

An Integrated Approach for the Australian Contemporary Music Industry

Adelaide

FUSE Festival

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Background: The process

- Industry has been engaged in a collaborative process to consider its representative structure and its relationship with government
 - The Australia Council sponsored industry 'roundtables' between 2001 and 2003
 - 'Contemporary Music Working Group'
 - *The Power and The Passion (P&P)*

Background: Key challenges from *P&P*

- A raft of challenges facing the industry were identified, the majority of which originated from difficulties of integration and/or cooperation
- These challenges could be characterised as demonstrating a need for greater:
 - Integrated communication within the industry
 - Integrated and representational communication outside the industry (to government and the community – nationally and internationally)
 - Integrated information (particularly in terms of local industry statistics)
 - Integrated planning (particularly in terms of setting industry goals and developing a vision)

Background: Four identified options in *P&P*

- ➔ Industry Based Information Service
 - ➔ Non-governmental Representative Organisation
 - ➔ Statutory Agency
 - ➔ Industry Action Agenda
- ➔ First three options are outcomes, while the last option is a process

This study

- To identify the appropriate industry/government relationship it is necessary to:
 - Clarify forces shaping the industry
 - Enunciate why government may seek to be involved
 - Identify themes/strategies upon which to base the relationship
 - Develop structures and processes to advance those themes/strategies
- Initial thinking will be outlined today for discussion
 - Based on industry consultations and analysis

Key industry features/forces

- A fragmented industry
- A small fish in a big pond
- Narrowing of pathways for identifying and developing talent
 - Record company mergers
 - Reduced access to live venues
- Increased competition for discretionary consumer spending
- Changing distribution channels
 - Online distribution
 - Retail distribution
- The growth of piracy
- Risk and financing impediments

Why would government become involved?

- To ease market change
- To address 'market failures'
 - Information asymmetries
 - For new participants
 - At different levels in the supply chain
 - For investors
 - Cultural outcomes
 - Public goods and positive externalities

Key themes/strategies for government

- Not a 'crisis situation', but major challenges and opportunities exist
- A focus on 'pathways'
 - Development pathways
 - Talent identification
 - Live performance
 - Pathways to market
 - Distribution options
 - Export oriented
- Finance risks

What has limited the effectiveness of government involvement to date?

- Lack of coordination between levels of government
- Lack of scale for organisations/programs
- Lack of clear objectives
 - Performance measures
 - Review processes
- Industry concerns about the representativeness of programs
 - Governance
 - Outcomes
 - Lack of a focus on contemporary music
 - A focus on particular industry sectors and issues

Unresolved debates

- What exactly is the ‘contemporary music industry’
- The role of the ‘contemporary music industry’ in broader policy frameworks
 - Creative industries
 - Digital content industries
 - Music industries
- The duration of the policy focus
 - Defined (e.g. 3 to 5 years)
 - How to ensure longer term strategic planning?

A: Industry Based Information Service

- Coordinates information sharing and activity, and acts as a mechanism to explore the other options in more detail
- *Feedback*
 - Does not really address the key issues/themes identified earlier
 - Little support
 - Already being addressed by other bodies/networks/etc
 - Statistical issues being addressed through the Statistics Working Group of the Cultural Ministers Council
- But a slightly broader conception is the NZ model

New Zealand Music Industry Commission

- Government funded charitable trust governed by a board
 - Government funding of \$2 million dollars to last five years
- Not a funding agency
 - Aim is to grow the New Zealand Music Industry
 - Help information flow between different facets of the Industry
- The Board is made up of twelve members representing: musicians, independent labels, educators, RIANZ, APRA, the b.Net, commercial radio and Maori & Pacific Island representatives
 - Government and non-government observers also attend
 - Seven Board Committees: Maori Music; Pacific Island Music; Growth, Export & Tourism; Education; Finance; Broadcasting; and PR & Advocacy

