI Digital Music Report,

The United States remains the leader in digital music sales worldwide, with online and mobile accounting for some 30 per cent of the market. It is also the most

significant market for subscription services such as Napster and Rhapsody...

In the UK, 77.6 million tracks were purchased online in 2007, a 47 per cent increase on 2006... More than 90 per cent of all UK single sales are now digital... The UK singles market is still driven by hits, but the 'long tail' accounts for most sales volume, with the top 40 accounting for just 10 per cent of all single track download sales in 2007...

South Korea was the first market where digital overtook physical sales. Over 60 per cent of the South Korean market is now made up by digital sales and this share is advancing rapidly...

In Australia, digital revenues [increased] from 5.5 per cent of the market at the end of 2006 to almost 10 per cent by the end of the first half of 2007. ("IFPI Digital Music Report," 2008)

Whilst there is significant variation from territory to territory, when averaged, digital revenue is split roughly 50:50 between online and mobile sales.

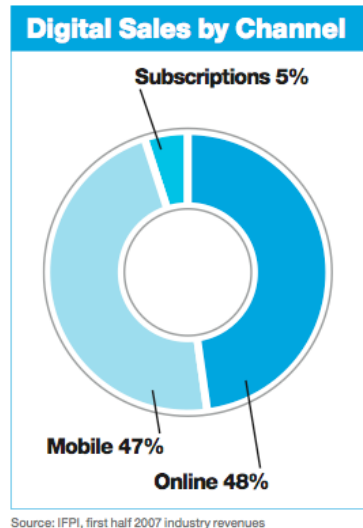
Top 10 Digital Markets, Sales by Channel			
		Online	Mobile
1	USA	67%	33%
2	Japan	9%	91%
3	UK	71%	29%
4	South Korea	63%	37%
5	Germany	69%	31%
6	France	39%	61%
7	Canada	58%	42%
8	Australia	59%	41%
9	China	27%	73%
10	Italy	44%	56%

Source: IFPI, based on first half 2007 industry revenues.

Interestingly, Australia rates 8th overall in revenue from digital sources with 8% of overall revenue coming from digital sources, lagging the international average of 15%. According to Michael Smellie, 'as to the opportunities presented by the new digital era, [Australia has] to date, missed the boat ' (Smellie, 2008).

Global trends indicate that the mobile phone platform is growing as a point for the sale and distribution of music. Currently ring tones and master tones constitute the majority of sales, but the IFPI report indicates that in 2007 there was a significant increase in sales of full track downloads to mobile phones, with sales accounting for 12% of all

digital sales in the first half, compared to 6% in the same period in 2006. This signals the emergence of the mobile phone as a potentially significant channel for the distribution of music. However, in Australia, relatively high mobile data charges pose challenges to moving files across mobile phone networks. Alongside mobile and online distribution, subscription music services represent a small, but growing segment of the market.



The trend towards digital distribution is not confined to the popular music market. Classical Music labels are also joining in the online distribution trend, with Deutsche Grammophon and EMI Classics both making catalogue available through the major digital distributors in the past year.

Whilst the IFPI figures present some clear trends, figures are incomplete. The data fail to fully account for the independent label sector and the vast array of niche musical micro-businesses who are accessing markets directly, as these sources are not captured in the collection process. That said, the figures present an accurate picture of the situation for major labels and the large independent labels who do report to IFPI.

1.2. The Online Context 2: The 21st Century Condition of Music Production and Distribution

Since the mid to late 1990s, we have witnessed a period of change where the traditional models of music production, distribution and consumption have been profoundly challenged on an unprecedented scale. Some of the key developments can be summarised as follows.

Production tools have been democratised to the point that many musicians are now producing music with desktop tools in domestic environments. This has seen an explosion in content from both music professionals and 'prosumers' (Toffler, 1984), i.e. those whose online activities are located somewhere between the professional musician and the consumer. Ultimately, we have moved from an economy of scarcity, controlled by a finite array of publishers, to a theoretically limitless economy of abundance.

