Small scale, big opportunity:

Victorian Music Sector Industry Scoping Study:

A report for the Victorian Music Development Office

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Executive Summary

Monash University has been asked by the Victorian Music Development Office to undertake a scoping study of the Victorian music sector.

The aims of the study were to scope the industry dynamics and available qualitative and quantitative evidence mapping the Victorian music industry, with a focus on small labels, music managers, producers and tour companies.

The scoping study employed a mixed methodology drawing from qualitative and quantitative methods.

Detailed Australian Bureau of Statistics Census microdata analysis was employed to build up a snapshot of employment data in the Victorian music sector. The Census data presents a robust and detailed picture of the Victorian music workforce. There were at least 11,272 music workers in Victoria in 2016. They are highly concentrated in inner-city Melbourne.

A small-scale quantitative survey was also carried out to probe Victorian music industry business conditions. It found a largely positive view of the sector, while expressing some concerns about incipient future challenges. The small sample size means the survey cannot be taken as a representative picture of the sector. With appropriate resourcing, the survey questionnaire could be developed into a robust longitudinal survey instrument for Victorian music industry business conditions.

22 longform semi-structured interviews were conducted with Victorian music industry leaders and executives. Four main findings emerged from these interviews. Interviewees expressed ooptimism about the industry, with some caveats; reflected on the changing structure of the industry; contributed ideas about how the sector can grow; and gave feedback about previous and possible future VMDO activities.

The research for this project was carried out in 2019, before the impact of the COVID-19 pandemic led to the shutdown of the Victorian live music sector due to social distancing regulations. The recommendations have been redrafted to reflect the need for a renewed research program to better understand industry conditions in Victorian music in the wake of the COVID-19 downturn.

The authors conclude that while the Victorian music sector was growing strongly before Coronavirus, the changing structure of the industry still presented considerable challenges. An increasingly digital and global industry appeared to be concentrating revenues offshore, and opportunities for employment growth were constrained. In categories where jobs were growing, particularly for musicians, pay is low and working conditions are insecure and precarious.

In the wake of COVID-19, the policy priority for better understanding the business conditions and cultural vibrancy Victorian live music has become urgent. The researchers make the following recommendations for further research in to the Victorian music sector:

- An ***economic and cultural geography study of the music industry in Victoria's regions***.

- A quantitative ***value-added study of the Victorian music sector*** drawing on Victorian-specific data broken down from the ABS Satellite accounts, using the methodology set out at a national level by the Bureau of Communications and Arts Research in their 2016-17 study[1] of the national value of cultural and creative activity.

- The development of ***formal research partnerships with APRA-AMCOS and Live Performance Australia*** to enable access to Victorian-specific data owned and published by these organisations

- The funding and roll-out of a regular quarterly or annual ***music business sentiment survey***, modelled on the survey instrument developed in this study.

- ***Regular repetition*** (ideally, annually) ***of the VMDO Victorian Music Consumer Insights Study[2]*** carried out in 2019.

- The development of a quarterly or annual ***live performances metric***, measuring numbers of gigs and festival performance slots at Victorian venues and festivals.

- The development of a quarterly or annual ***music business services metric*** measuring activity or utilisation of key music business services in the sector, such as mastering engineers, recording studio time booked, music marketing activity, management activity and other ancillary music services.

- The development of a ***composite index of music vitality***, drawing on the metrics proposed above. The composite index should draw on available data, as well as the new metrics proposed above, to create a composite measure of the following key areas:

    - ***social impacts***, for example: audiences, community wellbeing
    - ***economic impacts***, for example: employment, royalty flows, export revenues
    - ***cultural impacts***, for example: cultural diversity in the music workforce, numbers of performances, numbers of new songwriting copyrights

- A ***data ethics policy should be developed[3]*** to govern the use and publication of the data for all Victorians.

Introduction

Monash University has been asked by the Victorian Music Development Office (VMDO) to undertake a scoping study of the Victorian music sector.

The VMDO stated that it was:

> seeking a better understanding of the industry dynamics and structures around the small- and micro-enterprise sector in the Victorian music industry. Issues to consider include the current structure of the industry, including supply and value chains, the movement of music talent and services through the industry, the stocks and flows of intellectual properties including copyrights, the relationship of domestic and export markets to industry sustainability, and the potential to identify policy interventions that would stimulate Victorian industry growth.[4]

The objective of the research project was to "undertake a scoping study to lay out a future research program for the VMDO, and to act as a road map for future detailed analysis of the industry dynamics and potential policy interventions."

The study was agreed to pursue a methodology drawing on recent developments in the global cultural industries and cultural policy literature, involving both quantitative and qualitative analysis, including:

- A comprehensive short literature review;
- Data discovery and scoping, particularly with reference to identifying and requesting non-public data from Creative Victoria, APRA-AMCOS and the Australia Council for the Arts;
- ABS Census microdata analysis (6-digit cultural occupation and 4-digit cultural industry data) (Australian Bureau of Statistics, 2012);
- Geospatial industry analysis down to local government area level;
- Industry supply and value chain mapping;
- Quantitative survey of the small-scale Victorian music sector, data probe to include:
  - Number of businesses;
  - How many employees they have;
  - Turnover;
  - Geographic spread;
  - Business model and business plan diversity;
  - Business conditions and confidence;
  - SWOT analysis of their business and the industry.

- Semi-structured interviews with industry participants and policy makers; and
- Policy analysis leading to recommendations for future study

What this report has and has not investigated

The researchers were given a research brief by the VMDO with respect to investigating the Victorian small-scale music sector. Gaps in the available statistical evidence base mean that it was not possible to carry out all of these analyses. In particular, a lack of evidence regarding the Victorian-specific aspects of the music industry supply and value chain made that aspect of the study prohibitively difficult to carry out with the allocated budget.

The following table lays out the aspects of the research brief that were completed in the project.

Research task	Carried out?	Notes
Short literature review	Yes	See Literature review section below
Data discovery and scoping	Yes	Data discovery found that there is little Victorian-specific data is available
ABS Census microdata analysis	Yes	Comprehensive findings presented in this report
Geospatial industry analysis at LGA level	Yes	Local government area findings presented in this report
Industry supply and value chain mapping	*No*	Victorian-specific industry data was not available, making quantitative supply and value-chain mapping impossible. Qualitative findings regarding industry business models are presented, however. This aspect requires further study.
Quantitative survey of the small-scale Victorian music sector	Yes	The small *n*-value of the completed survey makes its findings unreliable. Further resources are required to complete statistically valid survey
Semi-structured interviews with industry participants	Yes	Qualitative findings are presented in this report.
Policy analysis leading to recommendations for future study	Yes	Policy analysis carried out. Recommendations presented in this report.

Methodology

The scoping study employed a mixed methodology drawing from qualitative and quantitative methods.

Data discovery and scoping was undertaken to ascertain the existing knowledge base, particularly with reference to identifying and requesting non-public data from Creative Victoria, APRA-AMCOS and the Australia Council for the Arts.

Detailed Australian Bureau of Statistics Census microdata analysis was employed to build up a snapshot of employment data in the Victorian music sector, across three Census periods for Australian Bureau of Statistics definitions of music industries and music occupations.

A small-scale quantitative survey was also carried out to probe Victorian music industry business conditions. The survey questionnaire asked a series of questions aimed at understanding business model structures, music industry business conditions, and business confidence levels. It was aimed at establishing a proof of concept for a fully-resourced, longitudinal survey of Victorian industry conditions.

Finally, qualitative data was collected from 22 long form, semi-structured interviews with Victorian industry participants. These wide-ranging interviews yielded rich qualitative insights into industry structures and conditions.

Counting employment: ABS Census microdata analysis

The Australian Bureau of Statistics Census allows us to probe the Victorian music sector with some specificity. The ABS Census gives us the best available data on the number of working musicians and associated music-related jobs in Victoria. Reaching nearly the entire Australian population, the Census collects detailed demographic data down to very fine-grained levels.

The Census' information on employment and occupation can be used to examine the size of the music industry in Victoria. Most notably, the ABS data enables us to measure Victorian music industries in two dimensions: by industry of employment, and by occupation. Detailed demographic and geospatial data is also available, including age, sex, and income distributions down to local government areas by place of work and usual residence.

The ABS Census microdata data is based on the Australian Census for the years 2006, 2011 and 2016. We can use it to count two main aspects of cultural employment:

> *Cultural Occupations Employment* - persons employed in cultural occupations in all industries. This includes not only musicians working as singer-songwriters, but also musicians employed through stage shows, or sound engineers working in conference centres. This type of data does not include non-cultural roles

within the cultural industries – for instance, it does not cover security guards at music venues, or book-keepers at record labels.

Cultural Industries Employment - industries involving cultural and non-cultural occupations (such as lawyers working in music labels, or theatre cleaners), but not cultural occupations outside the cultural industries (say, for instance, a musician on a cruise liner would not be counted).

Of course, not all music-related employment will be captured in these categories. Non-musical occupations do occur in the music industry, such as accountants for record labels or cleaners at music venues. This occupational data definition will not cover retail or wholesale occupations related to music, such as record store sales assistants or merchandise wholesalers. Nor will these definitions encompass artists who work collaboratively or parallel to musicians and music, such as music video directors or festival lighting designers. As such, it is a relatively narrow occupational definition.

However, it is important to note that this occupation definition *will* cover the employment of musicians and technicians in industries that are not of themselves a part of the music sector, such as film score composers, musical directors working on stage shows, and instrumentalists in the Australian Defence Force.

As with the occupations data, not every business that falls within industry definitions will be solely musical; some will include aspects of other industrial activities, such as theatre or film and television. Some aspects of the broader music industries will also inevitably be missed, for instance pure-play merchandise retailing or musical instrument electronics firms. None-the-less, these definitions do cover music in both breadth and depth, covering musical composition, music publishing, performance, recording, live music and festival operation, compact disc and vinyl pressing, and recorded media retailing.

Some surveys use a 'creative trident' model[5], combining cultural and non-cultural occupations in the creative industries plus cultural occupations in other industries. We have not done this, but the broad trends are visible without this.

Our definition of cultural employment and the creative industries does not include jobs in software and information technology – which can expand employment figures by 30 or 40 per cent by some measures. In other words, coders at Spotify would not be counted.

However, our data does include occupations and industries such as sound technicians, musical directors, festival and venue crew, studio engineers and some manufacturing workers such as the workers at Implant Media in Brunswick who press compact discs. The specific definitions are detailed below, but the take-away point is that the ABS data allows us to be both broad and deep in our examination of the music sector.

Short literature review

Music in Victoria in 2020 is artistically vibrant, economically significant, and culturally powerful. It is a source of employment for tens of thousands of Victorians, but a source of meaning and joy for millions.

The 'music industry' in Australia: a short history

Music in Australia is at least as old as human habitation, and the First Nations of this continent have pursued a rich musical culture for tens of thousands of years. The organised performing arts in Australia date to the 19th century; colonial Victoria boasted a vibrant and at times unruly vernacular music scene on the gold fields, and in the rapidly growing settlement of Melbourne.

While the phonograph had achieved significant penetration in Australia's relatively small middle class in the early 20th century, the introduction of the transistor radio in the 1920s and the proliferation of radio broadcasters nationally – including the Australian Broadcasting Corporation in 1932 – created the first true mass music medium in this country. Even in the sparsely populated Australia of the interwar years, audiences for music programs on radio numbered in the hundreds of thousands.[6]

However, the 'music industry' as we have come to understand this phrase in the contemporary sense dates largely to the period subsequent to the Second World War. As in other English speaking democracies, cultural and demographic trends collided to create a vast new audience of teenagers interested in new forms of popular music, and with enough disposable income to create a huge market for recorded music in the form of 7-inch and later 12-inch records.[7] A long boom of economic growth and the relative openness of the English-speaking Australian market to American and British popular music meant that Australia became a viable touring destination for popular music acts, culminating in the historic Australian tour of The Beatles in 1964[8] (300,000 people turned out to see them in Adelaide, or nearly half the city's population at the time).

By the time rock'n'roll exploded amongst Australian teenagers in the mid-1960s, the Australian music industry had already developed many of the essential structural features that are recognisable today.[9] In keeping with many cultural industries as they developed in the industrialised economies of the post-war boom, the music industry was largely the domain of a handful of large US and British firms, such as RCA Victor, Decca, Deutsche Grammophon (later PolyGram), EMI, and Warner. After a series of complicated corporate mergers and acquisitions, a number of these firms would become the so-called 'major labels'. With subsidiaries trading in Australia, they would dominate the Australian recorded music market, eventually consolidating to just three major labels: Sony, Universal and Warner.