B: Non-governmental Representative Organisation

- Dedicated to developing Australian contemporary music which may include providing industry advice and views to government, centralising funding and information sharing, as well as providing a forum for greater industry cooperation
- *Feedback and comment*
 - New organisation or build upon existing organisations?
 - If building, which organisations will be the base?
 - If new, concern about the duplication of services already being provided
 - Who will provide funding?
 - Will this limit independence?
 - Concern about the potential for only narrow representation
 - Industry sectors
 - Geographic mix

C: Statutory Agency

- A Federal Government body dedicated to developing Australian contemporary music
- *Feedback and comment*
 - Same general problems as for the NGO, plus:
 - Perception that a government bureaucracy may be insufficiently market-focused

The blended Canadian model

- Canada Music Council
 - 19 member Board from the 'sound recording industry' advises Minister of Canadian Heritage
- Canada Music Fund
 - 'Additional' C\$28 million over 3 years
 - Government controlled, but administered through government and non-government 'delivery partners'
 - Objectives
 - Enhance access to Canadian music
 - Increase opportunities for Canadian artists and entrepreneurs
 - Skills development

D: Industry Action Agenda

- A process whereby the music industry and government would work together to identify priority areas of change with the intention of lifting the growth potential of selected sectors within the industry
- *Feedback and comment*
 - A process rather than an outcome *per se*
 - Formalises a dialogue between industry and government
 - The focus is on commercial success rather than non-commercial success
 - Government and industry commitment to work together to develop an industry-wide strategy
 - Ensures government buy-in to the process, but industry must commit to implementation before outcomes are decided
 - There may be problems in meeting the criteria for having an action agenda

Government checklist for action agenda subjects (i)

- Are there major issues which would benefit from a **'whole of government' approach** and could result in the resolution of major issues?
- Is there **industry commitment for an Action Agenda**? Are there industry assets (e.g. resources, industry champions, etc) which would be prepared to be engaged in support of the Action Agenda process?
- Is the industry likely to **commit to implementing** the necessary change that may be identified by an Action Agenda?
- Does the Action Agenda represent either an industry **critical to the Australian economy or an emerging sector**?
- Would the Australian industry's performance be enhanced through the Action Agenda process, including terms of **growth in output, employment and exports**?

Government checklist for action agenda subjects (ii)

- Is this industry a **driver (or potential driver) of growth** in other industries, either users or suppliers?
- Do significant growth opportunities or **market impediments** exist?
- Are substantial **pressures for structural adjustment** evident? (These could be caused by global and/or domestic market dynamics, trade or investment flows which create new opportunities or challenges for firms)
- Are there **socio-economic factors** which require attention from Government in conjunction with the industry sector assets?
- Does the local industry have **comparative advantage** and can it demonstrate potential or need for developing competitive advantage?

Implementation of the industry strategy

- Will need a body to oversee/manage implementation
 - What does this mean for other existing bodies?
 - Music Council, Australia Council, etc
 - Absorb? Refocus? Participant? Applicant?
 - State bodies
 - Make states part of the solution by enjoining them in the industry action agenda process and outcome
- Application based
 - Does not proscribe implementation paths (i.e. it fosters innovation)
 - Consistent with the Commonwealth's approach in other areas (e.g. education)

A template: National Food Industry Strategy (NFIS)

- Food industry participated in an industry action agenda
- NFIS is a five-year (2002 to 2007) blueprint for increased investment in innovation, increased export growth and improved productivity, efficiency and skills in the Australian food industry
- NFIS Ltd is the industry-led private company funded by the Australian Government to be 'change agents' in the Australian food industry and to coordinate the implementation of most aspects of the Strategy
- NFIS Ltd is overseen by a Board
- Ongoing strategic input is provided by the National Food Industry Council which is a committee comprising experts from the food industry and relevant government and research organisations and six Commonwealth Government Ministers
- See <http://www.nfis.com.au>

Seeking feedback

- By email

 - contemporary_music@allenconsult.com.au

- Through the review web site

 - www.allenconsult.com.au/contemporary_music/