Music Industry Strategy

A collaborative plan to accelerate the development of the music sector in South Australia, in partnership between government and industry

February 2017 Draft Discussion Paper
Adelaide, City of Music
Why **the time is right** for a collaborative strategy for the industry....

The South Australian music sector is getting noticed nationally – recent quotes in the **national media** include:

“Adelaide is shaking off its City of Churches moniker and finding its groove again. Is this **Australia’s new music capital?**”
Virgin Voyeur (inflight) magazine, October 2016

“The state’s creative scene (is) proving to be **one of the most promising in the world**”

**Tkay Maidza named in Vevo’s global Ones To Watch 2017**
With Tkay Maidza’s debut album set for release in the UK and Europe in January, the rapper has had a major boost to her career abroad.

THEMUSICNETWORK.COM
Contents

1. Introduction
   I. Why an Industry Strategy?
   II. Aims & objectives
   III. Methodology
   IV. The role of the Music Development Office

2. The International and National Music Sector
   I. Global music industry trends (format, market, audience and technology trends)
   II. The Australian music industry

3. The Music Sector in South Australia
   I. Adelaide: UNESCO City of Music
   II. Snapshot of the music sector in South Australia
   III. The economic value of live music in South Australia
   IV. The SA music industry supply chain map
   V. Broader trends affecting South Australia
   VI. Comparative analysis of the SA sector

4. Opportunities
   I. Our suggestions & your ideas

5. What’s working Well? South Australian Music Industry Case Studies
   I. Event Case Study: Umbrella Winter City Sounds
   II. Education Case Study: Sia Furler Institute
   III. Label Case Study: Tsuba and Isle of Jura Records
   IV. Youth Engagement Case Study: Northern Sound System

6. Government support for the Music Industry
   I. Adelaide City Council
   II. Local government
   III. State government – MDO & St Paul’s
   IV. Regulatory reform
   V. Elbourne Report – Live Music Thinker in Residence
   VI. Resources for the Sector

7. Resources for the Sector
We South Australians are proud of our musical heritage. From the international success of artists such as the Hilltop Hoods, Tkay Maizda and Sia, through to our world-class music education institutions, we are a State that values and supports its music sector. Our recent designation as a UNESCO City of Music is testament to this.

We believe that the time has never been better for industry and government to collaborate to develop strategies and align activities that build upon these positive trends.

To this end, the Music Development Office (MDO) is initiating a collaborative Industry Strategy. We would like to invite you to be a part of this, and to work with us to enable our sector to reach its full potential.
Aims & objectives

To map existing assets, quantify the size of the industry and develop baselines.

To encourage active collaboration between all stakeholders.

To ensure Government support continues to align with industry needs.

To identify and explore opportunities for industry development.
We would like to invite you, our valued stakeholders, to join us in developing this Strategy. We would like to ask you to:

- Review this document and suggest changes or additions; and
- Help us identify opportunities on which to focus.

Once this process has finished, we will send out a revised document with as much feedback as possible incorporated.

Then, if you would like to continue your involvement, let us know which focus areas are of interest and work with us to develop action plans for how to capitalise on opportunities identified.

Together, we will jointly develop a plan that will be made available for collective action in early 2017.
The role of the **Music Development Office (MDO)**

Government and industry have complementary roles which enable us to work together in partnership for the benefit of the sector as a whole. As the State Government office dedicated to creative and industry development for the music industry, the MDO’s key roles are:

- **An enabler** - we provide assistance (such as grants, programs, and research) to support creative development and help businesses grow, build capabilities, and access markets.

- **An advocate** - we are a means to get your voice heard in government, and vice versa, to help you understand how you can fit into government programs and access support.

- **A connector** - we work to maintain a holistic awareness of the diverse elements of the sector, and to find the means to link these up in order to grow the sector as a whole.
The International Music Sector

“The South Australian live music ecology does not exist in isolation. In order to understand the ...opportunities available, it is important to understand the global and national context within which South Australia is located.” Martin Elbourne, Live Music Thinker in Residence, 2013
Global Music Industry Trends

Format Trends:
• Digital revenues were 77% of total industry in 2016, driven by Streaming services such as Spotify and Apple Music. (RIAA).
• Analysts predict that global recorded music revenues will double over the next 10 years (Business Insider).
• Sales of vinyl records were up 32% to $416 million in 2015, their highest level since 1988 and demand for vinyl currently outstrips supply.

Technology Trends:
New technologies are bringing major changes to the music business. For example:
• Virtual reality (VR) – musicians can live stream concerts in VR, allowing fans from all over the world to share in experiences (source).
• Artificial intelligence (AI) has broad implications for music composition, education, and performance.
• The blockchain could transform digital rights management and the relationship of artists with their communities of fans (source).