The cost of distribution has been reduced to free, or near-free levels through digital distribution services, file sharing, peer-to-peer and social media networks. New large-scale web services have emerged which link music producers to consumers via artist similarity, taste profiling and recommendation data as well as linking listeners with shared tastes and interests. These include Last.fm, MySpace, Pandora.com and a range of other social media and networking sites. Included in this distribution network are a rising number of amateur and prosumer music blogs, which distribute and review music content (both legally and illegally) and some of these are attracting significant readerships. Users can subscribe to blog sites via RSS feeds and podcasts and can aggregate content on their desktops according to a set of user definable parameters. In addition to this, social media sites allow for user tagging, rating and commenting of content. Following the democratisation of the means of distribution, we can see that peers and prosumers now represent a powerful combined force for taste-making, artist exposure and the establishment of relationships between content (Slater & McGuire, 2005).

Due to the low cost of distribution, and the absence of physical overhead costs, online services can now carry an 'infinitely large' catalogue and increasingly, the business models of online distribution are predicated on such a principle. As a result, a massive array of niche genres and out-of-print catalogue is available via online services and file sharing networks. Not only is the catalogue infinitely large, but also the shelf life of any one release is now infinite. The effect of the expanded catalogue has been researched and trends are emerging that listeners are expressing growing preferences for niche genres over mainstream genres. This has been termed 'The Long Tail' by author Chris Anderson in his book of the same name (2006). The term, which has its origins in statistics, refers to a supply and demand distribution where mainstream hit peak sales constitute the 'head' (or 'body') with decreasing demand flowing through to a long 'tail' made up of lesser selling titles. This is represented graphically in Figure 1 below. Anderson argues that, due to digital distribution, the list of titles making up the tail is now phenomenally long. More startlingly, on the basis of research into sales data conducted in collaboration with researchers at MIT and Harvard, Anderson suggests that the sale of long tail titles now constitutes up to 40% of total music sales and appears to be rising (2006, p. 23). In keeping with this trend, the demand for mainstream hits has been reducing, suggesting that demand is gradually shifting away from the mainstream hits towards the diversified long tail area, which contains niche genres and lesser-known artists.



Figure 1. The Long Tail (<http://www.jroller.com/page/croctech/20050406>)

1.3. Some Consequences and Responses

The rise of illegal file sharing and the ways in which music is now distributed online have had a number of major ramifications for the music industry. Any business with a major focus on the sale of recorded music has been under severe challenge.

The real evidence for the impact of digital distribution and the rise of the infinite catalogue can be seen in the intense struggle for retail record stores to survive. These businesses have fixed floor space and a finite catalogue and thus rely on solid sales of titles at the head of the demand curve to remain viable. In August 2006, one of the largest retail record chains in the world, Tower Records, filed for bankruptcy in the USA, citing accumulated losses of \$210 million (Fraser, 2006). Many other record retailers have since folded due to the decline in CD sales and the increasing competition from online CD retailers.

Peer-to-peer (p2p) and other file sharing technologies have resulted in large scale illegal file sharing. Although the precise impact on CD sales is a subject of intense ongoing debate (Andersen & Frenz, 2007; Barker & Tooth, 2007; Leibowitz, 2007; Oberholzer-Gee & Strumpf, 2007), what is clear is that music is now considered to be 'free' by many internet users and physical CD sales have declined sharply. Whilst digital sales (legal downloads) are increasing, they are not fully compensating for the sharp decline in physical sales over the past 5 years resulting in declining revenues overall. A recent Australian media report indicated that,

[ARIA's] head, Stephen Peach [reacted] to this week's figures from the International Federation of the Phonographic Industry [IFPI], which showed the lowest global CD sales since 1985, with Australia among the countries suffering from the drop in sales and revenue. Sales of CDs dropped 4 per cent in Australia last year, which resulted in a 10 per cent decline in revenue from \$512 million in 2006 to \$462 million last year. (Shedden, 2008)

