



**APRA
AMCOS**

29 January 2021

The Hon Michael Sukkar MP
Minister for Housing and Assistant Treasurer
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Minister,

2021-22 Pre-Budget Submission

As Australia's largest music industry body, representing the rights of over 108,000 songwriters, composers and publishers across Australasia, APRA AMCOS welcomes the opportunity to make a submission to the 2021-22 Budget.

On 5 August 2020, APRA Chair and music industry luminary Jenny Morris OAM MNZM gave an address to the National Press Club in Canberra to set out a vision for Australian music. This pre-budget submission helps to set an agenda that will further advance the Morrison Government's existing co-investment strategies with the music industry to ensure Australia can achieve this vision: **for Australia to become a net exporter of music.**

With a pipeline of talent coming from across the nation and with the advent of the next digital revolution, Australia has the potential to go from a music nation to a music powerhouse. A powerhouse that can fully realise the cultural, economic and social benefits of an even healthier music industry accessible to all Australians.

Australia is already in the top ten music markets in the world. Australian music now stands alongside the great drivers of Australian exports - food, agriculture, wine, tourism. At the Sounds Australia & [Australia House industry market](#) at SXSW in early 2019, there were 54 Australian artists in market. Indeed, over the last five years, APRA AMCOS' foreign revenue generated from the performance of Australian music overseas has doubled.

A good song builds Australia's intellectual property assets, generating big incomes - including export earnings. Composition and songwriting generate capital - "cultural capital" that expresses an Australian voice; and 'economic capital' in global income, because recordings and performances go on for years. Indeed, a good song creates jobs. Lots of jobs. Tens of thousands of Australians already earn a living from music.

There are now 400 million paid music streaming subscribers worldwide - and over the next decade, this will triple. And despite the devastation of COVID-19, a Goldman Sachs report into the international music market estimates global industry revenue will soar to around US\$140 billion by 2030. Australian artists, publishers and creators have the potential to earn at least a 5 per cent market share of this, but we need to get the policy, investment and industry settings right.

We acknowledge the support provided by the Morrison Government to support contemporary music through the Australian Music Industry package and its investment in the Live Music Australia fund, First Nations Contemporary Music program, the Sounds Australia emerging markets program, Women in Music Mentorship program and the boost to the Contemporary Music Touring Program administered by the Australia Council.

We also acknowledge the commitment from government to assist the live music and broader live entertainment and arts sector to recover from the COVID-19 crisis through the \$250 million JobMaker package of grants and loans.

In her Press Club address, APRA Chair Jenny Morris said, “Australia should have a vision to become a net exporter of music. This won’t happen overnight and it could well take a decade but you need a clear vision in order to start change now. Aussies have never backed away from a challenge - we need to back ourselves. The potential reward is nation defining.”

To achieve this vision, the Australia needs four key priorities:

1. A federal, state and local whole-of-government policy and investment commitment to Australia as a net exporter of music
2. A commitment to provide equity of access to music in schools nationally and songwriting as part of the national curriculum
3. A national and coordinated approach to reduce red-tape, together with tax incentives to protect and promote the cultural infrastructure of live music venues
4. A re-commitment to local content to ensure the production and performance of local music content across all media platforms

To become a net exporter of music, we urge the following to be included in the 2021-22 Budget:

- 1. Close loopholes in global digital platforms and local music content**
Impact on Budget: no cost, legislative change

Close to 50% of the digital video advertising market in Australia is using music without a licence. This could be worth up to \$50 million in local licensing revenue that could be generated from digital platforms if the Australian Government ensures the authorisation provisions of the Copyright Act work effectively in the online environment.

In 2019 IAB Australia, which publishes annual digital advertising figures, stated that total Australian video advertising in 2019 was worth AU\$1.684 billion. APRA AMCOS estimates that as much as 50% of the video advertising market is using music without a licence. Depending on the volume of music used by unlicensed services this means that copyright owners of musical works are missing out on up to \$50 million in licence fees annually.