Market Trends:
• The Asian music market is growing, up 5.7% overall in 2015. Korea is a standout success with almost 50% growth in revenue over the last 5 years. Other growth markets include China and India, driven by smartphone usage (IFPI).
The **Australian** Music Industry, 2017

- **6th** largest in the world overall and contributes between $4 and $6 billion to the economy [Music Australia](#).

- In 2016, APRA AMCOS reported **record annual revenues** (and hence royalty payments to artists), up 11% year on year, **driven by streaming** [APRA AMCOS](#).

- APRA AMCOS also reported a **75% increase in export revenue** over the last three years, highlighting the success of Australian artists internationally [Source](#). How can South Australia increase its music exports?

- Demise of major touring festivals (Soundwave etc) has been countered by **growth in boutique ‘experience’ festivals**.

- Music (after food and wine) is the **most popular attractor for tourists to regions** in Australia [Source](#). How can South Australia maximise boutique festival opportunities, especially given our assets such as wineries?

- The average income for a professional musician in Australia is between **$7,000 and $12,000 per year** [Source](#).
Questions

• How do these trends affect your business?
• Which trends are we missing?
• What role can Government play in ensuring the South Australian sector is well placed to take advantage of these and other future opportunities?
The Music Sector in South Australia
Adelaide: UNESCO City of Music

Adelaide is the first and only UNESCO City of Music in Australia, joining 115 other cities in 54 countries as part of the UNESCO Creative Cities Network.

The 19 Cities of Music are recognised for their commitment to quality, variety, depth and integration of music making in their home cities and states.

This designation puts Adelaide into a worldwide network and opens up new opportunities for our artists and businesses.

The Adelaide UNESCO City of Music Office is facilitated by Adelaide Festival Centre, in partnership with the MDO and Adelaide City Council. #ADLCityOfMusic

View the UNESCO City of Music Live Music Venues Trail here and view Adelaide City Council’s film about Adelaide: City of Music here.
Snapshot of the South Australian Music Sector

• According to APRA, South Australia has around **425 live music venues**, and there are a further **325+ businesses** in the music industry supply chain (see next slide).

• SA has around **40 dedicated music festivals and events**, ranging from boutique regional festivals through to major events. Music is the second biggest category in **Adelaide Fringe**.

• **1,200 people identify their main profession as a musician**, according to ABS data. Thousands more will be part-time or amateur musicians. There are approximately **5,050 songwriters** registered with APRA.

• In May 2016, **1,101 gigs** were presented (a **14.4 % increase** from 2015). 33% of these gigs were original music and 67% covers (**Music SA**). 82% of all live music gigs took place in hotels (AHA).

• The Local Government Association (LGA) is supporting **all 68 South Australian councils** to develop live music policies and action plans.
The economic value of Live music in SA

Live music contributed $263.7M to the South Australian economy, or 0.3% of Gross State Product.

Live music ticket sales in South Australia totalled $59.7M. That is around 6% of national ticket sales.

Total employment from making live music in South Australia is estimated at 4,100 Jobs. That is around 6.3% of the national figure and 0.5% of total employment in South Australia.

Proportion of consumer expenditure at live shows nationally shows the majority of spending was on:

- 29.3% Food & Beverages
- 19.2% Ticket Purchase
- 17.6% Travel
- 12.4% Accommodation

The SA Music Industry Supply Chain Map

The MDO has analysed and mapped all known elements of the music industry supply chain (excluding venues). Click on the image below to visit the online map.
SA Music Industry Supply Chain: Observations

The MDO’s mapping and analysis of the local music industry supply chain has revealed a sector in good health, with over 750 businesses spread in clusters across the State. This includes:

• 425 venues
• 26 instrument retailers
• 22 recording studios
• 20 music retailers
• 19 record labels
• 16 support organisations (including trade bodies, industry representatives and other not-for-profit organisations)
• 14 education and training organisations
• 10 manufacturers

Observations from the map include:

• Growth in high value manufacturing (audio equipment, speakers, vinyl pressing).
• Growth in the number of independent record labels, promoters and managers. These are mostly microbusinesses.
• Aside from independent labels, no recording industry or publishing companies based in South Australia
• SA has several music technology start ups and a number of new music focused app developers.
• SA is strong in specialist instrument makers and retailers.
• Many businesses have very little social media presence, and websites are often of low standard, highlighting a State-wide opportunity to support upskilling of businesses in digital marketing.

