

Australia 2012

2012 was a truly landmark year in the Australian music industry, one in which the technologically-savvy Australian market was flooded with new streaming services, digital music sales went close to toppling physical sales for the first time ever and the Federal Attorney General launched a major review of the Australian Copyright Act. The 'Copyright and the Digital Economy' review, which will be undertaken by the Australian Law Reform Commission, will continue until November 2013 and has the potential to have significant implications for the Australian content industries in the digital age.

Digital Sales Growth

The local recorded music industry experienced its first upwards trend since 2009 with both the quantity of units sold (>42.85%) and overall industry value (>4.03%) increasing in 2012. This growth can be attributed to the growing demand and consumption of digital music products, which made up 46.29% of the industry's dollar value in 2012, compared to 36.7% in 2011 and 27.2% in 2010.

This digital growth was spurred on by increasing access to new and established digital music download services, particularly via mobile, coupled with the long anticipated introduction of music streaming services into the local market.

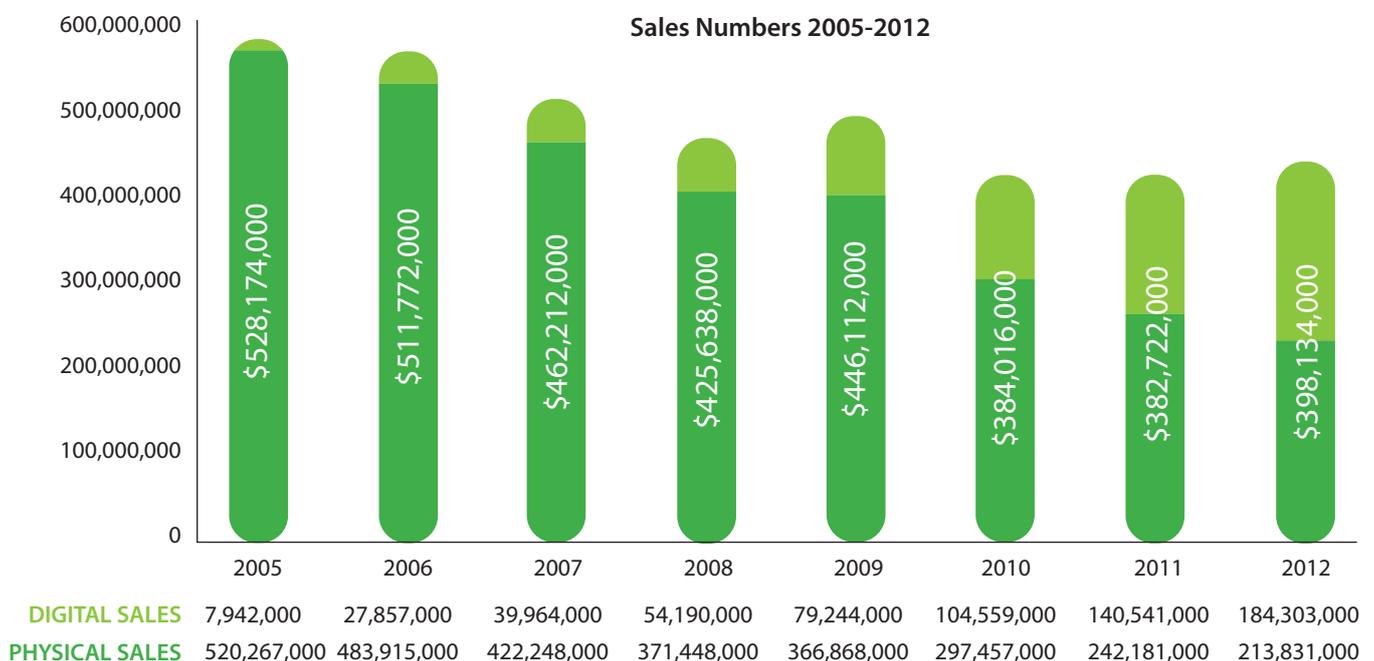
Streaming Services

Music fans down under had patiently watched and waited as various streaming services were established in other territories around the world. However 2012 proved to be the watershed year, as services such as Spotify, Rdio, Deezer, Samsung Music Hub, JB Hi-Fi Now and MOG all entered the Australian market, with further services expected to arrive in 2013.

The influx of streaming services into the market resulted in the Australian Recording Industry Association launching its very first Streaming Tracks Chart in December 2012.

National Broadband Network

The digital revolution currently underpinning the healthy resurgence of the local industry





shows no sign of abating with the continued roll-out of the Federal Government's National Broadband Network (NBN) in 2013 with 90% of Australia's population set to have access to high quality broadband internet within the next two years.

However local rights organisations, including ARIA are concerned that whilst the new NBN opens up endless possibilities for local content industries, if more action isn't taken by the Government and ISPs to curb piracy levels, the NBN could have disastrous results for the local industry.

