

Kim Beazley's Plan for Contemporary Music

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Overview

Labor recognises the importance of contemporary music to Australia's identity and as a contributor to the Australian economy.

The contemporary music industry contributes more than \$1 billion to the economy and employs thousands of Australians.

In fact the music industry directly employs more than 10,000 Australians (Australia Council, The Arts Economy 1968 – 98, and the Australian Bureau of Statistics).

More Australians attend contemporary music performances than any other form of performances. The latest figures show more than 3.1 million Australians attend contemporary music performances each year (Australia Council, The Arts Economy 1968 – 98, and the Australian Bureau of Statistics).

The most fundamental change that will occur under Labor will be recognition from the Prime Minister of the contribution of the creative industries, such as contemporary music, to our identity, community and economy.

Labor will actively promote and champion Australian contemporary music at home and abroad.

Knowledge Nation

Labor envisages that art and culture, the creative industries, will play a significant role in Australia becoming a Knowledge Nation. Unlike the Howard Government's Innovation Statement, where there was no reference to the arts at all, the Knowledge Nation Taskforce Report outlines the importance of the arts to a successful Australia in the 21st Century.

"Governments must recognise the importance of authors, journalists, historians, poets, playwrights, designers, software developers, dancers, composers, musicians, visual artists and others, to 'innovation' and the 'knowledge nation'."
(Barry Jones – Knowledge Nation Taskforce)

The Future

Labor will begin the task of repairing the damage John Howard has inflicted on the contemporary music industry over the last five years.

Labor will work with the Australian music industry to ensure that contemporary musicians are able to develop their careers so that Australia and the world can benefit from their work.

The Howard Government's Failures

The Howard Government has abandoned its support for contemporary music and has left the music industry to cope with the consequences of its introduction of the parallel importation of CDs.

The Howard Government said that it would compensate the contemporary music industry for the introduction of parallel importation of CDs. The truth is that the contemporary music industry has to face the effects of parallel importation with no support whatsoever from the Howard Government.

The music industry and Labor warned the Government that if they introduced the parallel importation of CDs it would lead to:

- Reduced income for Australian artists and songwriters
- Reduced investment in Australian bands
- Increased piracy and counterfeit CDs
- No benefits to consumers

Labor takes no pleasure in the fact that all of the above predictions have eventuated.

John Woodruff, CEO of JWM Productions, and Manager of one of Australia's most successful bands, Savage Garden, has said:

The implementation of parallel importation had led to marked changes for bands. For example bands are receiving lower advances and less investment in marketing and promotion.

Parallel importation has led to almost a doubling of pirated CDs entering Australia. The Government's own inquiry *Cracking Down On Copycats: Enforcement of Copyright in Australia*, chaired by Liberal MP, Kevin Andrews, stated that CD piracy went from 4 per cent in 1996 to 7 per cent in 1998.

Music Industry Piracy Investigations (MIPI) recently stated that *'piracy is trending upwards and is currently around 9 per cent'* (Michael Speck, MIPI March 2001).

With counterfeit CDs amounting to nine per cent of CDs entering Australia, Labor could not agree more with the Chairman of Universal Music Australia, Peter Bond.

*"Counterfeit CDs not only rob artists and songwriters of their royalties, but also deceive Australian consumers who are not getting what they have paid for."
Peter Bond, Chairman of Universal Music Australia (Pirate CDs fool shops and fans, The Age, 4 July 2001)*

So, not only are artists and songwriters being ripped off but so are consumers. According to the Government's own consumer watchdog the ACCC, the result for some consumers is that CD prices have fallen by less than \$1.

Labor and the contemporary music industry are concerned that the Howard Government does not understand how important the protection of intellectual property, especially copyright, is for Australian artists and songwriters and are ideologically driven to taking away artists' rights to earn a living.

"These changes (parallel importation) are part of a continuing piecemeal dismantling of copyright protection."

Michael McMartin, Director of the Music Managers Forum (MMF), 15 May 2001.

The Howard Government has failed to assist and encourage the Australian contemporary music industry.

The Howard Government has misread the Australian people's desire to see and hear our own stories, our own music.

The Howard Government has provided no ongoing initiatives for contemporary music but has imposed on musicians a parallel importation regime that makes it harder for them to develop a career and create their distinctive music.