View the Map (please note only businesses with a published physical address are listed). Contact Karen to add or remove businesses.
Broader Trends affecting South Australia

- Increased connectivity (average degrees of separation on Facebook now comes to just 3.57)
- Ageing population
- Rise of freelancers who can sell their services around the world, from anywhere.
- Increased geopolitical instability
- Increased trade opportunities with Asia
- ‘Counter-gadget’ trend in which people turn from technology towards authentic experiences (for example vinyl)
- ‘Big data’ analysis leading to increased insights (for example into consumer behaviour)
- Technology such as automation and robotics will transform jobs
- 98% of SA businesses are small, and of those, 65% are sole traders
- Economic challenges (such as Holden closure)
- Consumers have more entertainment content to choose from, available at any time, through many delivery options and devices

Sources: various including CSIRO and PWC
## Music sector in SA: Analysis

### Comparative Advantages (strengths)
- **UNESCO City of Music status** – international recognition
- Population size – easy to access and connect with each other
- Government support, including state and local Government
- Lifestyle – a state in which artists can afford to live and create
- **St Paul’s Creative Centre** – a dedicated hub for industry to work, gather and collaborate
- Industry advocacy bodies such as Music Industry Council
- Aligned programs that provide pathways to growth, such as the Robert Stigwood Program and Music SA’s accredited courses.
- Strong youth media brands such as Fresh 92.7, and dedicated local radio stations Radio Adelaide and Three D Radio
- Entrepreneurial mindset and Adelaide is a good test bed for innovation
- **Gig City** high speed broadband infrastructure (from early 2017)
- Good access to Asia
- Large numbers of international students (a latent market for live music?)
- New vinyl pressing plant (Roundabout Records, launching soon)
- Strong complementary industries (Fringe, film etc.)
- Government **regulatory reform** to support live music

### Comparative Disadvantages (weaknesses)
- Geographical remoteness (for example logistical difficulties in promoting acts).
- Population size means small audiences
- Lack of big industry (record companies, publishing etc)
- Culture of slow ticket sales has led to cancellation of major festivals
- Reduction in recent years in print media, especially street press (a national trend)
- Lack of specialist support services for the sector (A&R, promoters, national agents etc.)
- Many businesses have very little social media presence, and websites are often of low standard
- Perceived lack of education programs and pathways to prepare young people to join the industry.
Which opportunities do you think we should all be focusing on?
Our suggestions & your ideas…

From the analysis outlined in previous slides, we have identified some opportunities that we think could be addressed through collaborative Action Plans. These include:

- **Regional** live music activation
- **ATSI** music and artist development
- Supporting growth of festivals and events
- New **technologies** and digital engagement
- Engaging **international students**
- Export and international market development
- Opportunities in music education
- Consumer awareness of value of music
- Music and **health** and well-being
- Your feedback - what’s missing?

**Luke Million**
What’s working Well?

South Australian Music Industry Case Studies

The Grace Emily, Waymouth Street, Adelaide
Event Case Study: **Umbrella Winter City Sounds**

A new celebration of music in the City, held over 24 days from 15th July to 7th August 2016, delivered by Music SA.

- 40,000 attendances
- $340,000 in ticketed income
- 260 live music shows
- 60 venues and other locations
- 15 event managers received mentoring and training
Education Case Study: Sia Furler Institute

The Sia Furler Institute for Contemporary Music and Media at the University of Adelaide prepares students for careers in contemporary music performance and composition, film, digital and other new media, sound engineering and music technologies.

Students learn under the guidance of University of Adelaide Department of Media and Elder Conservatorium of Music practitioners, performers and technical staff and industry experts.
Label Case Study: Tsuba and Isle of Jura Records

Established in the UK in 2006, Tsuba Records is a world renowned underground house music label with over 100 12” Vinyl releases. Tsuba’s founder, Kevin Griffiths, relocated to Adelaide in 2014 and the label is now run highly successfully out of St Paul’s Creative Centre, working globally with an international network of artists and several acts from Adelaide.

Kevin also recently launched Isle Of Jura, a reissue label focusing on reissues of forgotten musical gems in genres including Disco, Dub, New Wave and Leftfield sounds. Kevin Griffiths also provides label management services covering vinyl and digital distribution, music publishing and promotion for local and international labels.
Youth Development Case Study: Northern Sound System

Northern Sound System (NSS) is a youth development facility located in Elizabeth that uses music to engage with young people.

It has professional grade recording and performance facilities, where young residents in the north gather to create, record and perform music.

Through providing development opportunities in song writing, sound engineering, and digital music production, NSS not only provides a form of recreation and cultural engagement, but also a career pathway for young people, some of who struggle with mainstream education.