Despite various attempts, the recording industry has been unable to stem file sharing and has been looking at ways to monetise it through new business models such as online music subscription services, ad-supported download models and internet service provider levies similar to the blank tape levies of the cassette era. The challenge for the recording industry is that the 'crowd' has expressed a strong preference to use the internet to find and share new music through file sharing and associated online social networks. Whilst many record labels have been reluctant to shift from traditional practices, major artists have embraced new models, sometimes around record labels. The most well known examples are Nine Inch Nails, Radiohead and Prince. In Australia, the well known group the Whitlams recently struck a deal with media organisation News Ltd. to give away over 700,000 copies of a live CD free to newspaper readers, no doubt as a strategy to develop their audience base and their subsequent capacity to earn income from live performances.

For artists located in the tier beneath major artists, labels are responding to the lack of revenue from recording by constructing so-called '360 degree deals' whereby a company takes an interest (and an income stream) from all aspects of an artist's work (as opposed to just recording, or publishing) in return for a comprehensive range of business services. This labels interests would typically include record sales, publishing, touring and brand sponsorship. Whilst such deals are clearly of interest to record labels, this practice is seen as somewhat controversial from an artist perspective, as the artist's output and intellectual property are entirely controlled by one company. Artists can see this as an unacceptable risk.

Further to these models, some independent artists are developing their own business entities along the value chain, as a form of vertical integration, to take their music more directly to the market. Wherever one looks, the evidence is abundant that the relationships between artists and record labels are being re-defined.

At the grass-roots level artists are developing models where they deal directly with audiences without labels or publishers. Such models are made possible by the capacity for artists to promote their music to audiences and interact with them in online space. The situation is, however, complex. As music blogger Kevin Kelly noted,

The long tail is a decidedly mixed blessing for creators. Individual artists, producers, inventors and makers are overlooked in the equation. The long tail does not raise the sales of creators much, but it does add massive competition and endless downward pressure on prices. Unless artists become a large aggregator of other artist's works, the long tail offers no path out of the quiet doldrums of minuscule sales. Other than aim for a blockbuster hit, what can an artist do to escape the long tail? One solution is to find 1,000 True Fans... The gist of 1,000 True Fans can be stated simply: A creator, such as an artist, musician, photographer, craftsperson, performer, animator, designer, videomaker, or author - in other words, anyone producing works of art - needs to acquire only 1,000 True Fans to make a living. A True Fan is defined as someone who will purchase anything and everything you produce. (Kelly, 2008)

Such a concept has been called 'micro-patronage', 'distributed patronage' or 'micro-celebrity' and has precedents amongst print authors in the late 1990s who appealed to their readers for support to produce books (Kelsey & Schneier, 1999). In Australia, a number of artists have had success with this approach. In the last year, unsigned Brisbane band The Red Paintings raised \$40,000 in three months to record an album by directly appealing to fans through their blog and website. Fans donated \$40 in return for a signed copy of the CD when it was released and other benefits like free tickets to upcoming performances. Such a model is seen to operate at the micro level with small niche producers. Kelly cites a testimonial from Fundable.com, a website to facilitate fundraising whereby a project initiator sets a financial target and donors or

customers are invited to contribute. If the target is not reached, the customer/donor pays nothing, as the project does not proceed.

Amelia, a twenty-year-old classical soprano singer, pre-sold her first CD before entering a recording studio. 'If I get \$400 in pre-orders, I will be able to afford the rest [of the studio costs]' (Kelly, 2008)

The 'donationware' or 'micro-patronage' model has proliferated online in recent years. As a consequence, whilst the recording industry is profoundly challenged by the changes in the digital context, it is also clear that many opportunities are opening up for the niche producer to connect with niche audiences, provided they are able to effectively use online networks and combine these with effective audience development strategies. The situation is therefore not one of doom and gloom for all, but of radically shifting contexts that pose clear threats to those who cannot find new ways to operate and opportunities to those who are able to leverage these new contexts effectively. The difficulties of the record labels are offset to a degree by those artists who have found their '1,000 true fans'.