Radio in Australia was similarly dominated by commercial conglomerates, with the important caveat that public sector broadcasting has always been a strong force in the Australian market, through the long-lasting importance of the ABC. Commercial AM and FM radio stations used popular music to sell advertisements, a profitable formula that endures today. As has been the case for the life of Australian radio, the majority of music

played by commercial radio stations was, and remains, foreign, and principally American, music.[10]

This is not to say that local factors were irrelevant, even if they were not dominant. In the 1960s and 1970s, the explosive growth of music consumption and the 'tyranny of distance' that placed Australia far from the shores of internationally famous touring acts from the US and UK created new market opportunities for local pop musicians.[11] Additionally, many Australian cities boasted a ready-made network of small suburban venues that could be adapted to popular music, in the form of pubs. By the early 1980s, the 'pub scene' in Sydney and Melbourne had spawned scores of popular acts that could pursue meaningful incomes from local live performance.[12] This in turn attracted investment from the Australian arms of the major labels, who found that signing Australian musicians could prove both profitable locally and potentially even internationally.[13]

In radio, local factors also mattered. The ABC's importance in both classical and contemporary music is an enduring feature of the Australian music sector. Notably, the ABC's youth-focused radio network, Triple J, became a dominant force in pop music taste-making in the early 1990s, a position it would enjoy for at least two decades, before the advent of streaming.[14]

Local and particular trends have also been evident in Australia's recent music industry history. Australia has a medium-sized international music market, with a significant local market size, and high global musical penetration. There are no tariff barriers to speak of, local content laws governing radio airplay are weak, and Australia shares a common language with the dominant international music market of the United States.

Structure of the Australian contemporary music industry

Alongside and underneath the large multinational media companies grew a thicket of smaller players. By the 1990s, these included local subsidiaries of the major labels; medium-sized and small and micro independent labels; music publishers; tour promoters; music festivals; and freelance music services firms delivering specialised products and services to the local music market. This included studio recording and mastering, CD pressing and distribution, event production, music marketing and promotion, and bespoke publicity and radio 'plugging'.[15]

The key labour force was, and still is, musicians themselves, who often cross-subsidised their dreams as songwriters and performers with more mundane music-related employment in record stores, merchandise stands, stage management, arts education, and the like.[16] As we shall see in the ABS Census data presented below, this small-scale music services sector is, in fact, the major source of music employment in Australia. The predominance of music employment in the small-scale sector is an arguably uncomfortable truth that much industry analysis - which prefers to focus on radio airplay, digital disruption and consumer discovery - tends to elide or ignore.

The recent history of the music industry in Australia has been tumultuous, mirroring the travails of the sector internationally. Beginning in the early 2000s with the introduction of the MP3 file-sharing service Napster, technological disruption has completely transformed what was in the 1990s one of the most profitable cultural industries in the world.[17] Like newspapers, the music industry has come to be regarded as a paradigmatic example of the impact of digitalisation on existing business structures.

Falling revenues in the early 2000s due to piracy and migrating consumer preference led to enormous value destruction in the major music corporations, sparking round-after-round of corporate mergers that have culminated in the current triopoly of Universal, Sony and Warner. Parallel to these gales of corporate creative destruction, the industry began to restructure itself around both old and new models of music delivery.[18] The 'old' constituted those formerly profit-reaping live shows and festivals so important to Australia's music renaissance. The 'new' were the downloadable music services, such as Apple's iTunes, and later digital streaming platforms, chiefly Spotify.[19]

Finally, and particularly since the turn of the millennium, Australia's federated political structure has played an outsized role in the evolution of live contemporary music. Differing liquor licensing regulations across the eight states and territories have imposed significantly different trajectories on the health of live music venues. The most glaring recent example was the sharp contraction of Sydney's live music scene due to the onerous state government licensing and venue restrictions of the 2010s.[20] In contrast, Victoria's comparatively liberal liquor and venue regulations have encouraged an efflorescence of small and popular music venues, particularly in Melbourne, allowing the city to boast what is claimed to be one of the healthiest live music scenes in the world.[21]

Changing business models in the music industries

At its height in the 1980s and 1990s, the global music industry was famous (indeed, perhaps notorious) for a 'gatekeeper' model in which the artist develops and the audience discovers.[22] Tight supply chains were built between major record labels and consumers through control of taste-making mass media outlets, such as commercial radio, television and print. Major labels corralled popular taste through advertising, promotion and publicity campaigns that favourably positioned artists on their roster. Slots on popular television shows, high rotation on commercial radio, and glossy features in music magazines and newspapers enabled record labels to 'break' artists to the mainstream, or at least give them an opportunity to reach large audiences.[23] Hopeful artists struggled in obscurity until they could convince a gatekeeper to give them an opportunity, generally realised as the imprimatur of a powerful major label artist and repertoire executive signing a multi-album deal, and then backing the artist with copious advertising and promotion.[24] While many artists failed to recoup the label's investment, the few that succeeded sold millions of recordings and drove highly profitable publishing and recording businesses. At its height in the late 1990s, the global

music industry was selling around $US40 billion worth of compact discs annually (in today's dollars).[25]

As the cultural researcher John Holden observed in 2007:

> The old model was one where a creative idea was monetised by passing through the hands of a gatekeeper, whose powers of distribution and ability to control access to the market for the product were crucial to the creation of value ... records were copyrighted by major record labels, and physical discs were sold in high-street shops where there was limited space for stock. At every point, distribution was limited both by physical capacity and through the decisions of those who stood between producer and consumer.[26]

The advent of Napster and the arrival of freely available digital music through pirated MP3s upended the physical recorded music business model, destroying billions of dollars of value in the global music industry. Over the course of a decade, business models pivoted twice. The first pivot came after the advent of iTunes, when the model shifted from selling a physical product and controlling the taste-making value chain, to selling downloadable MP3s from internet-based platforms, chiefly Apple's. The second came after the arrival of digital streaming platforms. Suddenly, the model flipped from sale of digital music files to an electronic licensing model - where music was made available on streaming audio platforms in exchange for a licensing fee paid by the streaming platform; which consumers would ultimately pay through monthly subscriptions.[27]

As the University of Melbourne's Guy Morrow observes, reporting on an interview with well-known Australian music manager John Watson, until quite recently music makers needed to navigate their way past a series of industry gatekeepers – managers, talent scouts, promotion departments, radio programmers, etc – in order to eventually get a chance to be hard by most consumers.

> Career-building was thus typically a linear process of charming or cajoling these gatekeepers. Consumers were only introduced to the final step when they were invited to choose from the small menu of songs funded by labels, programmed by radio or television stations and stocked by local retailers."
>
> These days the process is typically circular, the artist initially shares their music online with potential consumers, if that first exposure strikes a sufficiently strong chord, then fans will start to share it widely. A blogger might notice that reaction and draw the song to the attention of more people. As a result of the consequent uptick in organic plays, the tune might be included on a widely-heard Spotify playlist or receive its first spins on tastemaker radio stations, and this upward spiral of artist-consumer-industry interactions can continue to unfold in many ways at a dizzying pace, where a remarkable new song explodes from its first play to millions of plays with days. And the key point is the first steps are typically from artist to fans, and most gatekeepers now follow the fans, when it used to be the other way around ...[28]

As British researchers David Hesmondhalgh and Leslie Meier point out, the new model still runs on copyright, but it is one in which more and power is vested in the streaming platform.

> This system is still premised on the generation of revenues from the ownership of rights. However, the new commercial model involves multiple transactions and new sources of revenue: rights-owning companies (mainly large corporations) are remunerated by streaming services via music licences and (often rich) advances; and music services capture consumer data, sell advertising opportunities and collect subscription fees from users. While streaming services have positioned themselves as agents of music discovery, be it via algorithm or via 'curation' systems that involve greater human input (Kjus, 2016; Morris & Powers, 2015), discovery within this system is not designed as a path to direct music purchases. What users pay for, with money or advertising exposure, is the music service. Streaming has elided the boundary between music promotion and music consumption, producing 'a new relation between exposure and sale, united within one and the same service' (Kjus, 2016, p. 129).

The authors of *Born Global* argue that three key trends can be discerned in the structure of the Australian music sector:

1) The enduring importance of legacy models, including radio airplay and live performance. "Indeed, live performance and radio airplay continue to be important alongside new activities and revenue streams, with increasing opportunities for 'co-evolution' between the streaming and live music industries."

2) The increasing dominance of global technology corporations. "The presence of new global companies (such as Amazon, Google, Apple, Spotify, Live Nation) is significant for their distributional power, which is increasingly translated into influence across related sectors, including music publishing, live performance and recording sectors."

3) Ongoing conflict over intellectual property rights of artists and consumers, including "significant lags in intellectual property law and governance of the digital aggregators."[29]

These global trends have local analogues, and confront local musicians in different ways. Most Victorian musicians are unlikely to have an international recording career, and must instead work within the largely local and precarious music industries and occupations still prevalent in Victoria in the present day. It is to the socio-economic structure of Victorian music industries, as revealed by empirically measured employment patterns in space and time, that we now turn.

Various estimates of the Victorian music market

State-specific data on the Australian music industry is hard to come by. The problem is exacerbated by the opacity of streaming services such as Spotify, which do not break down specific Australian territory streaming figures.

While the lack of robust data does not allow confident assessment of the size of the Victorian music sector, it is possible to make some estimates. Some data is available for live music, for music businesses, and for singer-songwriter royalties. These figures are surveyed as follows.

Live contemporary music: Victoria's live contemporary music sector was worth $425 million in 2018, according to ticket revenue data from Live Performance Australia.[30] Victoria is the second largest state or territory for live music attendance, and experienced rapid revenue growth in recent years.

Victorian live attendance revenue 2014-2018

$m, 2019 dollars. Source: Live Performance Australia.

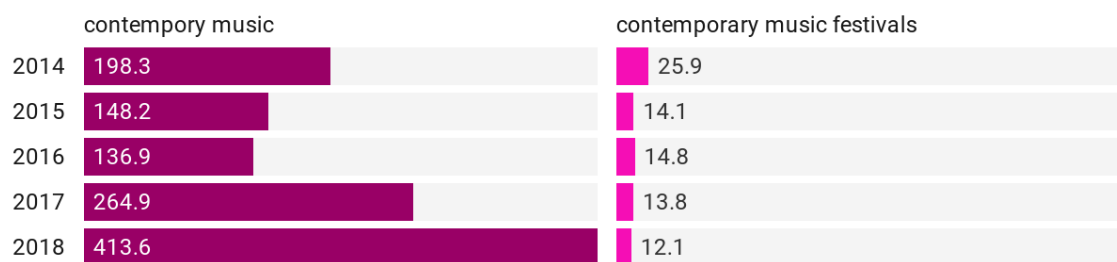|	contempory music	contemporary music festivals
2014	198.3	25.9
2015	148.2	14.1
2016	136.9	14.8
2017	264.9	13.8
2018	413.6	12.1

Chart: Ben Eltham • Created with Datawrapper

Music publishing and recorded music: It is more difficult to ascertain the size of Victoria's music publishing and recorded music sector, as typically data is not broken down to state and territory level by national bodies such as APRA-AMCOS. Based on the available data, a ballpark estimate of 30% for Victoria's share of APRA-AMCOS national royalty payments of $411 million[31] – in line with the Victorian share of the national music employment data presented below – gives an estimate of Victoria's music royalty income of approximately $123 million in 2019 dollars.

Victorian APRA-AMCOS songwriter data: Victoria's songwriters are internationally recognised, from Courtney Barnett, to the Teskey Brothers, to Paul Kelly, to Melbourne psychedelic outfit King Gizzard and the Lizard Wizard. When last reported in 2014, APRA-AMCOS found that 15 of the top 30 postcodes for the highest numbers of songwriters were in inner Melbourne, with four of the top five postcodes clustered within Melbourne's inner north (Brunswick, Northcote, Coburg and Preston).

APRA's report found that:

> The postcode with the highest number of income earning APRA songwriter members was again Brunswick in Melbourne's north west, followed by Northcote, with Coburg and Preston moving into a top 5 berth. When adding in Brunswick East (ranked 19th, up from 28th last year) this 4km enclave is a magnet for creative types.[32]

With better access to APRA-AMCOS data, it would be possible to model Victoria's share of the national songwriting market. Unfortunately that data is not currently available.

Music export data: The recent *Born Global* report for the Australia Council puts global Australian music exports at a figure of $195 million. This is made up of around 61 per cent artists' foreign income, 20% publishers' foreign income and 19% record labels' foreign income. Again, *Born Global* did not break out state and territory figures. The lack of segmented state and territory data is a clear gap in the knowledge base. There is a strong case for more Victorian state government funding to fill this evidence gap, allowing policy-makers to be better informed.

Findings

Victorian music industries: Census analysis

Music occupations

As detailed in the Methodology section, the ABS Census collects detailed information on the type of jobs Australians do. Where respondents identify themselves as musicians on their Census form, the Census measures this. Specifically, the Census records a number of music occupations as 'music professionals', including composer, music director, musician (instrumental) and singer. The ABS also tracks a category of 'performing arts technicians' that includes sound technicians, other types of live performance technicians and sound operators.