Broken Promises

CD prices have not fallen 'by at least \$7'

John Howard promised: *'Legislation allowing the parallel importation of sound recordings which will result in lower prices and a greater range of CDs.'* (*Liberal's 1998 Arts Policy: Arts for Australia's Sake*, page 6).

John Howard also said in 1997, *'The decision taken by the Government will mean that CDs will fall by at least \$7 per item.'*

The Australian Competition and Consumer Commission (ACCC) has demonstrated that the *'at least \$7 fall'* promised by John Howard has not occurred, and the best they could say was that some CDs that were approximately \$30 are now approximately \$29.

No more compensation for the parallel importation of CDs

The Howard Government promised that they would compensate the contemporary music industry for the introduction of the parallel importation of CDs.

In 1998 the Howard Government allocated \$10 million to compensate for the introduction of parallel importation of CDs. This money ran out in the 2001 – 02 Federal Budget.

Now the contemporary music industry has parallel importation and no Government relief to compensate for its impact.

The Impact of parallel importation of CDs:

Increased Piracy - Piracy and counterfeit CDs have more than doubled from four per cent to nine per cent since the introduction of parallel importation.

Consumers and retailers are not getting what they paid for - Retailers and consumers are being conned with inferior products being smuggled into Australia because of the confusion caused by parallel importation of CDs.

Reduced investment and income for artists and bands - Managers are finding it harder to get record companies to invest in Australian bands, and artists are receiving reduced or no royalties on counterfeit CDs and CDs that are being parallel imported.

John Howard has abandoned support for the contemporary music industry. The Howard Government has failed to deliver benefits for consumers of contemporary music and has made it even more difficult for Australian artists and bands to develop their careers.

Kim Beazley's Plan for Contemporary Music

Labor's Plan for Contemporary Music is designed to assist contemporary musicians to turn their talent into a career.

Labor would like to assist young musicians to carry on Australia's proud history of developing some of the best contemporary music in the world today.

Labor understands that the Howard Government has made it more difficult for musicians to do this during the last five years.

The introduction of parallel importation of CDs has made it difficult for new artists and bands to attract investment and for established bands to earn a living.

It has not been made any easier by the Howard Government's total withdrawal of support for contemporary music.

Kim Beazley and Labor will start to repair the damage.

Labor will introduce a program to enable contemporary musicians who can demonstrate that they are actively developing a career in contemporary music to meet an activity test to receive unemployment benefits.

Labor will fund a Contemporary Music Touring Program to enable Australian artists and bands to tour regionally and nationally at appropriate times in their development to gain exposure and to ensure that Australians get access to quality Australian contemporary music.

Labor will increase the Australian Music Content Rules for Radio to ensure that new bands have maximum opportunity for their music to get radio exposure. Labor will also negotiate with radio stations to ensure that contemporary music is played throughout the day.

Labor will remove the destructive impact of parallel importation of CDs and replace it with 'Use it or Lose it'.

Labor will ensure that foreign touring bands have an Australian support act and that they are included in advertising generated by the overseas act.

Labor is committed to seeing the Australian contemporary music industry grow and continue to be a vital part of a modern Australian society in the 21st Century.

PARALLEL IMPORTATION OF CDS

Labor will remove the Government's ideologically driven policy of unrestricted parallel importation of CDs which has not led to cheaper CDs for consumers but a doubling of the percentage of piracy and less royalties for Australian songwriters and artists.

John Howard told consumers in 1997, in relation to his decision to introduce parallel importation of CDs: *"The decision taken by the Government on CDs will mean that CDs will fall by at least \$7 per item."* (John Howard 1997)

According to the Government's own consumer watchdog, the ACCC, at best consumers may see a saving of \$1. The truth is that that most consumers have seen no reduction whatsoever in the price of CDs.

*"Research by Music Industry Piracy Investigations (MIPI) demonstrates that the impact of parallel importation, on price to the consumer, has led to no significant reduction. MIPI research shows that retailers vary the price of their top 30 to 40 CDs to suit their location with prices ranging from \$27 to \$30.95."
(Mr Michael Speck, MIPI, Public Hearing, 15 May 2001, Hansard page 69).*

John Woodruff, CEO of JWM Productions, and Manager of one of Australia's most successful bands, Savage Garden, has said: *"The implementation of parallel importation had led to marked changes for bands. For example bands are receiving lower advances and less investment in marketing and promotion."* (John Woodruff, CEO JWM Productions).

