



Music Rights Australia's Submission in Response to the Digital Economy Strategy Consultation

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RESPECTING AND PROTECTING CREATIVITY

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Music Rights Australia, ARIA and APRA AMCOS thank the Department for Industry, Innovation and Science (the **Department**) for the opportunity to make a submission in response to the Digital Economy Strategy paper and consultation.

This is a joint submission by ARIA, APRA AMCOS and MRA.

1. About Music Rights Australia

Music Rights Australia (**MRA**) is an organisation that protects the creative interests of artists within the Australian music community. MRA represents over 90,000 songwriters and music publishers through their association with the Australasian Mechanical Copyright Owners' Society (**AMCOS**) and the Australasian Performing Right Association (**APRA**)¹, and more than 125 record labels - both independent and major - through the Australian Recording Industry Association (**ARIA**).²

2. Summary

Music has embraced the exciting opportunities of the digital economy. Its transformation over the last eight years serves as an illustration of the opportunities and potential of the digital economy. The recent ARIA six month figures show the industry with 9.2% year on year growth, and streaming services accounting for over 50% of industry revenues³.

However, the music story can also illustrate the downside which the online world poses to businesses of all sizes where licensed online services which bring music to fans all around the world are undermined by unchecked illegal activity.

The Government should develop evidence-based policy and put in place a framework which continues to support the creative industries in the digital economy.

The Government should approach with caution any changes to the rights framework which could negatively impact the legitimate expectations of creators that they should be rewarded for their work and ensure that the many small and medium sized businesses which make up the music community are supported by a legal framework which does not chip away at their rights and commercial expectations.

¹ See www.apraamcos.com.au.

² See www.aria.com.au.

³

<http://www.afr.com/business/media-and-marketing/spotify-apple-music-and-google-play-a-boon-for-australian-music-20171117-gznkia>

3. Responding to the Digital Economy

Question 1: *How are advances in digital technology changing the way you work, your industry and your community?*

Music is used and enjoyed more than ever (the recording industry has licensed around 40 million tracks and more than 400 digital music services in some 200 countries worldwide, including over 20 services in Australia)⁴. These licensed online music services are available to consumers across a range of devices and at price points which include free on some ad-supported services

The recent ARIA six month figures show the industry with 9.2% year on year growth, and streaming services accounting for over 50% of industry revenues.

The APRA AMCOS Year in Review 2016-17 states:

“Six years since the first streaming service launched in Australia, there are four million paid subscribers that means more than one in every eight Australasians are paying for a streaming music service. Even greater numbers of people access streaming services for free. Over the same period, annual revenue received by APRA AMCOS from the ad-funded/free tier increased by 1000 per cent.

This year, royalties from streaming service providers operating in the Australasian market delivered \$62.2m to APRA AMCOS, representing 127 per cent growth on last year. This increase in revenue was largely driven by subscription bundling deals with telcos by Apple Music in Australia and Spotify in New Zealand.”⁵

It can often be forgotten that copyright is the foundation stone which enables the commercial development of online licensed services. It is clear from the recent APRA AMCOS report that streaming services are delivering rewards for songwriters and music publishers and consumers have access to a vast catalogue of music where, when and how they want it, including free on some services.

However, the advance in digital services continues to be undermined by persistent and pervasive unlicensed and illegal use online. The recent site blocking remedy which the Government introduced to the Copyright Act 1968 has been an effective and efficient mechanism to allow copyright owners to take meaningful steps to ensure that illegal off shore sites which have as their primary purpose copyright infringement or facilitation of copyright infringement can be blocked by ISPs⁶.

⁴ see www.promusic.org; and www.digitalcontentguide.com.au

⁵ http://apraamcos.com.au/media/YIR/2017/APRA_AMCOS_Year_in_Review_2017_AU.pdf

⁶ Universal Music Australia Pty v TPG internet Pty Ltd [2017] FCA 435

Such practical and effective reform, which was based on industry consultation and demonstrated need, should continue to be a focus of the Government in its support of the creative industries as they continue to innovate in the digital economy.

Effective rights protection is an essential component of a legal infrastructure that encourages businesses to invest in new content and innovative business models to meet consumers' legitimate expectations. The legal environment in which that investment takes place should also support the industry by having efficient and effective measures so that creators, and those who invest in them, have the tools to ensure their work is respected and protected online from those who seek to exploit it without rewarding them.

Question 2: *What is your vision for an Australia that thrives in a digital economy? Where would you like to see Australia in five, 10 and 20 years' time?*

Our vision remains the same. To ensure there is a place for Australian songwriters, musicians and record companies to tell their stories through music and to be able to earn a living from that endeavour.

How they make their living will evolve over time but for the near future digital services will play a significant role in realising that vision.

We must engender a culture which respects artists' rights. The legal framework should ensure there are effective and efficient mechanisms to have artists' choices respected and to have their legitimate expectations that they will be paid for their work realised.

Our vision is for a robust and exciting local and international music community whose work can be protected and respected in the online world. Central to that respect is the right to choose when, where and how their music is experienced and enjoyed by their fans. An effective and robust and relevant copyright regime will supply that framework.

This is not about regulation. It is about a framework which allows everyone, platforms, content creators and consumers to do business in the digital economy in a climate of respect and certainty.

In this way, the sound track for the lives of generations to come can be made. A thriving creative community does not only contribute to our economy⁷ but it tells of our shared experiences and contributes to a civil and pluralistic society. It is essential that we continue to put in place the infrastructure which will allow the next generation of song writers, musicians and record companies to find that voice and share that sound track with Australia and the world.

⁷ [http://www.copyright.org.au/acc_prod/ACC/Research_Papers/PwC_Report- Value of Copyright Industries.aspx](http://www.copyright.org.au/acc_prod/ACC/Research_Papers/PwC_Report-Value_of_Copyright_Industries.aspx)

Question 3: *What is the role of Government in achieving that vision?*

A robust and effective copyright framework is an essential foundation for the creative industries' growth and prosperity.

It should allow:

- A legitimate expectation that copyright owners can choose where, when and how their creative output will be made available to the public; and
- A legitimate expectation on the part of copyright owners that when those choices are not respected that there are effective, efficient processes to prevent that unauthorised exploitation of their work.

MRA urges the government to continue to formulate policy to ensure a vibrant, functioning creative economy to benefit all Australians. We ask the Australian Government to:

- RECOGNISE and SUPPORT the music community's economic contribution to the local economy and Australia's international reputation.
- COLLABORATE with the music community to implement policies and programs which will help lay the groundwork for the next generation of music creators.
- UPHOLD, formulate and implement policy and legislation which supports a music creator's right to choose where, when and how their creative works are used by others.
- AMEND the rights framework to ensure the respect and protection of music creators' works in the online environment.
- REJECT changes to the rights framework, which will chip away at a music creator's right to be remunerated fairly for their creative endeavours.

Should the Department have any questions about the ARIA, APRA AMCOS and MRA submission, please contact Vanessa Hutley General Manager MRA at vhutley@musicrights.com.au