The scalability of such models however is not well understood and major labels are still seen as key players in bringing artists to global audiences of scale. Amongst the proliferation of 'micro-models', industry commentators point to cracks in the structure of the recorded music industry as a whole, caused by the great uncertainty. As a consequence, significant investment is difficult to attract in order to fund the promotion of Australian artists into overseas markets, where worthwhile profits might be found. Michael Smellie identifies a 'failure in the capital market' for the major labels and/or labels of scale.

Firstly, investment in new and developing artists is a very risky business and purely financial investors are usually too risk averse.

Secondly, evaluation of new artists is a very specialized field and artistic performance can be very unreliable. This probably means that a "portfolio" approach is needed in putting an investment strategy together and this is difficult to sell to the investing public.

Thirdly, there is little understanding in Australia investment community of how to evaluate and monetize copyrights and the potential world wide cash flows. (Smellie, 2008)

Interestingly, and by way of stark contrast, a recent report for the Music Board of the Australia Council on online music in the subsidised music sector indicated that Music Board clients were sceptical of the potential of online promotion and music sales, despite the success of micro-models for many niche producers.

Music Board clients, both individuals and institutions, especially those active in the 'art' music area, were sceptical of the commercial viability (or the aesthetic benefits) of online selling... A review of Music Board funded performers and composers (and institutions) showed that most have in place at least basic, but often sophisticated, web sites... which are designed to promote and engage with audiences, and to sell product where available. Many now perceive the Web as an essential way of interacting with audiences. However the level of functionality required by Web 2.0 activities has yet to become widespread. (HandshakeMedia, 2007)

This indicates that certain parts of the music sector, especially niche 'art music' producers were, on the whole, not seriously engaged with emerging models for promotion and distribution.

Issues:

- Australian musicians and music businesses need to be competitive in the emerging global digital context. How do we best achieve this?
- Australia lags the world in the digital music market and leadership is seen to be lacking. Why? What can we do about this?
- Traditional models for music production and distribution have been challenged by new models. How do we educate artists to make them aware of the various models and help them make the right choices to assist in developing viable careers? Do our schools and tertiary training institutions prepare musicians adequately?
- Does Australia have sufficient broadband and mobile network infrastructure that will enable Australian musicians and music businesses to compete effectively?
- Are there barriers to maturing the digital music market in Australia (high mobile data charges etc.?). How do we impact these?
- It appears the subsidised music sector is not well engaged with emerging models for promotion and distribution. How can this be addressed?

1.4. The Live Context: Venues and Local Touring

In a climate of reduced income from sales of recordings and where most artists do not recoup recording costs, live performance remains a critical means for musicians to derive income. Venue infrastructure is also critical to the development of musicians as live performers. With increasing urbanisation and associated development pressures, along with shifts in regulatory frameworks over the past 10-15 years, there has been a decline in the number of venues for live music in major cities in Australia and, by extension, a weakening of touring networks between major cities. As venue infrastructure is essential to providing employment and development pathways for Australian musicians, a range of enquiries and reports have been undertaken. In 2002, the Australia Council and Arts NSW co-sponsored a report into live music in NSW by Bruce Johnson and Shane Homan entitled *Vanishing Acts: An inquiry into the state of live popular music opportunities in New South Wales* (Johnson & Homan, 2002). Whilst many attribute changes to gaming legislation, permitting the installation of gaming machines in pubs, the report found that,

[t]he causes of the reduction... extend beyond the liberalisation of gaming legislation, and in fact gaming has proven to be a means of subsidising live music. The complicity of gaming in the contraction of live music to a large extent arises from the fact that new legislation made it a straightforward profitable alternative at a time when numerous incremental factors were making it increasingly difficult to sustain live music programs, most particularly in pubs... Factors in the reduction of live music operations include changes in leisure culture, in popular music styles and formats, in financial and legislative frameworks, in the composition of audiences, and in community demographics. (Johnson & Homan, 2002, p. 1)

Interestingly, Johnson and Homan locate live music venues within a complex network of factors and that the 1990s saw a combination of unfavourable conditions aggregate and impact on venues in NSW (and especially in Sydney) in the 1990s.