The researchers have chosen to define *musical occupations* by the following two ABS four-digit occupation classifications:

- Music professionals
- Performing arts technicians

There were 5,347 music professionals and performing arts technicians working in Victoria in 2016. This figure has grown by around one-third in the ten years since 2006.

Four-digit ABS occupation category, Victoria	2006	2016	% growth
Music professionals	1,674	2,446	27.2
Performing arts technicians	2,129	3,250	32.3

Musical occupations in Victoria are growing at the fastest rate nationally. Across the decade from 2006-16, music professionals in Victoria grew by 31 per cent, well above the national increase of 21.9 per cent. Work in musical occupations in Victoria grew at roughly three times the rate of New South Wales. Around two-fifths of the new jobs added in musical occupations nationally were created in Victoria.

Occupations growth 2006-16								
2006	**NSW**	**Vic.**	**Qld**	**SA**	**WA**	**Tas**	**NT**	**ACT**
Music Professionals	2,848	1,674	1,401	463	581	144	78	118
Performing Arts Technicians	3,430	2,446	1,424	555	662	139	60	272
TOTAL	**6,281**	**4,120**	**2,823**	**1,026**	**1,239**	**283**	**141**	**385**
2016								
Music Professionals	3,185	2,193	1,504	522	631	176	34	134
Performing Arts Technicians	4,220	3,298	1,945	645	962	151	68	203
TOTAL	7,407	5,484	3,451	1,170	1,591	326	99	336
% growth 2006-2016	11.8	**31.0**	7.3	12.7	8.6	22.2	-56.4	13.6

The graph below shows the state and territory breakdown for musical occupations in 2016. Victoria had the second largest workforce of musical occupations after New South Wales. There are more musicians and performing arts workers in Victoria than in South Australia, Western Australia, Tasmania, the Northern Territory and the ACT combined.

Employment in music occupations, 2016, by state and territory

Source: ABS Census microdata, Monash University analysis

■ Music Professionals ■ Performing Arts Technicians

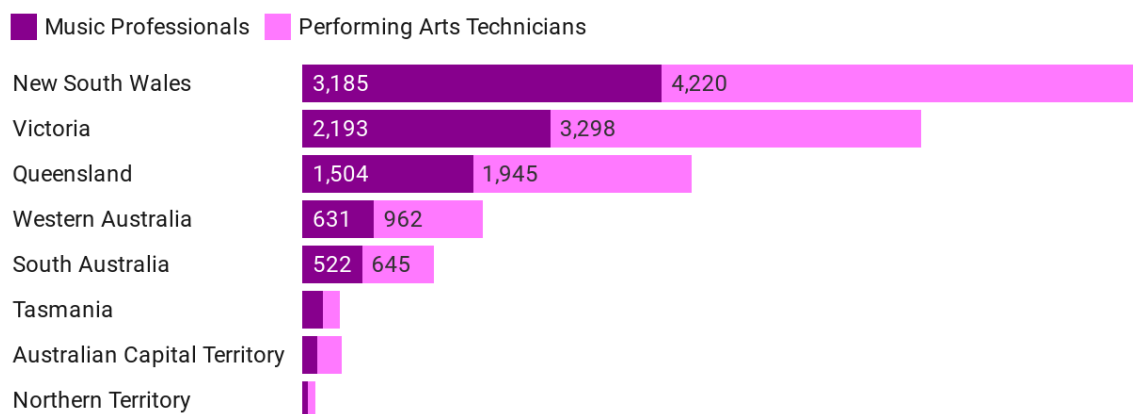| State		
New South Wales	3,185	4,220
Victoria	2,193	3,298
Queensland	1,504	1,945
Western Australia	631	962
South Australia	522	645
Tasmania		
Australian Capital Territory		
Northern Territory		

Chart: Ben Eltham • Created with Datawrapper

Music industries

In order to capture all those employed by the music sector, we can also use ABS definitions by industry, rather than occupation.

The ABS defines industries according to a nested classification system known as the Australian and New Zealand Standard Industrial Classification, or ANZSIC. ANZSIC categorises industries at various hierarchies; the most granular is known as the 'four-digit' ANZSIC code, which is the most detailed classification for a particular industrial activity available.

The researchers have defined the following four-digit ANZSIC industry categories as composing the best representation of the music industries:

- Creative Artists, Musicians, Writers and Performers
- Entertainment Media Retailing
- Music and Other Sound Recording Activities
- Music Publishing
- Performing Arts Operation
- Performing Arts Venue Operation
- Reproduction of Recorded Media

Using these seven ANZSIC categories as a proxy for the music industries, we are able to probe music employment and demographics in Victoria in considerable detail.

Four-digit ABS industry category, Victoria	2006	2016	% growth
Creative Artists, Musicians, Writers and Performers	3,756	6,111	62.7
Entertainment Media Retailing	1,241	844	-32.0
Music and Other Sound Recording Activities	239	407	70.3
Music Publishing	68	72	5.9
Performing Arts Operation	1,205	1,768	46.7
Performing Arts Venue Operation	661	1,163	76.0
Reproduction of Recorded Media	807	756	-6.3
TOTAL	**7,977**	**11,121**	**39.4**

Employment in Victorian music industries, 2016, by industry category

Source: ABS Census microdata, Monash University analysis

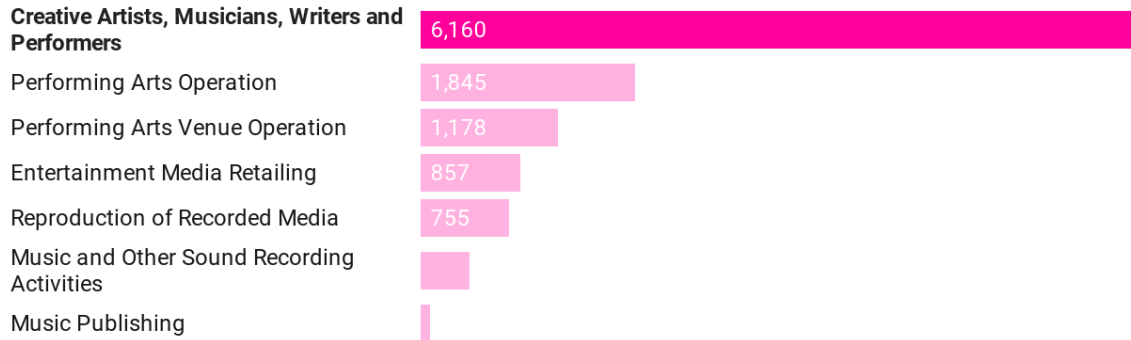|	
Creative Artists, Musicians, Writers and Performers	6,160
Performing Arts Operation	1,845
Performing Arts Venue Operation	1,178
Entertainment Media Retailing	857
Reproduction of Recorded Media	755
Music and Other Sound Recording Activities	
Music Publishing	

Chart: Ben Eltham • Created with Datawrapper

There were 11,121 workers employed in the Victorian music industries in 2016, broadly defined. The majority of these were artists, with the second and third most important category in two categories of performing arts operations. This breakdown is broadly in line with the total figures across Australia.

Four-digit ABS industry category	Victoria 2016	Australia 2016	Victoria 2006	Australia 2006
Creative Artists, Musicians, Writers and Performers	6,111	20,799	3,756	14,480
Entertainment Media Retailing	844	3,718	1,241	5,633
Music and Other Sound Recording Activities	407	1,389	239	814
Music Publishing	72	217	68	237
Performing Arts Operation	1,768	6,084	1,205	4,319
Performing Arts Venue Operation	1,163	4,806	661	2,676
Reproduction of Recorded Media	756	1,638	807	2,289
TOTAL	**11,121**	**38,651**	**7,977**	**30,448**

Victoria is the second-largest state for music employment. Only New South Wales has more workers in the music industries. The other states and territories are well behind.

Employment in music industries, 2016, by state and territory

Source: ABS Census microdata, Monash University analysis

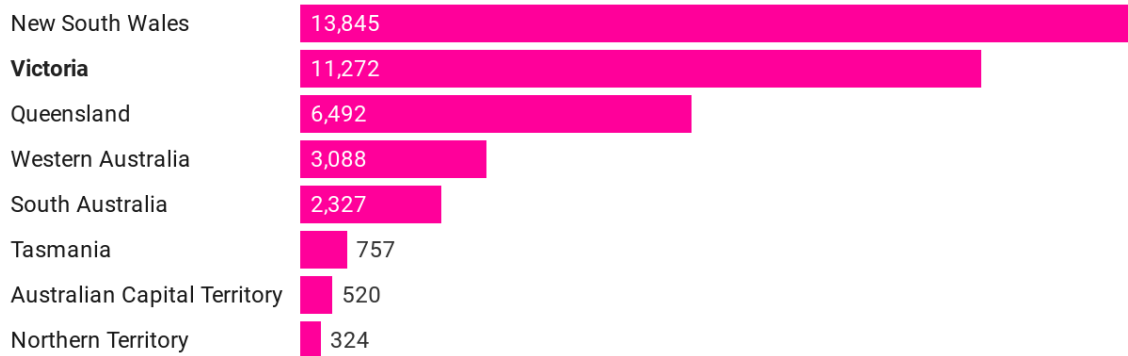| State/Territory	Employment
New South Wales	13,845
Victoria	11,272
Queensland	6,492
Western Australia	3,088
South Australia	2,327
Tasmania	757
Australian Capital Territory	520
Northern Territory	324

Chart: Ben Eltham • Created with Datawrapper

Once again, there has been sustained growth in these categories over the decade to 2016. Total growth was 39 per cent from 2006-2016, with creative artists the fastest growing category, slightly offset by a one third fall in entertainment media retailing. Victoria's music industries grew faster than Australia's as a whole, and employment in Victoria also grew faster in nearly all sub-categories, led by a three-fifths increase in creative artists.

Music industries employment growth, 2006-16, by state and territory

Source: ABS Census microdata, Monash University analysis

	Creative Artists, Musicians, Writers and Performers	Entertainment Media Retailing	Music and Other Sound Recording Activities	Music Publishing	Performing Arts Operation	Performing Arts Venue Operation	Reproduction of Recorded Media
NSW	2,376	−773	264	−18	563	615	−450
Vic	2,355	−397	168	4	563	502	−51
Qld	977	−31	90	−11	335	694	−66
WA	490	−191	35	−3	201	223	−4
SA	300	−160	21	−3	76	102	−16
Tas	186	−116	15	0	99	4	−12
NT	126	−9	−6	0	4	10	−3
ACT	52	−59	−4	0	25	44	−4

• Created with Datawrapper

Expressed by employment growth, Victoria added the most number of jobs across the music industries of any state and territory (3,154 jobs). Victoria also had the second-fastest jobs growth (39.5%) after Queensland (44%), and sat above the national average of 27%.

Employment growth in music industries, 2006-2016

Source: ABS Census microdata, Monash University analysis

	% employment growth
Australia	27
Victoria	39

Created with Datawrapper

Demographic characteristics of Victoria's music workforce

Victoria's music workforce is highly educated. Half of Victorian music industries workers have a Bachelor's degree. Around twice as many music industry workers have a Bachelor's degree or higher qualification, when compared to the broader workforce.

% of workforce with Bachelor's degree or higher

Source: ABS Census microdata. Monash University analysis.

Victoria, music industries	50.03
Australia, all industries	25.5

Chart: Ben Eltham • Created with Datawrapper

On the other hand, the Census evidence suggests that Victoria's music workforce is relatively poorly paid.

When we compare income distribution curves for music industries workers to the broader Australian workforce, we can see that incomes are both lower and shifted to the left for musicians and music industry workers. There are fewer music industry workers with high incomes, and many more workers with low incomes when compared to the figures for Australian workers as a whole.

