Technology, copyright law and the future: the Australian contemporary music industry.

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Technology, copyright law and the future

Source: NMPA International Survey of Music Publishing Revenues,
## Direct Signing - Major Label Deal

<table>
<thead>
<tr>
<th>CD - LP</th>
<th>Price</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>RRP + GST</td>
<td>33.00</td>
<td></td>
</tr>
<tr>
<td>GST</td>
<td>3.00</td>
<td>10.0%</td>
</tr>
<tr>
<td>RRP - GST</td>
<td>30.00</td>
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</tr>
<tr>
<td>Dealers Margin</td>
<td>12.00</td>
<td>40.0%</td>
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<tr>
<td>Dealer Price inc GST</td>
<td>18.00</td>
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<tr>
<td>GST</td>
<td>1.64</td>
<td>10%</td>
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<tr>
<td><strong>PPD</strong></td>
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<tr>
<td>Distribution</td>
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<tr>
<td>Packaging</td>
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<td>25%</td>
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<td>Royalty Base Price (RBP)</td>
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<tr>
<td>Artist Royalty</td>
<td>2.45</td>
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<tr>
<td>Mechanical Royalty</td>
<td>1.42</td>
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<td>PPD less Deductions</td>
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<tr>
<td>Unit Cost</td>
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</tr>
<tr>
<td><strong>Label Profit</strong></td>
<td><strong>3.12</strong></td>
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</tbody>
</table>
• The Publishers – We are fine, we have always had diverse income streams.

• The Record Industry – We know there is a problem but we have no idea how to fix it.
Copyright in Australia – Recent developments

• In recent years there have been a number of changes to the Copyright Act.

1. digital agenda amendments - 2001

• Australia has been slow in the adoption of internet radio, largely due to the local industry being reluctant to challenge the status quo of traditional radio and also being reluctant to force changes to the copyright act that would allow them to operate using a model that would see healthy commercial returns.
2. US Free Trade Agreement - 2004

- New performers’ rights were created and the duration of copyright protection extended

- Little impact – Performers asked by majors to assign this right anyway
Recent developments


• ‘Time shifting’ and ‘format shifting’

• These changes bring the law closer to what most consumers do on a daily basis anyway, making it no longer illegal to do activities that consumers had been doing for years.
Recent developments

- The fair use proposals raise some interesting questions about copy protection that some record companies include on their CDs.

- If it is no longer illegal to format shift CDs is it fair for the record companies to stop consumers from doing so?
Music Industry Piracy Investigation (MIPI)

- Funded by ARIA – the major record companies

- 2 Major cases - MP3 WMA Land & Kazaa
MIPI

• MIPI have stated that they do not intend to take action against individual copyright infringers; rather they are more interested in chasing companies and large scale infringers.

• They are lobbying I.S.P.’s & Government for a ‘3 strikes’ policy
The ISP’s say:

• ‘Why should we change our business model to protect your business model?’

• ‘Why would we switch off customers who would just find another ISP?’

• ‘Why roll out super fast broadband and then restrict use?’
MIPI

- MIPI’s other big idea – In-Tune

- ‘Australian songwriters and musicians speak out on the realities of life as an artist.’
Australia has been slow to embrace new models

No ‘subscription’ download services

Inefficient mobile phone music stores

‘Foxtel’ IQ has a slow uptake
Recent Developments

• “User generated content” are the buzz words: “respect for copyright” are not.
Hope for the future of cultural policy?

The Hon Peter Garrett- Minister for the arts
Copyright in Australia – Recent developments

• There is a war to be waged. The war is between the copyright owners who want to use copyright law as their main weapon, and on the other side, society at large who want to use creative freedom and technology as their main weapons.
The Australian contemporary music industry

- Mash ups, sampling, YouTube, Blogging and all forms of user generated content are a challenge for existing copyright laws

- If we are to encourage creative people and artists to ‘go forth and create’, why should that be limited to the art form that you choose or by the tools that you create with?
The Australian contemporary music industry

- Copyright laws in 2008 and beyond require a major overhaul, but more importantly the creative industries, require an overhaul of their business models.

- The consumer is becoming more engaged with the art, to the point that they demand some creative input into how the art is presented.
EDUCATIONAL SUPPLEMENT
for "MUSIC BUSINESS" by Shane Simpson

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Ben O’Hara • Mark Beard
A PRACTICAL USERS GUIDE TO MUSIC INDUSTRY COPYRIGHT

This book addresses units of competency in the
Music Industry and Entertainment Training Packages for

MUSIC INDUSTRY FOUNDATION
GERT III — GERT IV — DIPLOMA — ADVANCED DIPLOMA