Currently there is limited legal incentive for digital platforms to engage with copyright owners to address the growing problem of online unauthorised use by third parties on digital services. In 2012 the High Court crystallised this issue in the iiNet decision when it found iiNet had not authorised copyright infringement on its service when customers deployed a Bit Torrent system to infringe copyrighted films.

The High Court made it clear the current law does not effectively operate in the online environment. It called for the Government to address the issue. In 2014 the Government acknowledged this issue as part of its copyright enforcement inquiry but has never responded to that aspect of the review or taken steps to address this problem. Subsequent cases such as the Pokémon cases have not altered the situation.

If the same issue was to arise in the physical world copyright owners would have a clear avenue to engage with the operator and come to reasonable commercial terms – the Metro on-George case is the most recent authority for this proposition. It is unacceptable that commercial solutions are not achieved merely because the activity takes place in the digital environment.

What was acknowledged as a problem in 2012 and 2014 is now an urgent economic issue as COVID 19 has shut down live performance and creators are forced to seek revenues from online events and streaming services.

2. Expand Sounds Australia music export program

Impact on Budget: Combined funding of \$2.5 million per annum over four years

Australian Government investment in the Sounds Australia program has been key to the success of growing Australian music exports. To expedite the export of Australian music globally and ensure the right domestic settings exist to support this increase in trade, APRA AMCOS propose a total government investment of \$10 million over four years to turn Sounds Australia into a new Australian music commission body to deliver more music in Australia and overseas.

At present, Sounds Australia receives some key funding from the Australian Government through the Office for the Arts and the Australia Council which is to expand its services to emerging markets including Asia, South America, Middle East and Africa. However, Australian Government support for its core work in traditional high value markets of North America and Europe expired in December 2020.

We propose the Australian Government through the Office for the Arts, Australia Council as well as the Department of Foreign Affairs and Trade elevate Sounds Australia as a priority export program and commit to combined recurrent annual funding of \$2.5 million to support the goals of Australia becoming a net exporter of music.

Sounds Australia is recognised as a leader by its international contemporaries. Its clear strategic direction, creative and dynamic in-market presence and unwavering support from the Australian music industry has resulted in advancing the export interests and success of the Australian music sector globally.

Sounds Australia has expedited the artist discovery process and catapulted multiple acts into the consciousness of the world's most influential music markets across the USA, UK and Europe, ensuring that from their very first export outing, Australian artists are showcasing to key industry leaders and decision makers, resulting in increased professional and commercial outcomes.

3. Tax offsets for Live Music

Impact on Budget: Increased revenue to government \$40m +

Ernst & Young (EY) was engaged by APRA AMCOS to investigate the need for further investment in the contemporary music industry in Australia and assess the impact of such investment in the form of tax offsets.

EY found the highest output, employment and value add came from providing a 'combination' venue offset of \$40,000 cash offset for new live music venues, and 20% expenses offset for existing live music venues. EY estimated that with this type of offset, the net return from increased expenditure and revenue to government would be \$40 million and would be a game changer for the music industry and local economic areas.

The single biggest incentive to increase the opportunity national for live music activation is tax offsets for live music. While grants, philanthropy, crowd-funding and loans are all important sources of individual artist and project funding, the attached report from EY focuses on the impact of tax incentives as a broad-based approach to help incentivise the presentation of live music in venues, cities and regions across the country. Following the success of the Australian Government's Live Music Australia program, movement towards longer term incentives will be key for Australia's live music industry.

The venue-based live music sector is critical to the development of both artist and audiences throughout Australia and is a key driver of economic activity for the hospitality sector in cities, regions and towns across the country. Regulatory barriers and limited venue expertise have impeded the viability and health of the live music sector. While there is a willingness to present live music, venue operators struggle with the associated start-up and operational costs of presenting live music.