Income distribution, workers in Victorian music industries, 2016

Source: ABS Census microdata, Monash University analysis

Many more music workers have low incomes

All industries

Victorian music industries

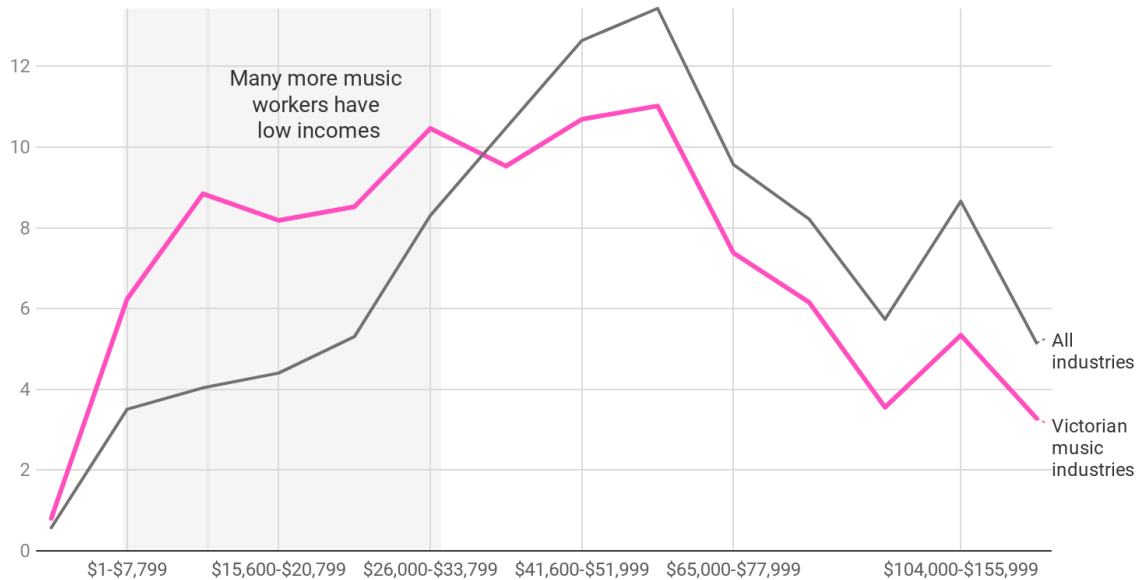$1-$7,799 $15,600-$20,799 $26,000-$33,799 $41,600-$51,999 $65,000-$77,999 $104,000-$155,999

Chart: Ben Eltham • Created with Datawrapper

Victoria's music workforce is skewed male, particularly in technical roles. Creative artists are close to parity, however. The male gender skew is likely a legacy of a historically patriarchal industry culture (for instance APRA-AMCOS members are 77% male). Census data is unfortunately binary, and does not recognise non-binary gender.

Victorian music industries, 2016, by gender composition

Source: ABS Census microdata, Monash University analysis

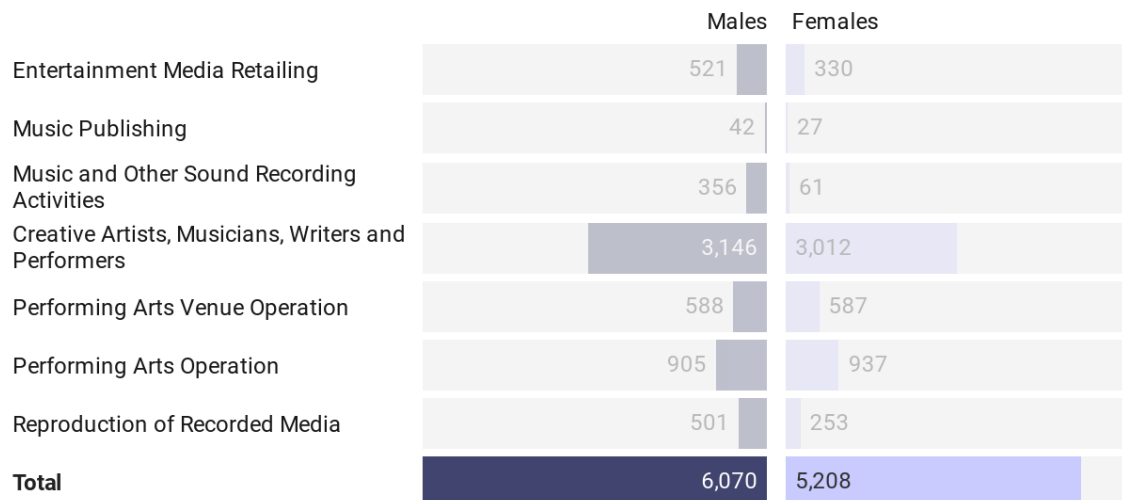|	Males	Females
Entertainment Media Retailing	521	330
Music Publishing	42	27
Music and Other Sound Recording Activities	356	61
Creative Artists, Musicians, Writers and Performers	3,146	3,012
Performing Arts Venue Operation	588	587
Performing Arts Operation	905	937
Reproduction of Recorded Media	501	253
Total	6,070	5,208

Chart: Ben Eltham • Created with Datawrapper

Victoria's music workers are younger and disproportionately male compared to the broader workforce. The age-sex pyramid is a well-known visualisation that plots gender composition of a population by age-range. When we compare the Victorian music industries workforce age-sex pyramid to that of the entire Australian workforce, we can the skew towards more younger workers, and more males.

The skew is particularly apparent at older age ranges, where there are far fewer women working in the music industries above the age of 45.

Victorian music industries employment, 2016: age-sex pyramid

Source: ABS Census microdata, Monash University analysis

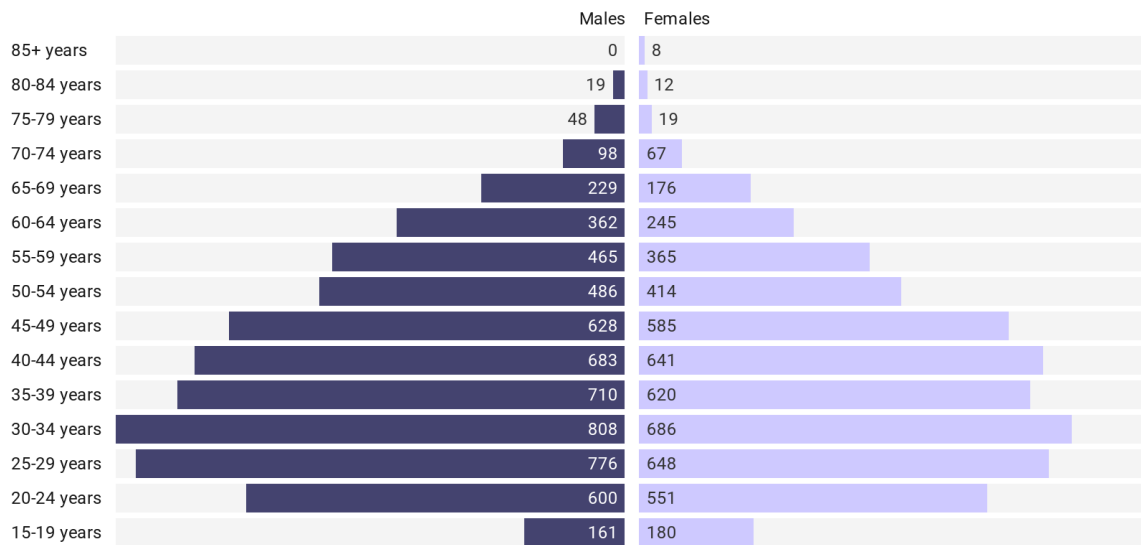|	Males	Females
85+ years	0	8
80-84 years	19	12
75-79 years	48	19
70-74 years	98	67
65-69 years	229	176
60-64 years	362	245
55-59 years	465	365
50-54 years	486	414
45-49 years	628	585
40-44 years	683	641
35-39 years	710	620
30-34 years	808	686
25-29 years	776	648
20-24 years	600	551
15-19 years	161	180

Chart: Ben Eltham • Created with Datawrapper

Workers in all industries, Australia, 2016: age-sex pyramid

Source: ABS Census microdata, Monash University analysis

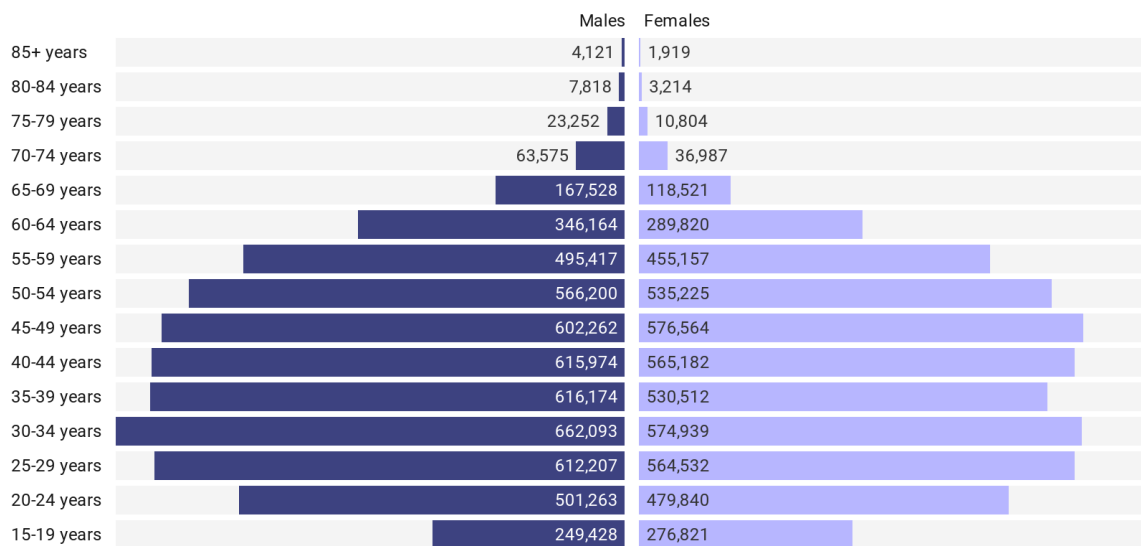|	Males	Females
85+ years	4,121	1,919
80-84 years	7,818	3,214
75-79 years	23,252	10,804
70-74 years	63,575	36,987
65-69 years	167,528	118,521
60-64 years	346,164	289,820
55-59 years	495,417	455,157
50-54 years	566,200	535,225
45-49 years	602,262	576,564
40-44 years	615,974	565,182
35-39 years	616,174	530,512
30-34 years	662,093	574,939
25-29 years	612,207	564,532
20-24 years	501,263	479,840
15-19 years	249,428	276,821

Chart: Ben Eltham • Created with Datawrapper

Mapping Victoria's music employment

Victoria's music industries are highly concentrated in inner Melbourne. Relatively few music industry jobs are located outside the core Melbourne urban area, and even within the Melbourne metropolitan area, the majority of the employment is within the local government areas of the City of Melbourne and its surrounding inner-urban municipalities such as Yarra, Moreland, Darebin and Port Phillip.

Victorian music occupations in 2016: top 25 local government areas

Source: ABS microdata, Monash University analysis

■ Music professionals ■ Performing arts technicians
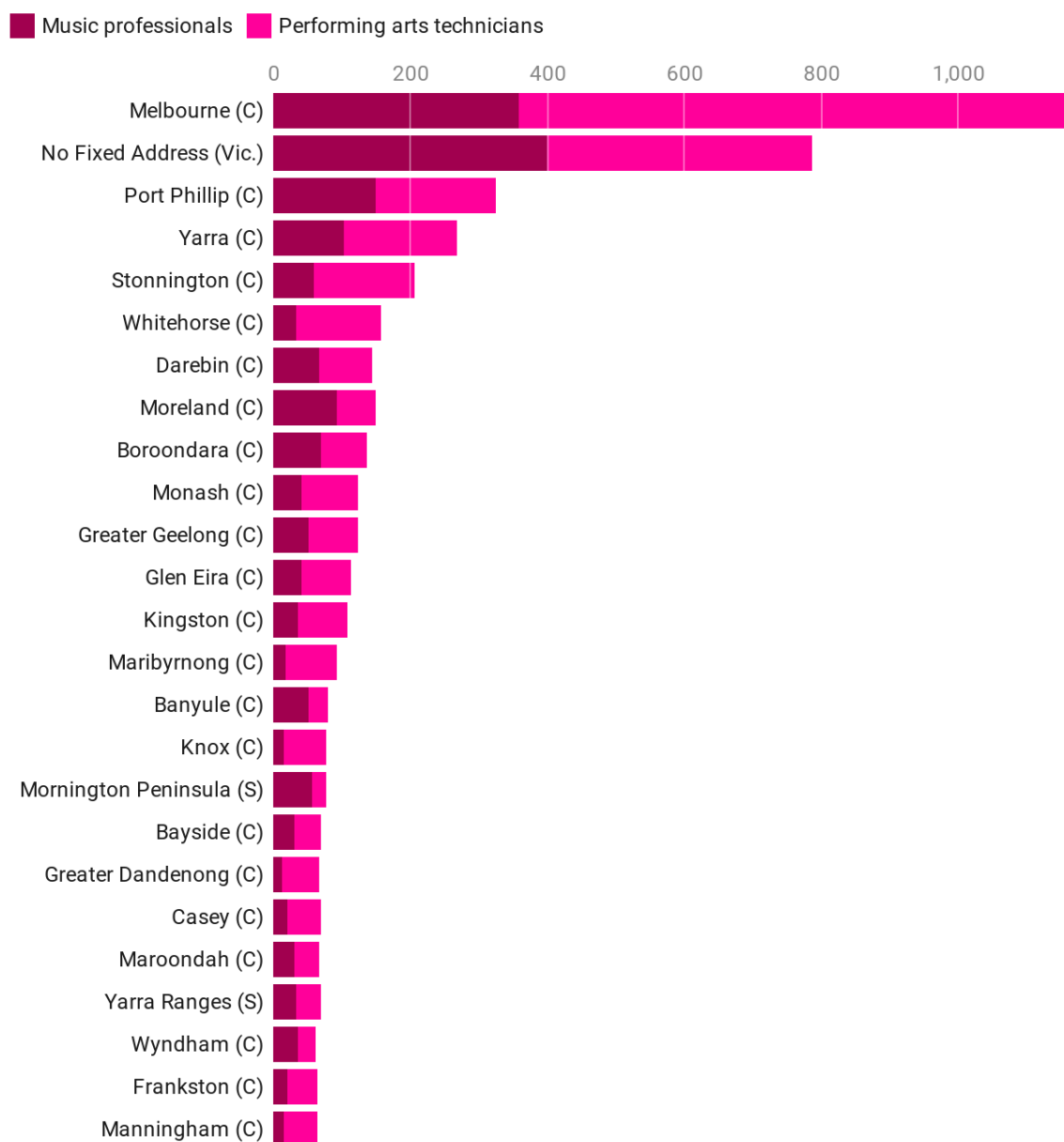
Chart: Ben Eltham • Created with Datawrapper