Some levels of government have recognised and responded to the challenges to live music in cities. Brisbane City Council, through the Valley Music Harmony Plan¹, established a special entertainment precinct in Brisbane's Fortitude Valley area that provided the regulatory and planning ecology (workable noise restrictions and planning frameworks) to facilitate the operation of live music venues. The actions contained within the plan include,

Action 1 – designate a special entertainment area within the Valley

Action 2 – require new development to attenuate noise

¹ http://www.brisbane.qld.gov.au/BCC:BASE:1811491755:pc=PC_74

Action 3 – adopt uniform noise emission levels for music venues

Action 4 – provide noise management assistance and advice

Action 5 – implement a communication strategy.
("Brisbane City Council," 2002)

Whilst hailed as a success by many, and seen as a model for adoption by other cities, the entertainment precinct has come under increasing pressure from rising rents and development pressures which are threatening the profitability of businesses based on live music. It is clear that governments can create favourable regulatory conditions as a way of assisting venue operators, but governments are powerless to stem pressures on rents and overheads that will force live venues out of business in inner-city areas. In addition, the extent of the zone may be compromised by the pressures to increase urban density, in particular large scale inner city residential development. The 'precinct' approach is therefore one that is open to critique as it is impossible to fully protect venues via this strategy. Even with a designated precinct and some quality inner city venues, Brisbane is still seen by some music promoters as lacking in quality 'adaptable' music venues in a range of capacities.

Whilst Melbourne has experienced similar pressures, it is still seen to be a comparatively music friendly city (without a formally designated 'precinct') with a range of small, intimate venues facilitated by more flexible licensing laws. It could be argued that a healthy music city is one where there are venues through the suburbs as well as in the inner city, where live music is seen as integral to the life of the city as a whole. This raises the issue of the extent to which live music is valued (or not) by the various tiers of government and the extent to which live music might figure in how cities and regions are branded to visitors. Brisbane Marketing has recently announced a commitment to 'emerging music' as part of its city branding strategy. Whilst this is encouraging, it is unclear as to what this might mean in real terms as the organisation is not a significant budget holder and is a facilitator rather than driver of change.

In respect of touring in Australia, the challenges are the distance between urban centres and the associated costs. A number of funding schemes are available at state and federal, but demand for subsidy far outstrips available funds. Some recent and current schemes include;

- The Contemporary Music Touring Fund (since 1998), a federal government funding scheme which supports a range of contemporary genres (popular, jazz and contemporary classical) and targets tours with a regional presence.
- Playing Australia (since 1992), a federal government initiative (established in 1992) which supports performing arts tours through Australia across state and territory boundaries and to regional and remote areas. This scheme has focused on subsidised performing arts companies and has supported ballet, contemporary dance, jazz, classical music and theatre.

Funding is provided to companies, venues, presenters and producers as opposed to direct grants to artists.

- The Music Board of the Australia Council 'Presentation and Promotion' grant category, offering small grants to artists and organisations through a competitive category with very low success rates.
- Various grant programs run by the state Arts ministries for state based touring, or state legs of national tours. Arts NSW differs from other state ministries in that it generally only provides support for 'non-commercial projects'. Applicants to these categories need to be resident in the state to which they are applying. Joining up these state sources can be challenging.
- The WA government recognises the challenges posed to artists in conducting activity on the east coast and provides specific assistance with flights via the Artflight program.
- Most recently, the Australia Council established the 2-year Sound Travellers initiative to assist in the national touring of jazz, sound art and contemporary classical music.