Use It or Lose It

Labor's 'Use it or Lose it' policy for parallel importation would extend the regime Labor put in place for books in 1991 to CDs and restore balance.

Parallel Importation of CDs

Labor will remove the Howard Government's ideologically driven policy of unrestricted parallel importation of CDs which has not led to cheaper CDs for consumers but a doubling of the percentage of piracy and less royalties for Australian songwriters and artists.

Use it or Lose it

Labor's 'Use it or Lose it' policy for parallel importation will extend the regime Labor put in place for books in 1991 to CDs, software, computer games, sheet music and periodicals.

CONTEMPORARY MUSIC TOURING PROGRAM

Labor understands that the high costs involved in touring regionally and nationally mean very few bands can realise their full potential.

Bands and artists may be known in their own city, but they need to tour Australia if they are ever going to increase their profile. This is especially important for bands and artists who are not from Sydney and Melbourne.

Unfortunately, it isn't easy for bands and artists to afford the high costs of touring.

A relatively small investment at key points in the careers of artists will assist to position Australian musicians for substantial growth both regionally and nationally.

At the same time, it will substantially improve access for young Australians to the music created by their contemporaries.

Labor will provide \$4.5 million over three years for a Contemporary Music Touring Fund.

The Fund will provide grants of between \$5,000 and \$50,000 for regional and national tours at key strategic points in the careers of artists and in support of coherent business strategies.

The Grants Programs will be administered by the Audience Development Division of the Australia Council in consultation with an advisory panel of experienced people from within the music industry, including representatives from music publishers, Triple J and the commercial radio networks, the Music Managers Forum (Australia), music retailers, ARIA and the Association of Independent Record Labels.

Grant decisions will be made by applying well-defined criteria and auditing systems to ensure the funds are used in the most constructive manner.

Contemporary Music Touring Program

Labor will provide \$4.5 million over three years to provide grants of between \$5,000 and \$50,000 to Australian bands to tour regionally and nationally.

The grants will be administered by the Audience Development Division of the Australia Council and an advisory panel of experienced people from within the music industry.

ARTSTART

Under the existing rules young musicians are forced to apply for all sorts of unrelated and inappropriate work just to retain their employment benefits. They are not able to concentrate on developing their music business.

Government should be prepared to give these young musicians a hand as they attempt to establish themselves as a viable business.

In return, these young musicians will be required to give something back. They should be prepared to demonstrate their serious commitment to establishing a career and business in music. They will need to show a consistent pattern of performance. And they need to show that they have made some of the important initial moves towards setting themselves up as a music small business.

Labor will allow young musicians to meet the activity test and retain their unemployment benefits if they are actively developing a career in contemporary music.

ArtStart

Labor will trial a proposal to allow contemporary musicians who can demonstrate they are attempting to establish a career and who meet a strict activity test to retain unemployment benefits.

In order to meet the test, individual artists and bands will have to demonstrate that contemporary music is a serious career option.

They will have to play for a minimum of 6 hours a week for at least 14 out of 26 weeks in either:

- Paid live performances (including set-up time); and/or
- Recording a CD that is to be distributed by a recognised distribution company.

They will also need to comply with a minimum of 6 of the following criteria:

- Registration of their copyrights with the appropriate collection societies (including APRA);
- Listing in the Australian Music Industry Directory;
- Registration of a business name and establishment of a bank account;
- Compliance with statutory obligations of a business including insurance, workers compensation and superannuation (as required);
- Meeting their tax obligations, ie registration for ABN, GST and PAYG (as appropriate);
- Signing a management agreement;

- Release of a CD distributed by a recognised distribution company, or self-release of a CD through retail outlets nationally;
- Membership of at least one State or national professional or trade association;
- Completion of an accredited music course; or
- Airplay on a range of commercial, government or community radio stations.

VISA REQUIREMENTS FOR FOREIGN BANDS

Labor will require international bands to demonstrate that they have secured an Australian support act when they are applying for visas to visit Australia.

This will be of great benefit to Australian bands and boost their exposure within Australia.

Labor will also ensure that Australian support acts are included in publicity generated for foreign touring bands.

Visa Requirements for Foreign Bands

Labor will change visa requirements to ensure that foreign touring bands and artists have secured a local support act at the time they apply for their visa.