Victorian employment in music industries, 2016, by LGA
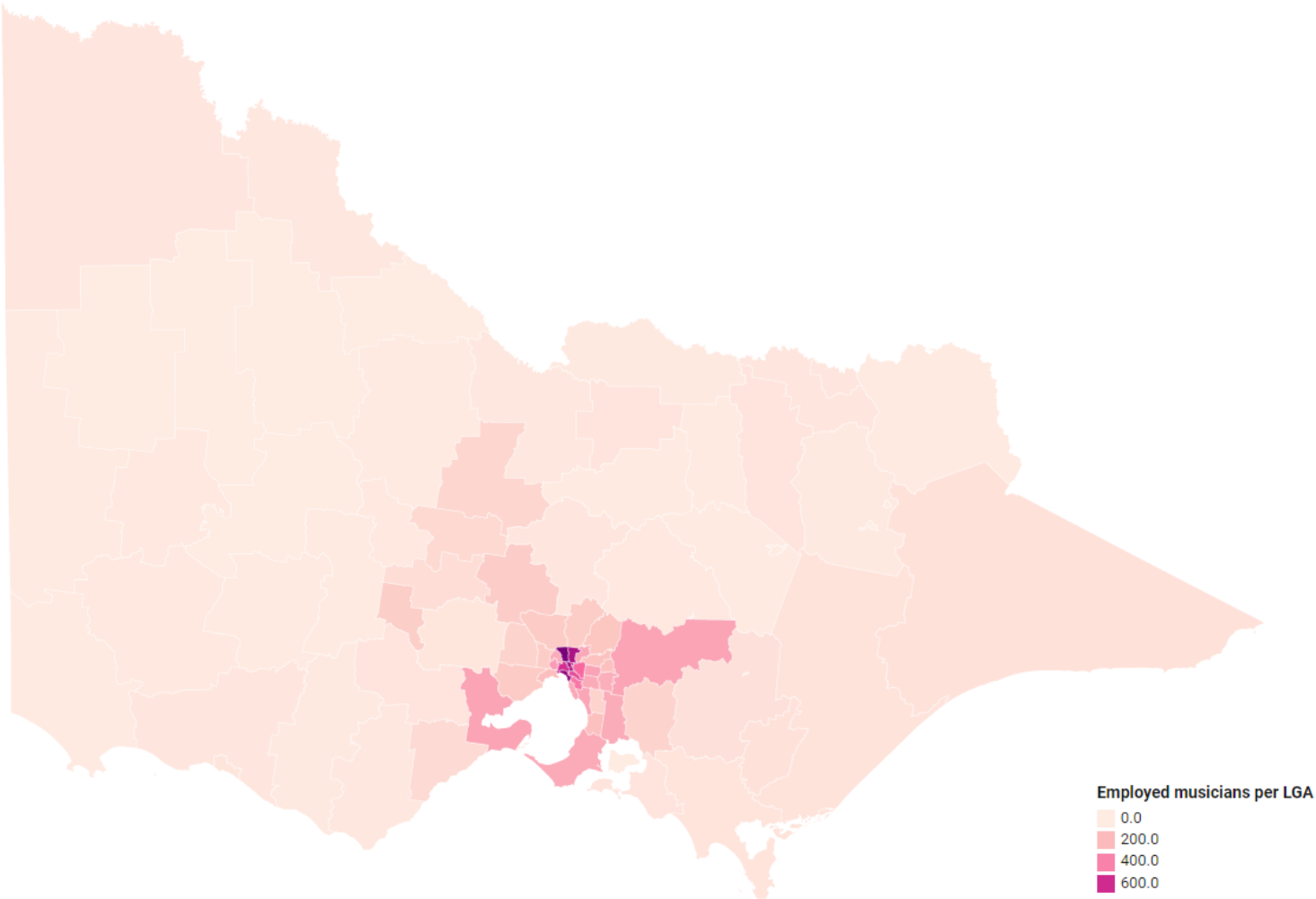
Source: ABS microdata. Monash University analysis.

LGA	Employment
Melbourne (C)	2,143
Yarra (C)	880
No Fixed Address (Vic.)	879
Port Phillip (C)	742
Monash (C)	561
Moreland (C)	443
Darebin (C)	417
Greater Geelong (C)	286
Glen Eira (C)	218
Mornington Peninsula (S)	202
Maribyrnong (C)	202
Yarra Ranges (S)	201
Bayside (C)	190
Whitehorse (C)	185
Banyule (C)	149
Moonee Valley (C)	137
Casey (C)	133
Frankston (C)	131
Hobsons Bay (C)	128
Ballarat (C)	109
Brimbank (C)	83
Whittlesea (C)	79
Macedon Ranges (S)	71
Melton (C)	65

Chart: Ben Eltham • Created with Datawrapper

Persons employed in music industries, 2016, by LGA place of residence. Source: ABS Census microdata

Employed musicians per LGA

- 0.0
- 200.0
- 400.0
- 600.0

Map: Ben Eltham • Map data: PSMA Australia Limited • Get the data • Created with Datawrapper

Above: *Where Victorian musicians live. The chloropleth map shows the usual place of residence for Victorian music industries workers, by local government area. Music industries workers live mostly in inner Melbourne, but there are some important regional concentrations in Geelong, Yarra Ranges and on the Mornington Peninsula.*

Victorian music industries, place of residence, 2016

Persons employed in music industries, 2016, by LGA place of residence. Source: ABS Census microdata

Employed musicians per LGA

- 0.0
- 200.0
- 400.0
- 600.0
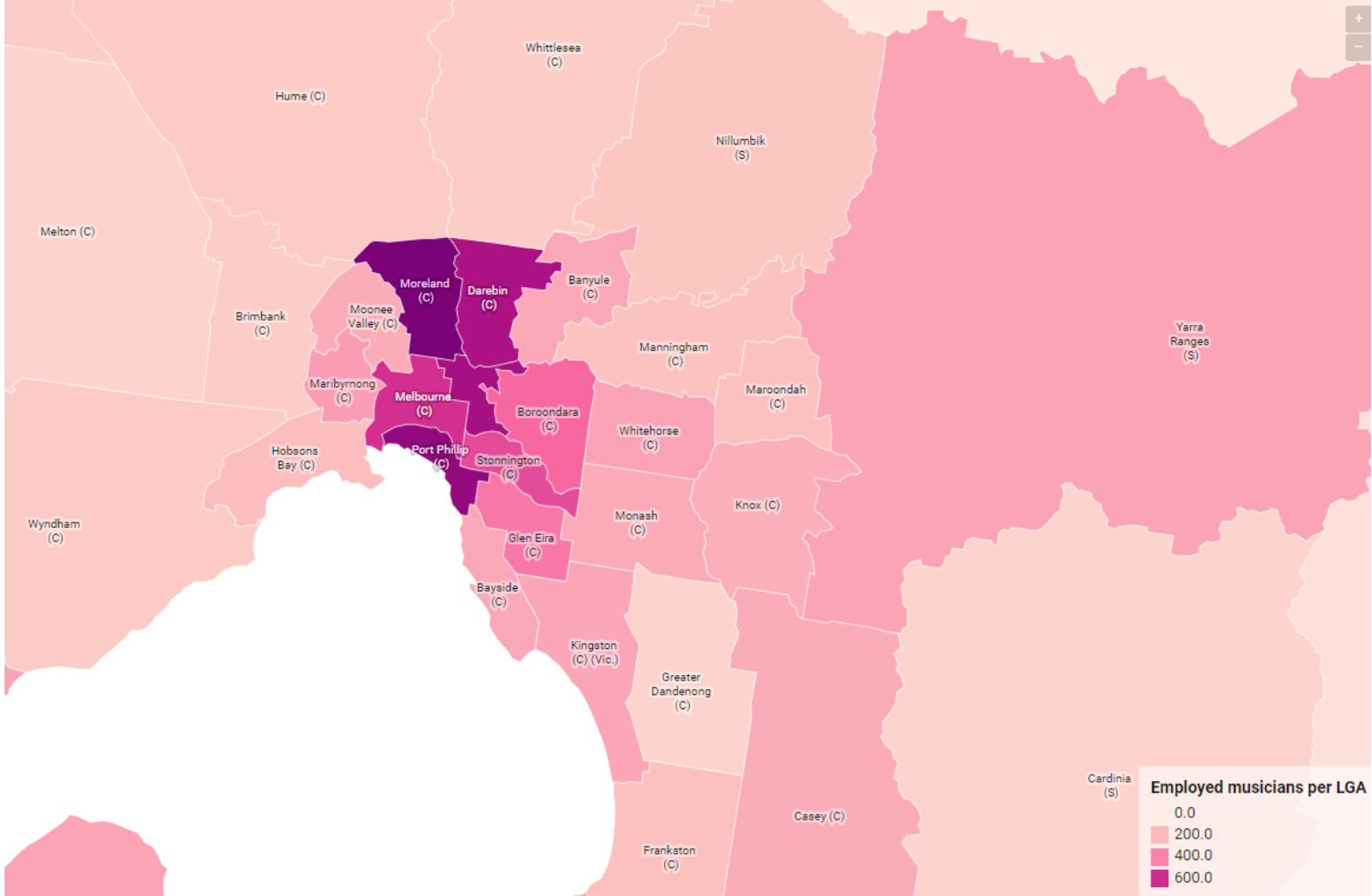
Above: Where Melbourne musicians live. The chloropleth map shows a zoom-in of Melbourne from the previous map. It plots place of residence for Victorian music industries workers, by local government area. The Cities of Moreland and Port Phillip have the most number of employed music industries residents.

The inner-city concentration of music jobs appears to be accelerating. The most music industry jobs between 2006 and 2016 were added in the City of Melbourne, and the third-most jobs were added in the City of Yarra. There is some growth in the middle ring municipalities such as the City of Monash, but the City of Whitehorse experienced significant (and unexplained) job shedding in the decade to 2016.

Growth in music employment, Victoria, 2006-16: top 25 LGAs

Source: ABS microdata, Monash University Analysis.

