

THE MUSIC COUNCIL OF AUSTRALIA AND THE DIGITAL DISTRIBUTION DILEMMA

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I will describe two things: firstly, why the Music Council of Australia became involved in this issue and secondly, what it did about it.

Like most members of the IMC, the Music Council was established with a strong orientation to the not-for-profit side of the music sector. At its inception in 1994, membership from classical music was very strong, membership from the commercial music industry was weak.

It became increasingly clear that this was not working. We are the national music council but we were paying little attention to the musical preferences of more than 80% of the population. As a result, we were virtually unknown by most of the music industry. We were being ignored by government in a number of important issues around cultural policy and funding. What's more, we increasingly heard about ideas to establish a commercial-industry music council to fill the gap we had left. I am not saying that we were not valued but our friends came from a relatively small segment of the music world.

So we started to shift our membership structure to give more weight to the for-profit industry. Then we took the bull by the horns. Last year we organised a music sector summit of 100 leaders and thinkers, to identify the big issues confronting music

in Australia. No-one had ever done this. These people came together under our auspices and had new conversations, talked about important things. We divided the activity among four groups: for music education, community music development, music infrastructure and the quote “new” music industry. Each of these groups came up with a set of recommendations for action.

There is no doubt that this has enhanced MCA’s role and profile in the music sector. It has confirmed the role for which we will be most valued. Basically, we are infrastructure, we are the backroom boys. We are not there to present concerts or make recordings, but to make it more possible for others to do so. We provide information, do the research and advocacy. And we are there to bring people together from across the music sector who otherwise would never talk to each other.

It was important that having had these people at the summit “talk the talk”, MCA showed that it could “walk the walk” – that is, take action on their recommendations.

Naturally, the new music industry group recommended that in 2009, MCA should find ways to deal with the digital disruptions to the record industry. As a result, we organised a series of four full-day-long think tanks, each with about 20 people from the Music Council and from the industry.

We noticed that elsewhere, discussions of these matters tended to fall apart around antagonisms between particular groups, especially the record labels and the internet service providers. So we decided to separate the combatants. The think tanks

were organised along the record industry value chain: the first one for songwriters, performers and their managers; second, record labels and music publishers; third, the distributors, record stores, internet service providers and so on. Think tank 4 attempted to make sense of all the information gleaned from think tanks 1 to 3.

Four full days of hot discussion produced much more information than can be presented here in a few minutes. But here are a few observations.

Obviously, there is fundamental change, but there is not always new thinking to deal with it. One successful operator said "I find it amazing that people are still talking about record companies and not music companies. I just find that bizarre when everyone says record company, record company. It shouldn't be just about selling records. It should be about monetising music in all of its forms."

As we know, the major record companies have been forced to change and downsize. This has meant a loss of funds for investment in bands. But there are other consequences too. Quote: "Until a few years ago, A&R was a really big thing. But now it's not a big thing and people are waiting until an artist is at a certain stage before investing in them. It's hard for artists; they need someone to say 'that's really not good. You need to learn how to write a song', for them to actually progress."

Artist signings are coming later in the life-cycle. Artists have to survive and create their own success before a label is willing to make an investment. That's difficult for the artists. How are they

to survive this period? On the other hand, it forces them to become self-reliant and once they have become successful, some decide they don't really need the record company after all.

Artists' big solution is to work the social networks – MySpace, Facebook, Twitter or their own personal methods. Success is all about building “personal” communities.

A manager said: “There's a band called Baddies in the UK that is playing every festival in Europe this summer. They don't even think about releasing records. They have songs, but they give them away. Everybody who gets a song gives their contact details to the band's database. They use it to sell concert tickets.”

A musician described her strategies online. Quote: “Any time we spoke to a record label they were just really dumbfounded at the numbers that we were getting – like 10,000 downloads a week. It was all about relationships, and choosing a site was about where the communities were. We were hacking into these communities. We had kids in Spain putting up posters for us on the street and sending us the photos. You find a site and you find a community and they'd rally around you online.” But this artist said she had to spend so much time building these relationships she didn't have time to write songs. This obviously is not a long-term solution and bands are desperately seeking help. But moving the problem to managers and labels also has its problems.

An indie label manager says “The number one issue for every Indie label in Brisbane is managing all this stuff. The time I

should be engaging with my bands, I'm updating MySpace and Facebook." Another says "Ten years ago, to promote a disc, record labels, large or small had only to go to the print press, and radio, and then television. One person could actually do that in a week for 10 or 20 artists. Now it's unmanageable even for a company like Warner, which has hundreds of acts, to actually do the online and to do the real world."

As you know, there has been a big return to live performance and away from recording as the main source of income. But one participant from a copyright agency said: "We still have to provide for people who are creating the music but who are not performers. They could be film writers. They could be jingle writers. They're the people who write for other people. It is a concern if all of the value recognition only surrounds live performance."

In Australia as elsewhere, there is a strong desire to get the internet service providers involved in providing a cash flow to the music industry. A friendly representative of one ISP was asked what sort of solution would be attractive to them. She said "It's not our problem. Bring us a business model and we'll look at it." It is generally agreed, I think, that the ISPs are unlikely to do anything unless required to by legislation.

ACTIONS

So what will the Music Council do? We haven't had time to decide yet. But these are some of the things we will look into.

- Advocate for a government-backed scheme to encourage investment in record production and distribution. This could include a microfinance scheme for artists.
- Host a Think Tank session exploring cutting-edge digital music business models.
- Assist a forum between government, the music industry and ISPs.
- Advocate for the government to fund an economic and statistical study of the music sector, to enable us to plan better and to back our case that music is an important contributor to the economy.
- Take initiatives to create a more innovative, risk-taking music sector and musical life.
- Seek to develop a clear, user friendly online presence to help musicians and music businesses.

This is a ten minute resume of 4 days of fast talking. You can follow further developments on our website, www.mca.org.au. Thank you for your time and attention.