In recent years there has been an initiative to assist artists and managers in configuring viable tours throughout the country. Known as VROOM, the initiative has funded the establishment of online databases in various states containing venue and booker information. By providing this information, artists are able to book more shows in a tour and can access shows in regional centres between shows urban centres.

Issues

- Venue infrastructure has been in decline in Australia and fewer opportunities exist for musicians to develop and derive income from live performances.
- Touring networks are hindered by lack of venues and the distances and costs associated with touring in Australia.
- The strategic value and importance of venue infrastructure has not been well recognised by governments and has been left exposed to the open market. Questions remain as to the appropriate actions that governments should take to assist in this problem.

1.5. Export Development

Given Australia's distance from world music markets, major challenges are faced by musicians who wish to establish themselves in overseas markets. The costs of touring are high and physical separation can pose challenges to connectivity and competitiveness.

State governments provide a range of support mechanisms for artists trying to make inroads into international markets. Perhaps the strongest leadership at state level comes from the various arms of the QLD government (Arts QLD and Trade QLD in particular) who provide regular specific support for contemporary music and indigenous artist showcases at international markets such as MUSEXPO in Los Angeles, The Great Escape in the UK and Popkomm in Germany. The QLD government also has an on the ground business development manager stationed in Los Angeles who focuses on trade and investment opportunities between Queensland, Australia and North America, with an emphasis on the creative industries. This strategy is complemented by a strong investment in Q Music's annual Big Sound Music Industry Summit which creates a talent market and business-to-business networking environment in Brisbane for international buyers and music businesses, connecting them to emerging talent and Australian music business opportunities.

At the federal government level, the agency Austrade provides export support to Australian musicians and music businesses. In 2005, the Australian Music Office was established as a sub-office within Austrade to 'facilitate the introduction of buyers of music with those that are sellers.... [and to provide support] around trade shows and music festivals, export coaching and advice, the usage of new technologies to increase awareness of Australian music, and partnering with entertainment related companies that can give Australian exporters wider exposure'.

Austrade also provides specific export assistance via its the Export Market Development Grant scheme

In 2005-06, 61 existing and potential music industry exporters received a total of \$1.4 million in Export Market Development Grants, and generated \$5.6 million in exports. Recent music industry recipients of Export Market Development Grants include Australian band John Butler Trio, music manufacturer and distributor Stomp and the Australian Youth Orchestra. The Australian Government's Export Market Development Grants (EMDG) scheme assists businesses enter into export and become sustainable exporters by reimbursing up to 50 per cent of their eligible export promotional expenses above a \$15,000 threshold. ("Australian Music Office," 2008)

The Australia Council for the Arts offers some funding assistance through the Music Boards International Pathways grant program, where small grants of up to \$20,000 are

provided to support confirmed international tours. In another part of the same organisation, the Australia Council Market Development Division has just released its *International Music Strategy 2008-2011* and is rolling out two new initiatives.

LIVE ON STAGE - Music International Showcase Program. This program is similar to the existing international showcase programs offered by the QLD government, only it extends the range of showcase events to include world music events. The initiative

provides travel support for professional musicians and their manager/representative selected to showcase original Australian music at key international music trade fairs and international festivals... Support is available for musicians selected to showcase at the following three international trade fairs - South by South West (USA), The Great Escape (UK) and WOMEX, World Music Expo (Europe) -due to their significance on the international music calendar, their ability to showcase live music and proven track record in attracting the music world's most influential decision makers.

The second new initiative is the *TRACK RECORD - Music Export Development Program* which 'provides financial support over a two-year period to at least 4 music managers to cover project costs to develop and build relationships in specific markets for Australian musicians represented'.