LGA	2006 jobs	2016 jobs	Change
Melbourne (C)			+663
Monash (C)			+430
Yarra (C)			+379
Moreland (C)			+283
No Fixed Address (Vic.)			+266
Darebin (C)			+191
Glen Eira (C)			+92
Mornington Peninsula (S)			+79
Greater Geelong (C)			+75
Maribyrnong (C)			+72
Yarra Ranges (S)			+64
Casey (C)			+62
Hobsons Bay (C)			+62
Bayside (C)			+57
Melton (C)			+54
Brimbank (C)			+53
Whittlesea (C)			+52
Moonee Valley (C)			+48
Banyule (C)			+46
Frankston (C)			+45
Ballarat (C)			+40
Macedon Ranges (S)			+39
Port Phillip (C)			+36
Whitehorse (C)			−345
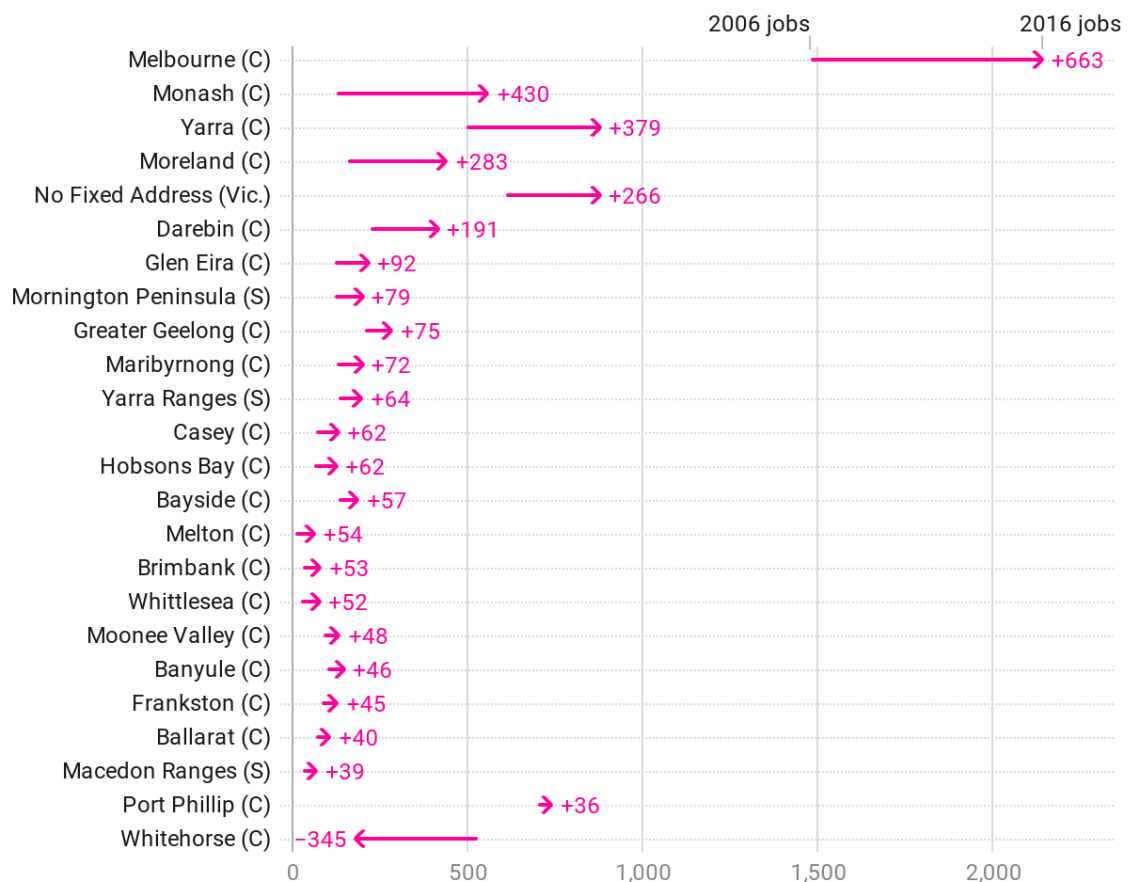
Chart: Ben Eltham • Created with Datawrapper

In plotting music employment, it is important to separate where people live and work. By place of work, the City of Melbourne is the densest concentration of music employment. However, the City of Melbourne is not the location where the most number of people employed in the music industries live. By place of residence, musicians and music industry workers live primarily in the inner Melbourne local government areas surrounding the Melbourne CBD, such as Moreland, Darebin, Yarra and Port Philip.

There are important regional localities in addition to central Melbourne. Local government areas such as Yarra Ranges, Geelong and Mornington have significant regional densities of musical residents.
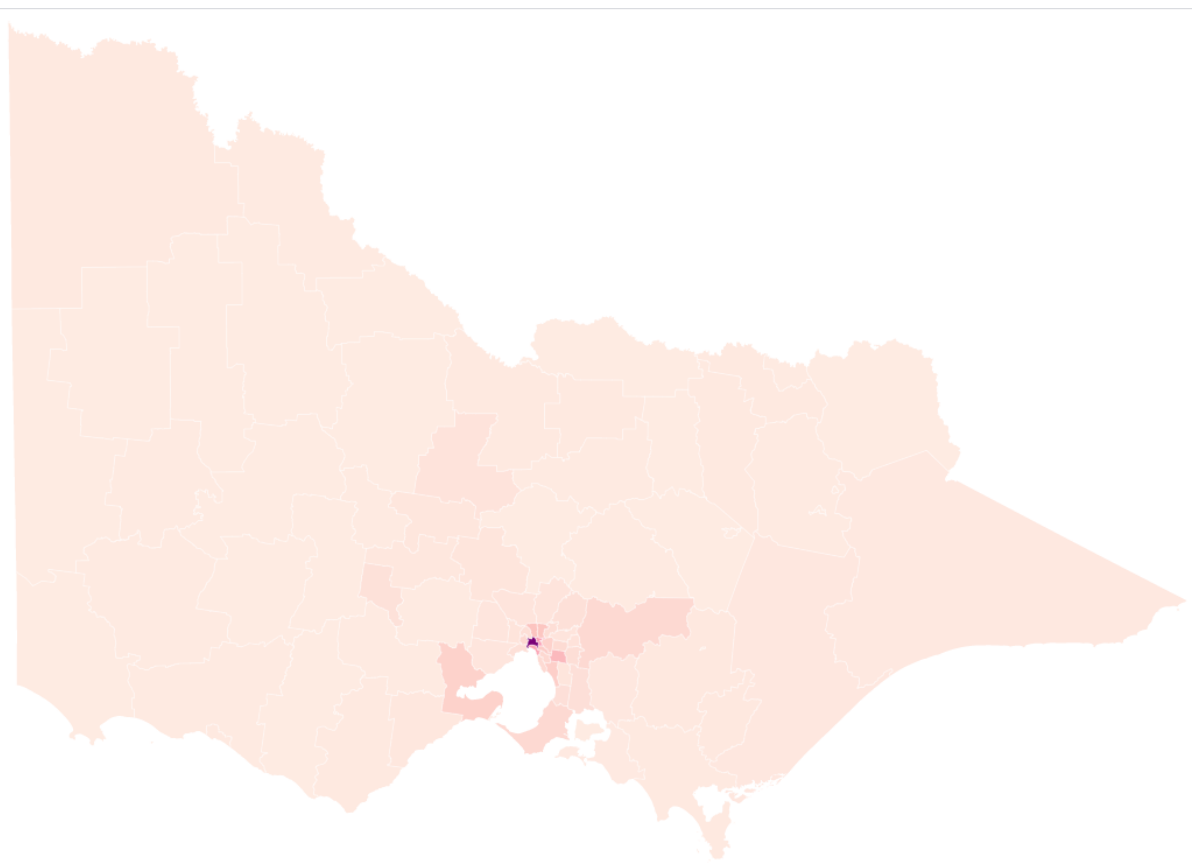
Above: *Where Victorian musicians work, state-wide. The chloropleth map shows the place of work for Victorian music industries workers, by local government area. Music industries workers work overwhelmingly in inner Melbourne, but there are some small but significant regional concentrations in Geelong, Yarra Ranges and on the Mornington Peninsula.*
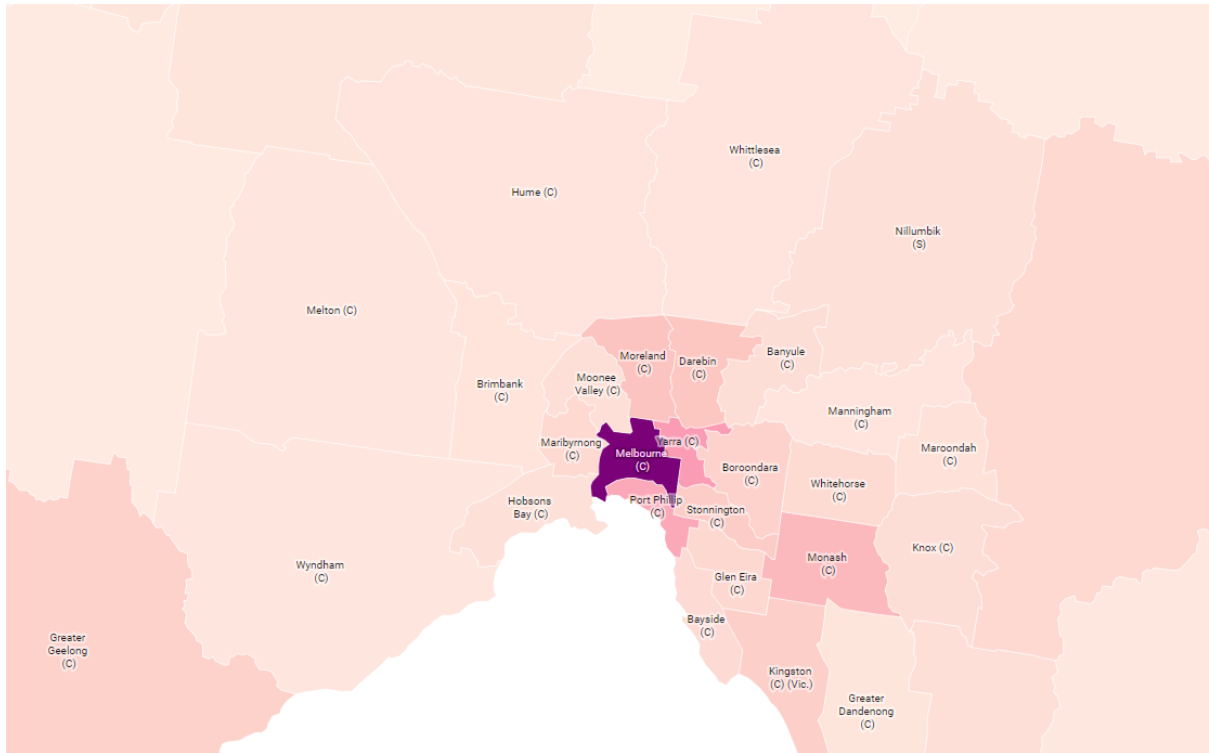
Above: *Where Melbourne musicians work. The chloropleth map shows the place of work for greater Melbourne music industries workers, by local government area. Music industries workers are overwhelmingly concentrated in inner Melbourne, but there are some middle-ring suburban hotspots in Darebin, Moreland, Monash and in further afield in Geelong.*

Quantitative survey findings

Survey limitations

In order to better gauge the size, structure and business conditions of the Victorian music sector, a survey questionnaire was developed and tested on a small sample of Victorian music firms.

The sample size was small (n=15) and therefore it is not possible to draw robust quantitative conclusions. However, the survey still yielded valuable insights into current Victorian music industry business conditions and business confidence levels.

With appropriate funding and resourcing, the survey questionnaire could be used to build a more comprehensive quantitative snapshot of the Victorian music sector.

Survey findings

Given the small size of the survey response, it is important to note that the survey itself cannot be used as any general or representative study of the Victorian music sector.

None-the-less, a number of consistent themes did emerge from survey respondents.

One third of respondents attribute themselves with multiple roles - PR and management, publishing and touring (5/15). The majority of respondents were in management. Only one person was a music creator (producer).

Digital royalties and streaming services were identified as the most frequent source of greatest income (5); followed by live music events (including ticket revenues, bar, and other) (4) and management services (4).

Royalties (including streaming and digital royalties) are viewed as having the most promise in terms future growth (5) followed by management (4); live music (3) and sponsorship/PR (3).

Travel in the broad sense (flights, accommodation, visas, etc.) was identified as the biggest expense by respondents(5), followed by human resources (4) overheads such as rent (3), followed by subscriptions and PR (2). Interestingly, only 1 respondent identified artists as the greatest expenditure.

The majority of respondents thought the greatest saving could come from PR/marketing; followed reductions in the cost of technology and software (3); then rent and site costs. Three respondents could not identify any area where costs could be reduced

Less than 25% of the respondent's business operations occur overseas. However more than half believe that the international market is their best chance at future growth.

The majority of businesses are growing, with more than half of the respondents rating their performance in the last twelve months as either very good or excellent (4 or 5 out of 5).

Respondents were positive about their own business, with nearly all respondents expecting very good-to-excellent business growth in the next twelve months. Reasons for this optimism include: maturation of professional relationships and contracts, increased business activity from tours and artists, increased exposure of their clients generating more sales, increased streaming revenue and competitive sponsorship environment.

> The industry is fine, people continue to engage with music in many ways. There's so much amazing content being created that the challenge for less well-resourced makers is to stand out.
>
> -Survey respondent

The respondents were more conservative in their expectations of change in the industry more broadly. Two thirds of those surveyed were neutral about the industry's potential for change in the next twelve months (3 out of 5). Reasons for this pessimism include the lack of investment in projects and stagnating wages and consumer spending impacting ticket and record sales. Despite this, positivity remains around digital streaming and a gradual culture change in the industry.

> Major labels are able to dominate in [the] current streaming environment where, despite wider availability, familiarity is winning out over new innovative music. This has made it increasingly difficult to cut through with new artists. Streaming services, as the new gatekeepers, need to stop relying on algorithms, and start listening to music and find ways to offer greater support to innovation and creativity. They have the power to be leaders not followers.
>
> - Survey respondent

Burn-out was identified as an issue by a number of respondents. More than half those surveyed regard their workloads as either very or highly unsustainable. One third identified themselves as at risk of burn out.

When considering constraints to the sector, respondents thought that the main constraints on the industry are the limited size of Australia's market and our distance from other markets abroad. The prohibitive costs of touring a large country and overseas travel for networking was frequently cited as a major hurdle. Some respondents also cited low profitability as a constraint, throttling business expansion and investment. Sole traders remarked that they were time and resource-poor, and therefore unable to perform all aspects required to grow as a business - for example, artist management, promotion, training staff.