Labor will also make it mandatory for local support acts to be included in all tour publicity.

AUSTRALIAN MUSIC CONTENT RULES FOR RADIO

With the notable exception of some public and community radio stations, local radio does not always play as much Australian music as listeners would like. And it is often difficult to find a radio station that is prepared to back a recent release from an Australian band or artist.

This is significantly affecting the opportunities young musicians, on the edge of success, have to increase their profile. Bands like *The Whitlams* have had to find success without the support of commercial radio play.

There is an existing local content regime under which the industry self-regulates Australian content. For 'Category A stations' that play Mainstream Rock, Contemporary Hits, Top 40 and Alternative formats, the regime requires 25% local content of which 25% must have been released in the last 12 months.

For other music categories the content requirement varies down to 20% for 'Category B stations' ie 'Hot Mainstream Adult Contemporary, Country and Classic Rock formats; through 15% for 'Soft Adult Contemporary, Hits & Memories' (with 15% of those being new releases); and down to 5% for nostalgia and jazz with no requirement for new releases.

There is no requirement in any format that Australian music should be spread through the broadcasting day. Further, the agreement allows radio stations to decrease the quotas should record companies decrease their proportion of Australian content produced.

There needs to be some change that will improve radio stations' commitment to fostering new Australian acts and increase the chances of new bands breaking into the mainstream charts.

But it is not all the radio stations' fault. Radio stations can only play the contemporary Australian music that has been produced. The major record

companies do not always produce as much contemporary Australian music as we would like, or spend as much money promoting contemporary Australian music as they should. Independent record labels that do produce considerable amounts of Australian music do not always have the resources to push their music to radio effectively.

Labor will seek two important changes in the local content rules for contemporary music on radio.

First, the existing 25% quota for 'Category A' stations should be increased to 30%. No less than 25% of that should be music released in the last year. New agreements should be reached that ensure that the quota is maintained fairly evenly throughout the broadcast day.

Secondly, the local content requirement should be weighted in favour of songs released in the previous two years, allowing stations to count a new release as 1.5 times the value of a golden oldie. In other words, for every hour that a radio station plays contemporary Australian music they would be credited with 1.5 hours towards their 30% local content requirement.

Labor acknowledges the commercial imperative facing commercial radio stations and that these changes will require consultation between radio and the record industry including the independent sector.

Labor will also expect the industry to move towards adopting similar increases in the other station categories.

If the industry does not adequately address these changes Labor will legislate the content rules.

Australian Music Content Rules for Radio

Labor will increase the Australian quota from 25 per cent to 30 per cent for Mainstream Rock, Contemporary Hits, Top 40 and Alternative Format radio stations (Category A) and retain the requirement that no less than 25 per cent of this should be of music released in the last year.

New agreements will also be reached to ensure the quota is maintained evenly throughout the day.

TASMANIAN CENTRE FOR CONTEMPORARY MUSIC

Labor will locate a Centre for Contemporary Music at the Inveresk Art Precinct in Tasmania, to be operated by Tasmania TAFE.

The Centre for Contemporary Music will be co-located with the museum, the Academy of the Arts and indoor and outdoor music venues.

The Centre for Contemporary Music will offer course delivery and awards from certificate to degree studies in Musicology, performance and practice, theory, history, computers and sequencing, audio design and engineering, recording and video practice.

Tasmanian Centre for Contemporary Music

Labor will provide \$500,000 in 2001-02 to the Tasmania TAFE to establish a Centre for Contemporary Music in Inveresk as part of its established arts precinct.

Costing

	01-02	02-03	03-04	04-05	Total
Contemporary Music Touring Program	0	1.5	1.5	1.5	4.5
Parallel Importation	0	0	0	0	0
ArtStart	0	0	0	0	0
Visa Requirements for Foreign Bands	0	0	0	0	0
Music Content Rules for Radio	0	0	0	0	0
Tasmanian Centre for Contemporary Music	0.5	0	0	0	0.5
TOTAL (millions) ¹	0.5	1.5	1.5	1.5	5.0

1. All of the measures in *Kim Beazley's Plan for Contemporary Music* were announced yesterday in *Kim Beazley's Plan for the Arts*. Accordingly, the net impact on the Budget in (\$m) is:

2001-02	2002-03	2003-04	2004-05	Total
0	0	0	0	0