4. Live Music Office – regulatory support to cut red tape for music and the night-time economy

Impact on Budget: \$500,000 per annum over four years

APRA AMCOS has long advocated that one of the major keys to supporting the Australian music industry's global success is for the removal of unnecessary and complex regulations on live music. Cost benefit analysis by the University of Tasmania shows that live music alone is worth \$16 billion annually.

This funding for the Live Music Office will help drive greater economic activity in live music by identifying and advocating for better policy, regulation and strategy across state and territory governments.

Australia has just one Sydney Opera House, but there are thousands of venues that stage live music across the country each year. These venues are our small-to-medium arts venues, the Australian music industry's training grounds for songwriting and performance, providing not just a workplace for artists to make a living, but also a pathway for artists to global success.

The work of the Live Music Office has most recently seen success working with the NSW Government to reform the liquor licensing and planning regulations which has historically inhibited the development of live music in that state.

5. National investment for songwriting in schools – skills for export

Impact on Budget: \$1 million per annum over four years

By making songwriting part of every child's education, we will help all students build a range of important skills and help realise the full potential of Australia's music talent. Renewal of national investment in the school songwriting program *SongMakers* is needed to accelerate the skills of students and develop intellectual property that can be exported around the globe. Investment will provide real-world experience and mentorship for over 4800 music students in 300 schools across Australia, incorporating deeper engagement with outer metropolitan, regional and remote schools.

Research shows how a quality music education improves students' academic performance and 'soft skills' in things like critical thinking and communication. Research also shows the best music education can help keep students engaged in their learning, especially when it connects with their out-of-school interests such as in songwriting and producing. Songwriting in schools has also been found to be a 'site of resilience', helping students navigate the challenges of adolescence.

For First Nations children, participation in First Nations-led arts and cultural activity, including songwriting, helps develop their grit, improves school attendance and enables them to reach higher levels of educational attainment.

A system of early mentoring by industry professionals is behind the decades-long songwriting success of Sweden, the world's top music exporter. The lesson is there for us: when we build Australia's songwriting capacity, we build our intellectual property, creating careers and generating income for the nation.

6. Establishment of a National Songwriting Academy

Impact on Budget: \$4.5 million per annum over four years

To develop and better equip future songwriters in Australia for national and international success, a national elite training organisation should be established to sit alongside other Australian Government globally recognised organisations in the performing arts which support Australia's thriving creative economy. These include the National Institute of Dramatic Arts, Australian Film, Radio and Television School, the Australian Ballet School and the National Academy of Music.

A National Songwriting Academy would be dedicated to training the most exceptional young songwriters from across Australia and would be the only professional songwriting training institute of its kind in Australia, and one of few in the world. The academy would engage the professional skills of established and high-profile Australian and international songwriters to teach the craft of songwriting.

The academy would provide a two-year education program focused on the craft of songwriting in contemporary music and provide young emerging songwriters with a unique network of domestic and international professional industry contacts and collaboration opportunities.

7. Local music content on streaming services and radio

Impact on Budget: no cost, regulatory change

Broadcast quotas are incredibly important for the local music industry. Given we know Australians like to hear their own sounds and voices, 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.

APRA AMCOS' strong view is that local content requirements continue to remain highly relevant to the Australian broadcast media landscape. Ensuring that Australian content remains easily accessible to all Australians helps to develop and reflect a sense of Australian identity, character and cultural diversity. In particular, our local songs are a vital means of expressing our history, ideas, perspectives, values and identity and equally a means of projecting that voice to our fellow Australians and the world.

The existing quota levels, which are low by comparative international standards, means we advocate in the strongest possible terms that the Australian content requirements that currently apply to the various broadcast sectors be neither removed nor decreased. In fact, given the talent we see, they should be easily achieved.

However, compliance with radio quotas needs to be considered very carefully to ensure the Commercial Radio Code remains relevant. APRA AMCOS' key concern is that under the existing Code radio broadcasters are able to self-categorise which format they fall within for the purposes of determining which Australian Music quota applies to their service.