A shining example of the NSS N1 Records artist development program is Tkay Maidza, who has just been named in the Vevo (US music video streaming service) list of 20 artists that will break big globally in 2017.
Government support for the Music Industry
Adelaide City Council is strongly committed to supporting live music, and was the first council to develop its own **Live Music Action Plan**.

Council has a **Sponsorship and Grants** program to foster creativity, cultural and artistic events and activities to ensure an exciting range of live music events and activities in a variety of venues across the City throughout the year.

Adelaide City Council also provides a Case Management service for live music venues.

Click on the image opposite to view all Adelaide City Council’s programs and other support for the sector.
Local Government Support for the Sector

The Local Government Association (LGA) is supporting all 68 South Australian councils to develop live music policies and action plans.

This initiative was developed by the LGA in partnership with the MDO and Norwood Payneham and St Peters Council (the first suburban municipality to develop its own Live Music Policy).

Contact Lea Bacon for more information.
State Government

MUSIC DEVELOPMENT OFFICE
The MDO is a collaboration between the Arts South Australia and Industry & Innovation areas of Government. It supports both creative and business development for the sector in South Australia. The MDO takes a holistic, whole-of-government approach and partners with local government and industry organisations to deliver initiatives.

ST PAUL’S CREATIVE CENTRE
St Paul’s Creative Centre is a collaborative co-workspace in the heart of the city, and the home to Adelaide’s music and creative industries.

St Paul’s offers a range of benefits including open-plan working areas, private meeting rooms, and creative spaces such as song writing rooms. It will also be one of the first innovation precincts connected to the Gig City high speed broadband network in 2017.

Contact:
Becc.bates@sa.gov.au (Creative Development)
Karen.marsh@sa.gov.au (Industry Development)
elizabeth.reid@sa.gov.au (St Paul’s Creative Centre)
Scott.valentine@sa.gov.au (Music Festivals and Regulatory Reform)
State and Local Government: **Regulatory Reform**

**Live Music Venues**
In 2016 State and Local Government announced plans for reforms of live music regulations to make it easier for venues to host live music. Reforms announced include amending development regulations to allow ‘low risk’ live music in licensed and unlicensed venues, allowing non-traditional venues such as coffee shops to host live music without approvals.

**Music Festivals and Events**
A Music Festival Catalyst role has been established for six months to work with live music festivals and event operators to identify opportunities for reform, particularly red tape reduction. If you are interested in working with the Music Festival Catalyst please contact:

Scott Valentine
Department of the Premier and Cabinet
M: 0422 828729
E: scott.valentine@sa.gov.au
In 2013, **Live Music Thinker in Residence** Martin Elbourne made 49 Recommendations in his report, *Reverb: The Future of Live Music in South Australia*. The MDO is involved in (or aware of) implementation of 35 of the 49 recommendations.

Key initiatives that have since launched by both industry and government that were recommended in the report include:

- Establishment of the Music Development Office
- Establishment of St Paul’s Creative Centre
- The 90 Day Project ‘Streamlining Live Music Regulation’
- The Robert Stigwood Fellowship Program
- Create a one-off annual celebration of local music (Music SA’s SAM Awards)
- Creation of music industry clusters (Musitec)

The MDO considers that there is more work to be done in the areas of **regional development**, **export** and **education**.
Industry Support in South Australia includes:

- ARMI (Australian Rock and Metal Institute)
- Adelaide Music Collective
- Fresh 92.7 (Open House series)
- Helpmann Academy
- Music Industry Council
- Music SA
- Musitec
- Nexus Arts
- Northern Sound System
- SCALA (Songwriters, Composers, and Lyricists Association)
- UNESCO City of Music Office

Industry Support nationally includes:

- AIR (Australian Independent Record Labels Association)
- AMIN (Australian Music Industry Network)
- AMPAL (Australasian Music Publishers Association)
- APRA AMCOS (Australasian Performing Right Association)
- ARIA (Australian Recording Industry Association)
- Australia Council for the Arts
- Live Music Office
- Music Australia
- Sounds Australia

Other Resources:

- Adelaide City Council’s Live Music Action Plan
- Best Practice Guidelines for Live Music Venues (Music SA)
- Live Music Census (Music SA and Live Music Office)
- Martin Elbourne ‘Reverb: Live Music Thinker in Residence’ Report
- National Contemporary Music Plan (Music Australia)
- University of Tasmania report “The Economic and Cultural Value of Live Music in Australia 2014”
- UNESCO City of Music Live Music Venues Trail

Please email Karen at the Music Development Office (MDO) to add resources to this page, or to suggest other changes or additions to this draft document.
Thank you!