The survey asked respondents what they would do with increased funding or investment. With increased funding, respondents said they would invest in the following key functions: expanding to international markets; employing and contracting more staff; business infrastructure and assets; and asset creation and artists.

Another important challenge facing the industry, according to some surveyed, was the difficulty older and less mainstream artists had in penetrating a limited and youth-driven industry. Once again, respondent identified the geographic size of Australia as a problem, imposing prohibitive touring costs for smaller artists.

> The music industry as a whole is fine - Australians engage with music a lot. But it's challenging if you're trying to share music that doesn't suit the youth national radio station. You can try and do it yourself but the prohibitive cost of travelling this large nation limits independent artist's abilities to grow an audience by touring.
>
> - Survey respondent

Respondents also said that work-life balance was an issue, particularly for older artists.

> I [see] an industry biased towards younger musicians and this concerns me in regards to the opportunities, income earning potential and mental health of musicians as they get further into their careers, or if they wish to start a family. It's a concern I've heard a lot of artists express. It's something I have at the forefront of my mind when strategising for an artist, but the rapidly changing nature of the industry does mean a feeling of instability lingers when planning long-term. [...] I love hearing the creative ways experienced artists have sustained a career long-term and in some cases diversified. It's inspiring and very beneficial to me as a manager wanting to create long-term career sustainability.
>
> – Survey respondent

Respondents argued that Australia has an abundance of great talent, but lacks investment in music administrators to support them in furthering their careers. There was a view that small labels and artists struggle to be heard on streaming services, such as Spotify, as the algorithms favour familiar music with major label backing.

> We really need to support our artists and producers - 'content makers' - who are struggling to find support in our local market. Because, the support isn't there - not enough people. Outside of city centres, it is hard for great artists to thrive. In many cases, artists that might be successful overseas receive no support here in Australia. This might be more international bodies, [or] export bodies. [...] Actually helping artists tour internationally, but more than what is possible under the Australia Council grants. I hope we can find a way to tour our Australian artists in such a way that they aren't all branded under the 'Aussie' title - that is, simply for who they are, as international artists. We will lose great artists - both to overseas markets (through emigration) and also, simply, because they cannot afford to create their art.
>
> - Survey respondent

Qualitative findings: themes emerging from the interviews

In addition to the ABS Census microdata analysis and the survey questionnaire, the researchers also conducted long form semi-structured interviews with 22 individuals working in senior and experienced positions within the Victorian music sector.

These music industry workers filled roles in marketing, PR, record label management, artist management, music licensing and music recording and producing.

The interviews followed a semi-structured format, in which we asked a series of questions about their outlook on the sector, and also allowed interviewees to suggest other pertinent points of relevance to the industry outside of our questions.

The findings of these interviews can be summarised under the following themes:

1. Optimism and pessimism about the industry.
2. Reflections on the structure of the industry.
3. Ideas about how the sector can grow.
4. Feedback about previous VMDO activities.

Optimism and pessimism about the industry

A number of interviewees expressed optimism about the future of the small-to-medium Victorian music sector, particularly in light of the rise of streaming. A CEO of a music label stated:

> Overall, I'm feeling very optimistic. We're hiring new artists and not looking at any contractions or layoffs. It's all positive.
>
> - Survey respondent

The same executive observed that in net terms, more people are listening to music now because access for listeners has become so easy. This means that demand for music has, on the whole, gone up.

> Music has become easier to listen to, we don't have to rewind the tape or carefully hold your Discman. You can listen to whatever you want, which makes it so easy for people to listen to music.
>
> - Survey respondent

Often this optimism was linked to the state of prevailing national economic and political conditions outside of the industry. Even then, more than one interviewee expressed the

view that music is a commodity for which there will always be demand, citing the truism that even in a depression, demand for music doesn't go down.

Despite this general optimism, a diverse number of potential threats or areas of difficulty were identified. One that often reoccurred was the threat of burn-out and the difficulty of long-term career sustainability. One producer stated that "burn-out is a huge issue for the industry". There is no sick pay for sole traders, for example, which "is still a major impediment to taking time off". For producers and studio engineers, there is only so much time in their week, so they can't really grow their income except by charging more, which will make them uncompetitive because "there's just not that many bands that can afford top dollar studio wizardry."

The switch to streaming has not been without potential dangers. Some interviewees expressed a concern that the dominance of streaming platforms will crimp songwriting creativity. One interviewee, a head of a record label, also noted that following the recent boom, streaming is now levelling off, which will ultimately put a ceiling on industry growth. Furthermore, signing worldwide rights for artists is getting harder, as many artists want to go directly to Los Angeles and sign deals there, rather than sign to Australian labels first. A label director stated that "bands are a lot more gun-shy of deals".

When asked directly about whether they were optimistic or pessimistic about the future of the industry, some producers and record label heads stated that while they were optimistic overall about the global industry, they were pessimistic about the prospects for the Australian industry. The rise of digital was seen as likely to concentrate revenues offshore, and could be linked to potential problems for the local industry.

Reflections on the structure of the industry

Remarks and insights about the structure of the industry were largely focused on the ramifications of the rise of streaming. Interviewees frequently remarked on the impact of streaming platforms on traditional channels, such as radio. They also generally agreed that it was leading to a rise in the importance of music publishing as a segment of the industry. One label CEO remarked that the transition to streaming is still ongoing and by no means complete. He explained that "there's always something to learn, there's always a new challenge."

It was noted by a music label head that the rise of streaming has meant that it is often harder for artists to see what value record labels provide. Getting into Spotify playlists is now an essential factor for the success of artists, but the executive noted that this is difficult for Australian artists because there are only four Australian-based playlisters for Spotify and "a lot is curated out the States". The difficulty of getting access to Spotify playlisters was almost mentioned by at a number of artist managers.

 Interviewees stated that getting artists onto radio is still important, but that this is difficult owing to structural rigidities in the radio market. Triple J has a limited palette of music it will play, while one interviewee observed that "Double J can't break artists", and commercial radio "still wants to see lots of plays" before it will list an artist.

In terms of marketing and PR, it was observed that social content is king. A music publicist stated that "from a PR perspective, once you gauge their interest, the second thing they check is where their socials are." She observed that the marketing company Bolster "kind of changed the game" in this respect, but they got so successful that their fees are now rising, putting them out of reach for smaller artists.

A number of interviewees, including label heads and prominent artist managers, observed that the rise of streaming has led to a growth of publishing. This has, in turn, resulted in a "gold rush" for people with content rights willing to sell. A consequence of this, however, is the creation of a threat to labels without a meaningful publishing business. Accordingly, it is now the case that many managers want to start a publishing arm.

Other observations included remarks about the venue infrastructure in Melbourne. One label executive stated that there is a lack of venue diversity, especially at the 2,000-3,000 capacity level, a point later made by an artist manager, with both remarking that the majority of venues in Melbourne are of 500 capacity or smaller. The artist manager also remarked that regional venues are underdeveloped. One label executive thought that male artists are becoming deprecated as music embraces diversity.

Festivals and live music were identified as the areas most sensitive to any potential economic downturn. A music label CEO stated:

> In Victoria, in a live sense, the landscape is more saturated and competitive. A recession will affect this: it will affect spending habits, which will affect festivals.

On the other hand, an artist manager also thought that there was considerable potential to grow his business in festival consulting, owing to the large number of smaller, niche festivals emerging, particularly in regional Victoria.

Ideas about how the sector can grow

Interviewees had many suggestions about how the Victorian small–to-medium music sector could grow. An almost universal theme was that investing in staff was a priority. Many interviewees wanted to hire more staff, as well as give better training to staff who are already employed.

> **Music Label CEO:** "Our biggest priority is people. We try and invest more and more in our people. We're only as strong as the people who work for the company and can do the work. The actual training and coaching of staff is really key. Very few of us have formal qualifications so you might lack some skills.
>
> **Interviewer:** Investing in staff or training?

> **Music Label CEO:** Both. There's endless opportunities when it comes to business and to artists but we can only deliver to the extent that the capacity of the company has.

One publisher observed that finding good staff is difficult.

Mentorship, entry-level skills sharing and the creation of a knowledge base were identified by a number of interviewees as areas in which improvement would have a big impact on the sector. Artists often don't know how to formulate release strategies and they don't know how to formulate and execute digital strategies. A music producer observed that artists often need, not a manager in the first instance (because it will be too hard to find one), but "a consultant that you go to that will work out a digital strategy". A prominent artist manager observed that poor management advice could quickly destroy even a talented artist's career, and cautioned that many artists were receiving poor advice about the best way to build a sustainable career.

Mentoring is an important part of the industry and it was observed that this often has a substantial time commitment that's unpaid. An experienced former manager working in regional Victoria spoke about an artist she's working with who's releasing an album next year. The interviewee observed that she has been mentoring this artist's manager for the last two years without any pay. Given the value and need for mentoring in the industry, she said that more support for skills sharing like this would help the sector grow. An artist manager for a high-profile act observed that she donated hundreds of hours a year to mentoring younger managers, time she was happy to donate, but which she felt reflected a structural problem in the music labour market.

A potential strategy that was suggested for supporting skill sharing within the industry was the establishment of industry hubs modelled on the Melbourne indie games model. A producer advocated for co-working as a skill-sharing mechanism and the creation of a space specifically for artist managers and indie labels.

Social media was an area in which it was identified that being able to employ more staff would have a big impact. Social media is people intensive: a label head and one label executive stated that "you need hands on deck to do [social]". Another director of a music label expressed a need for more content creators and A&R staff.

Given the growth of publishing, overseas writing trips were identified as a key area in which increased support would lead to greater opportunities for Australian songwriters and publishing companies. The head of a music publisher noted that sending writers to overseas music writing camps is an area that is neglected in current funding arrangements. Whereas there is good public funding support for touring, he said, there is not a similar degree of support for writing trips in which up and coming writers can spend time working with songwriting teams in Sweden, the UK or Korea. This is a problem, the head of this music licensing company observed, because there is a great opportunity to assist writers and publishers to increase their revenue streams and build sustainable careers.

The need to fund overseas writing trips and connections between Australian and overseas artists and producers was echoed by the producers we spoke to. One producer

observed that for the artists he produces for, he would work "like six months a year to be writing in Stockholm, London, etc.". An example he gave of the need for these networks is the fact that Tkay Maidza "cracked" Pitchfork by working with US rappers. An artist manager observed that finding more investment funding would enable him to send one of his artists to America and Sweden to work with prominent international "top liners", which could be potentially important to that artist's career development.

Some respondents felt that low profitability placed a ceiling on growth. A studio engineer thought that there was simply no way he could earn more revenue, as he was already working more hours a week than he could handle, and yet he also felt that he couldn't raise his studio fees. "If you want to grow the industry, you need to grow the relationship between demand and payment," he remarked.

Regional areas and areas of population growth outside Melbourne were also identified as key spaces for growth. A former manager and marketer with a large degree of experience working in regional Victoria stated:

> There's a great potential for regional markets. I know of so many people who live really far away or who have moved to regional areas because they want the lifestyle, don't want to be stuck in traffic. There's a huge amount of population growth in the surf coast area and Geelong but also Ballarat.

Possible avenues for regional support included a program for assisting venues in regional towns with things like soundproofing, similar to the successful program that has been supported within Melbourne.

Respondents observed that sync is relatively small in the Australian market, due to the low level of screen production here. This is another area that could grow. The head of a label stated that this would require building our audiences here in Australia and "building our own channels".

Several interviewees expressed a need for export market incentives. One label executive observed that companies like Mushroom and Unified have US offices, but that they are expensive due to the low Australian dollar and because of travel costs. "We would love to see some help", he stated. Another producer stated that there is a real need for the development of Asian markets.

In terms of which specific overseas markets were identified as important, there was a range of responses, depending on where in the industry respondents were placed and the primary music genres in which their artists were working. A CEO of a music label said that touring and marketing in the USA was a priority for their artists for several reasons:

> Kentucky and California are very different places – but mostly you've got a huge amount of people speaking the same language, using the same currency, paying attention to the same cultural drivers. If a kid likes metal, there's a good chance that the kid in Kentucky who likes metal and the kid in California who likes metal will like the same band. So the opportunities to tour bands around the country are much bigger than the opportunities to tour around

> France or Germany or Australia. And then we still get the majority of our blockbuster films and pop artists from America. [...] We notice on the label, the more American artists we started signing the more we started to see our revenue rise in Brazil and China and Japan because markets aren't looking at Australia and saying, "alright, where's my next punk band coming from?", but they're looking to America and saying that.

For those working with artists who make folk music or dance music, countries in Europe were identified as key markets. One music manager told us that France was her act's biggest market and that her artist had recently enjoyed a number 1 in Romania. For respondents working in music publishing companies, building networks in songwriting meccas like Stockholm, London, Berlin and Korea were suggested as priorities for their writers.