In the streaming space, APRA AMCOS recognises the need for a more flexible approach with streaming services as it is not a linear medium like radio. Music streaming services have local curation teams and have demonstrated good support for local artists.

APRA AMCOS is in regular conversation with music streaming services 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 local charts.

Promoting local artists to local consumers in an on-demand environment may even prove to make good business sense rather than be seen as a cost or inconvenience. It is also away for foreign multi-national companies to support the local music industry in one of the increasingly important territories in which they operate. Whilst locally based curation teams of global streaming services provide support to the local industry, there are no guidelines or parameters to ensure that these standards are maintained.

8. Audio visual streaming services and local screen content

Impact on Budget: no cost, regulatory change

Audio visual streaming services (SVODs) should contribute 10% of income derived in Australia to make, promote and broadcast Australian made content. We recommend that a percentage model is superior to a quota model as it would incentivise SVODs to concentrate on producing quality productions over simply volume. If this percentage is not allocated to specific shows, then these funds should be pooled into a newly developed 'Australian production fund' which is then distributed to make local productions of drama, childrens' programs and documentary using local creative workers especially screen composers.

As well as this, we also believe that funding structures and screen industry incentives could better support local talent with eligibility criteria that stipulates the engagement of local screen composers and musicians. We believe that Significant Australian Content (SAC) should include screen composers as key creative and Heads of Department in all cases where public funding or incentives are in place.

Australia has a long and proud history of screen composition. From the earliest days of cinema and the advent of television broadcast in the 1950s to today, Australian screen composers have provided the soundtrack to some of the most iconic and celebrated stories across screens both large and small.

We believe that Australia succeeds best when the screen industry tells our stories, not just through our voice and our images, but with the beating heart of an Australian soundscape. A soundscape that is diverse, global and exceptional.

Whether it's the beauty, suspense and emotion of a film or television series score, the tune to an advertisement, or the soundtrack that brings to life a documentary or children's television show, this country has some of the most talented screen composers in the world.

9. Cultural tax offset incentive for local screen content

Impact on Budget: no cost, regulatory change

APRA AMOCS proposes that the Screen Producer Offset is harmonised along with the Post, Digital and Visual Effects (PDV) Offset and Location Offset to 30% and that there should be a "cultural uplift" incentive of an additional 10% applied if key Australian crew, including composers, are being utilised.

This would bring Australia into line with territories such as New Zealand that has a 40% offset for both film and TV. In recent years, many big Australian films receiving the offsets have not used Australian screen composers (the likes of Mad Max IV, Breath, The Great Gatsby, Mary Magdalen, Lion, The King and many more). Inclusion of a cultural uplift 10% bonus offset would assist greatly in rectifying this problem.

10. Expansion of Australian Music Industry programs

Impact on Budget: Additional \$8 million per annum over four years

The success of the Morrison Government's Australian Music Industry program and its investment in the Live Music Australia fund, First Nations Contemporary Music program, Women in Music Mentorship program and the boost to the Contemporary Music Touring Program shows the enormous appetite for the development and presentation of local Australian music.

Given the success of these programs and the over-subscription to the application process, we propose the Australian Government double the investment into each of these programs. This will ensure that the Australian Government's commitment to a stronger domestic live music scene will provide critical development of our local artists and audiences.

11. Business Interruption Fund

Impact on Budget: \$100-500m for year one

APRA AMCOS supports the submission of Live Performance Australia to establish a Business Interruption Fund. In partnership with industry, the establishment of a \$100-\$500m Live Entertainment Business Interruption Fund (BIF) will increase industry confidence to re-activate live events. The BIF would do this by providing indemnification for costs if, due to COVID-19 related issues, a live event in Australia is cancelled, postponed or negatively affected by the re-introduction of government restrictions. Industry would contribute a percentage of cost exposure to the BIF and the government would provide underwriting.

Yours Sincerely,



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