MUSIC RIGHTS AUSTRALIA

In June 2012, Music Rights Australia Pty Limited (**Music Rights Australia**) was officially launched, replacing Music Industry Piracy Investigations (**MIPI**). The new name and tag line "Respecting and Protecting Creativity" more accurately reflected the areas of focus which Music Rights Australia currently undertakes on behalf of Australian labels, artists, songwriters and music publishers.

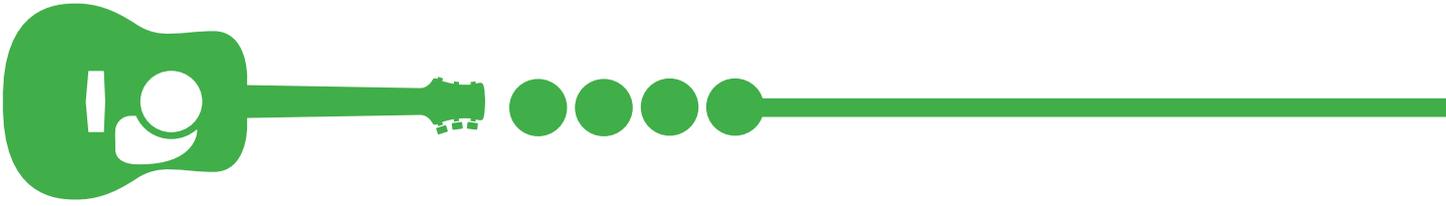
"We continue to work with Government, ISPs, consumer groups and the Australian Content Industry Group (ACIG) to ensure there is a regime in place to protect copyright online, one that rewards creators and those who invest in them. This is particularly important in light of the NBN roll-out, which without the necessary copyright protection in place, will be a catalyst for increased online piracy across the country."

Dan Rosen
CEO, ARIA

"The main areas of focus for Music Rights Australia are advocacy, education and protection. The new name and tag-line better encapsulates the work we do, as we strive to ensure our local creators are fairly rewarded for their efforts."

Vanessa Hutley
GM, Music Rights Australia





Online Piracy

Digital piracy continues to be a serious problem in Australia, threatening investment in artists and further growth of the legitimate online music market.

Australia does not have a legislative “graduated response” process nor does it have a process to facilitate site blocking.

Three years ago, creative content owners united to seek a common solution to the issue of online piracy, through the development of a cross industry code. The Australian Content Industry Group (**ACIG**) was formed and is currently made up of representatives of the major industry associations across book publishing, music, games and software.

ACIG has continued to work with Government, ISPs and other stakeholders to find an efficient, equitable and effective solution to unauthorised use of creative content online.

ACIG participated in the series of roundtables convened by the Federal Attorney General’s Department to find a solution to this serious problem throughout the year. However, the decision by the High Court in the long running iiNet litigation illustrated the inadequacies of the Copyright Act 1968 (the Act) to address online infringement and it became clear that any solution would require amendments to the Act to ensure adequate protection online for creative content owners and those who invest in them.

ALRC Review

The Government has referred the issue of ‘Copyright and the Digital Economy’ to the Australian Law Reform Commission (**ALRC**).

The reference is designed to review whether the current exceptions and statutory licences in the Act are adequate and appropriate in the digital environment. The ALRC published an extensive Issues Paper and called for submissions.

ARIA, APRA-AMCOS, PCCA, Music Rights Australia and a host of other rights organisations submitted extensive submissions on the Issues Paper. The ALRC will now undertake consultation with various stakeholders and produce its discussion paper. This will be followed by another round of submissions. The ALRC is required to report back the Government by 30 November 2013.

Education

The Australian music industry recognises its role in public education in the digital era, where music is being consumed in mass and online.

Therefore the cross-industry Music Matters education campaign, which uses specially-created animations of respected artists to convey the value of music and informs fans how to download music from legitimate sites, continued in earnest.

In 2012 Music Matters primarily focused its efforts on ‘Music in Schools’, as well as the adoption and awareness of the Music Matters Trustmark which is carried by legitimate digital music providers across the world.

As part of the Music in Schools initiative, Music Matters developed an animation to support the ‘Music Count Us In’ program. ‘Music Count Us In’ is a national education campaign which is designed to raise awareness of the importance of music in education. Each year a new song is written for the campaign, by the students and a well-recognised Australian artist (Josh Pyke in



Kimbra and Gotye. Photo by David Anderson Photography

2012). School children around Australia then learn to sing and play the song, culminating in students across the country all performing the song on the same day at exactly the same time. The 2012 song was sung on 1 November.

Music Matters commissioned an animation about the song and posted the animation in early October. The animation received over 12,000 unique views on the Music Matters site, mainly by school students. This is the most successful animation to date in the Music Matters Aus & NZ campaign.

While the digital landscape continues to present exciting growth opportunities for the Australian recorded music industry, the current Australian legislative environment does not adequately protect music rights holders from the damaging impact of illegal use online.

The Australian recorded music industry plays an important and innovative role in the discovery, nurturing and commercialisation of Australian creative music content and plays a significant role in Australia's cultural life. With the rollout of the National Broadband Network, the Australian recorded music industry is poised to play an even greater role in Australia's productivity and cultural life, generating new entertainment products that will help drive demand for greater digital capacity.