In the subsidised music sector, the Australia Council has supported the annual Australian International Music Market as part of the Queensland Music Festival as a way of bringing overseas festival buyers in contact with Australian music product. This project is currently under review. A similar model is the Australian Performing Arts Market, which provides opportunities for arts producers to pitch export ready performing arts product (much of it from subsidised small to medium performing arts companies) to festival programmers and international presenters. Bringing buyers to Australian market events has been a popular strategy for government arts agencies and is seen as one cost effective way to address distance.

Issues

- Export development lacks a whole of government focus and is inconsistent across the states. Better co-ordination between tiers of government is needed to provide export development assistance to Australian musicians.
- How do we best prepare Australian musical talent for the international marketplace? What support and development networks do we need to produce the best export ready talent?

- Better intelligence is needed around successful music export strategies and the outcomes of current support mechanisms need careful evaluation. Research and fundamental business intelligence is needed, especially within rapidly shifting market conditions and a climate of uncertainty.
- Collective wisdom suggests that international showcase events are only of use if the artist already has interest from buyers in attendance. How do we best prepare artists and managers in the quest to secure such interest in the preparatory phase?
- Funding support to artists is limited. The fact remains that most Australian artists lose significant sums of money when they tour. The process becomes prohibitive and taxing on the musicians involved. In the early stages, 'overseas interest' does not necessarily translate to income.
- Australia needs to build a better international presence as a global music hub, It needs better investment and support from government to allow us to show leadership in areas where we are able to. Becoming a major hub for the Asia Pacific region may be one goal.
- Musicians need to be better informed as to how they can develop a workable international strategy and reach their target global audience (whether that be niche or mainstream). With better access to global niche markets through digital technologies, the traditional model of 'make it big locally, then venture overseas' needs re-assessment. Some artists may be better suited to overseas markets and should take their work to them as quickly as possible. This poses challenges for less experienced artists and there are financial hurdles to overcome.

1.6. Drivers of Change: the Contemporary Music Working Group

According to Martin Cloonan's analysis of Australian popular music policy,

As a country of six states and two territories, it is possible to examine Australian popular music policies at a number of levels. Matters are further complicated by the fact that state capitals and other major cities may also have cultural policies which impact on the daily praxis of musicians. Overall, popular music and

mainstream politics in Australia interact on an unusually wide basis. (Cloonan, 2008)

The number of tiers and arms of government who set policy in respect of contemporary music is considerable, creating complexity when one seeks to bring about comprehensive policy change. The danger is that the policy setting is inconsistent in different territories and opportunities for a co-ordination of resources and assistance are missed.

Perhaps the best-organised lobby to date is the Contemporary Music Working Group (CMWG) that has been highly active over the past several years. This group arose from a series of roundtable meetings, between 2001-2003, leading to a report entitled *The Power and the Passion* (Simpson, Bodlovich, Harvey, & Owens, 2003) which summarised discussions and proposed possible actions. The CMWG comprises government, industry, and peak body stakeholders, working to develop an effective, unified policy framework and strategy for contemporary music in Australia.

The objective is to develop a framework for enhancing and growing the success of the industry as a whole. The broad objectives of the strategy are to,

Respond to new patterns of consumption and distribution the industry is experiencing and **develop** means to lead future trends.

Increase exports of Australian music by focusing on current markets and identifying new markets, particularly in Asia.

Identify opportunities to engage with other business sectors to improve access to investment.

Improve skills and education across all aspects of the industry, to enhance artistic and business capabilities.

Build a genuinely cooperative industry with improved communication that shares information for making more strategic decisions.

Encourage new and emerging talent ("Contemporary Music Working Group," 2008)

To achieve these goals, specific strategies are being identified which will provide for a cross-government response to the needs of the industry and Australian musicians, and an ongoing platform for stakeholders to communicate needs to government. The group is taking up many of the issues identified in this paper and is developing recommendations in consultation with DEWHA, a broad inter-departmental government committee (with representation from government departments whose brief intersects with music), and the Cultural Minister's Council. The group hopes to have some tangible policy outcomes and an established framework by early 2009.

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