Feedback about VMDO activities

The main theme of feedback about VMDO activities and policy initiatives for the Victorian sector was skills development. Enhancing skills, particularly in artist management, was a recurring theme of interviews. Two different artist managers said that the single biggest issue facing the sector was its relatively unskilled workforce and *ad hoc* training arrangements.

There were recurring remarks from a number of individuals that the most valuable events organised by the VMDO were networking events. Nonetheless, a lack of second-order skills development activities was identified, for example for mid-career managers looking to take it to the next level. One music label director stated: "Changes [festival] had no value to me at all … for me, where do I go to develop my skills?"

A number of interviewees stressed that independence is a key value of theirs, so obtaining 'hand outs' from public bodies is not a priority for them. In the words of one music label CEO, "we don't rely on government funding, we are very independent."

Qualitative findings: Describing small-to-medium enterprise business models in the Victorian music sector

The contemporary music industry is highly complex and variegated. As detailed in the literature review, the structure of the industry sees global multinationals operating alongside a plethora of medium-sized, small and micro-enterprises. These smaller firms typically occupy specific niches in the music ecosystem and compete in certain geographic territories or specific parts of the supply chain.

An example of the complexity of the contemporary music sector can be seen by the diagram below from APRA-AMCOS, which describes royalty flows in the Australian industry. Music royalties can be conceptualised in two broad categories, sound recording copyrights and songwriting copyrights, reflecting the legal reality of international copyright law which assigns two types of intellectual property to recorded music. Royalties from the sale of recorded music and the performance of songs in public are collected by the collection agencies APRA-AMCOS and the PPCA, before being distributed to their copyright owners such as record labels, publishers and songwriters. The distribution of royalty flows is complex and many middlemen are able to 'clip the ticket' of royalty revenues along the various links of the value chain. As the below diagram immediately makes apparent, modelling such a complex industry dynamic poses specific challenges for researchers and of course for music businesses and entrepreneurs.

To make matters more complex, copyrights are only one aspect of the music industry (admittedly a central aspect), which also includes a robust live music sector, in which revenues accrue to tour promoters, venues, booking agents and performing artists as the result of ticket sales to audiences attending concerts and festivals. Merchandise adds a further revenue stream for many artists and music businesses, and many musicians also earn income in music-related jobs that are not themselves part of the recorded music sector, such as music teaching or physical music retail.

As in any industry with a complex supply chain, some firms will be able to gain competitive advantage by moving up or down the value chain – for instance by vertically integrating to control more aspects of supply and distribution. This can occur in the music sector where, for instance, firms look to establishing publishing arms in tandem with their record label businesses, or where music touring companies establish their own proprietary festivals largely geared towards the performance of artists in their stable. Similarly, powerful managers can sometimes move into tour promotion and festivals, or start their own labels to control more of the total revenue of their roster of artists. Finally, well-managed artists can self-publish and self-tour, effectively establishing themselves as a one-stop shop owning their composition and recording copyrights and controlling their own touring and performance.
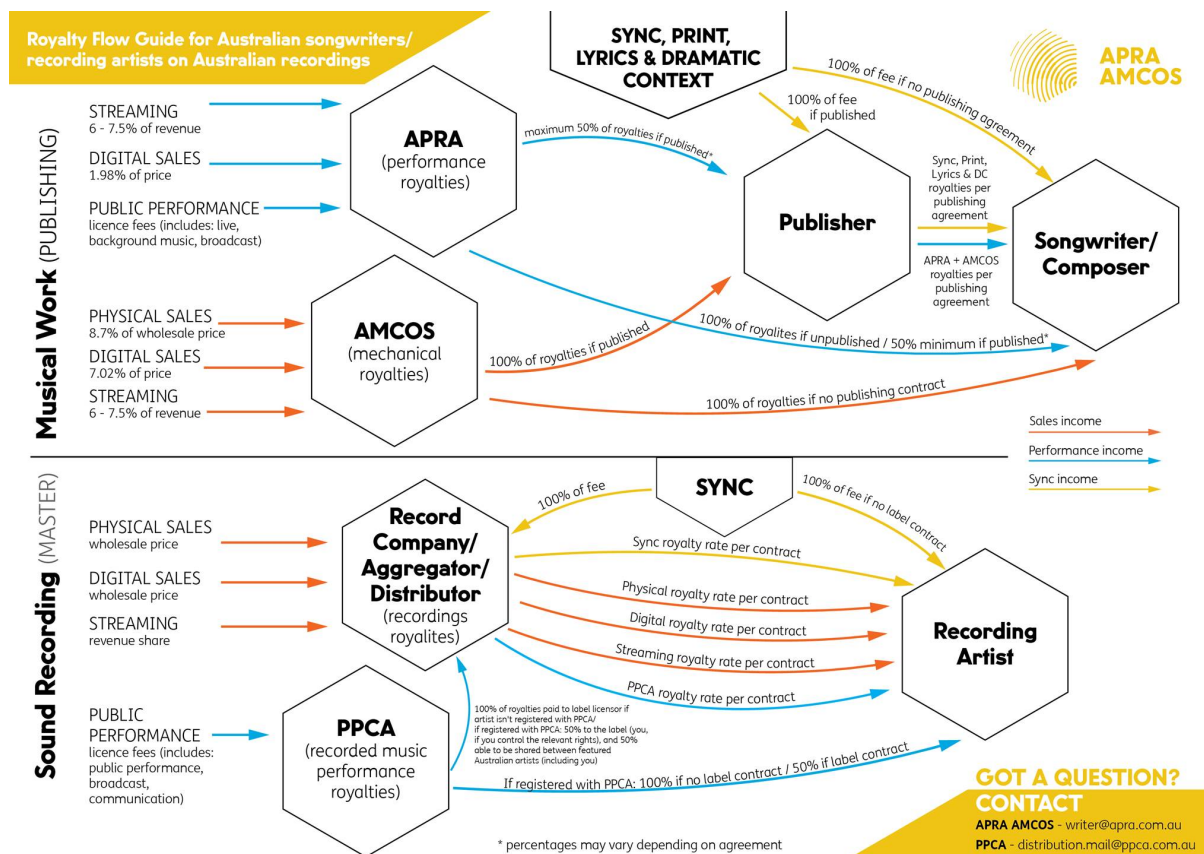
Above: *Indicative royalty distribution flows in the Australian contemporary music industry. Source: APRA-AMCOS.*

Four types of business model for small-scale music enterprises in Victoria: case studies from the qualitative data

Small-scale music businesses in Victoria face particular challenges, and respond to them in a variety of ways. After analysing the qualitative data, the researchers have identified four prototypical business models describe four ways of structuring small music enterprises:

1) Pure-play record label
2) Pure-play management
3) Music business services
4) Mixed management and music business services

In this section, the researcher present four mini-case studies of firms operating one of each of these four 'ideal types'.

Case study 1: Pure-play record label.

'Lachlan', as we'll call him, manages a medium-sized record label based between Melbourne and New York.

In an interview with the researchers, Lachlan explained some of the dynamics of the business, and helped unpack the label's business model. The interview took place in 2019, before the onset of the COVID-19 pandemic.

As one might expect, selecting and signing artists is a key aspect of the firm's business operations. A successful artist makes money for the company; an unsuccessful artist does not.

> We traditionally sign artists quite early. That's been the lifeblood of the company, developing artists that we started with really early in their careers. One of our most successful artists was about three or four years before it was a viable interest. And there were strong indicators that it would be successful early on. You hope that you can commit and work with the artist as long as possible. But there is a point where you do have to look at a project and say this isn't working. I'd like to say we don't do this very often because we pick things we really believe in and we stick with things. But I would say around the three-year mark is probably the magic number. Which is quite a long time in the scheme of a career and a lifetime and the amount of time people generally spend at a company. That could be a period where you're not making any money, but you're spending time, so capital, on that artist.

The firm's revenue streams are strongly weighted towards streaming revenues. Streaming can allow an artist to quickly reach audiences. But in a market where new product is constantly being added to streaming platform repertoires, this poses competitive challenges.

> An artist no one has heard of can suddenly be everywhere. But equally, there's now 40,000 artists out there on streaming services, and the majority of those songs don't get heard. So the idea of throwing out a song and seeing what happens so a lot of background work happens before the point where you put out a song.

In general, Lachlan thinks, competitive pressures are significant, and becoming more so.

> In a live sense the landscape's becoming more saturated and competitive. I'm pretty sure that [the nation is] close to a recession if we're not already there. And that's going to affect spending habits on the higher end, which will affect festivals, because they're expensive. We've got more and more festivals, they keep popping up all the time, which is awesome, but it's survival of the fittest when it comes to things that are very cost sensitive.

Despite this, Lachlan was optimistic about the firm's prospects. He told us his biggest priority as an executive was in human resources, as finding and training talented staff was a significant constraint on the firm's capacity.

> But all in all, I'm very optimistic. We're hiring artists and staff all the time. We're definitely not looking at any contractions or layoffs.
>
> [...]
>
> My biggest priority is people. We invest more and more in our people because we're only as strong as the people who work for the company and can do our

> work. So, actual training and coaching and development is really important. In the music industry, very few of us have a formal qualification. So you find yourself at a certain point lacking some skills that you would have otherwise had. There's so [many] endless opportunities when it comes to business, there's so many great artists, but you can only deliver to the extent of the capacity that the company has.

The pure-play record label is perhaps the most traditional business model structure in the music sector, and has a long lineage in the cultural industries dating back to before the invention of the phonograph by Edison (many early music companies were in fact sheet music publishers, which is why the term 'publishing' is still prevalent in industry parlance today).

The ideal type record label sits between artists and consumers in the value chain, and in the 21st century is primarily an owner and exploiter of copyrights. Musical works are 'signed' or licensed from recording artists, then packaged and sold to consumers primarily as digital recordings. In 2020, the commercial transaction for record labels is largely wholesale, because streaming audio platforms like Spotify have inserted themselves in the supply chain between the consumer and record labels. Label revenue is therefore typically sourced by licensing royalties from streaming platforms, in addition to other copyright exploitations such as sync rights and live performance royalties for copyrights they control. Physical product remains a valuable revenue source in certain niches.

Of course, record labels can also seek to move up and down the value chain. They can start or purchase distribution or publishing arms; they could also combine management and label services; in an extreme case they could attempt to establish their own consumer-facing streaming platforms.

On the whole, though, as Lachlan observed in our interview, the key aspect of the business model remains signing artists who will go on to find audiences and to earn streaming revenues. The capacity constraint is not so much the selection of artists to sign (as he points out, "there's so [many] endless opportunities when it comes to business, there's so many great artists") but rather training and developing the staff to work in the business and to develop a profitable audience for those signed artists.

Case study 2: Pure-play management

'Reuben' is an artist manager. He manages a number of extremely talented artists, one of whom is an up-and-coming star and another of whom is at an earlier stage, but also with significant buzz around her career. His artists have recorded and released several successful albums and toured widely, firstly in Australia and New Zealand, and subsequently internationally.

Reuben's management business began as a solo operation, but now includes four full-time and two part-time staff.

> Four of us full time, one person will be three days, one will be 2-3 days. We are signing another artist so that will be four active artists on the roster. Everyone [every artist] will be looking to tour globally, has a global team around them.

He describes his key business strategy as international growth.

> My deal breaker is that artists have the desire and ability or capacity to tour and release music globally. I'm not that interested in the Australian market, maybe I will be later when circumstances are different. Right now, it's about being challenged, not having a clear ceiling on the career. So, it's about going out and seeing what we can create.
>
> It's such a connected industry, streaming means that everything potentially has an international market straight away. It's weird to look at things domestically, you're immediately involved in the global market so you're either doing it effectively or you're not. You're either figuring out a way to make it work or you're not. It can be a choice for some bands to be big enough in their local markets to sustain themselves.

Reuben's business model is what me might describe as "pure-play" management. His management business takes a 20% cut of recording revenues of all of his artists, as well as cuts of his artists' live performance fees. Unlike Nicholas (below), he does not supplement his management income with other work, such as at a label or festival.

> Over time I started feeling differently about things like post-term commissions on live performance [post-term commissions are trailing commissions from artists he no longer works with] because so much of the income has shifted to live performance and so little comes from recorded. It's crazy that I would have built up such a big live performance and not got anything… But this is theoretical at this time because I've only parted ways with one artist.

For Reuben, the key to his management strategy is to "build the profile of the artist in the market." This makes sense, as a manager can only ever be successful if the artists they manage are.

> If you're able to get some momentum up with an artist-friendly deal then you're able to start to see some money. And it's one of those things where the more that happens, the bigger the fees become, the bigger the APRA royalty income becomes, the more you start getting syncs, everything starts making sense, every stream of revenue lifts. But when it's tough, you lose money on live, you see no money on live, you see fuck all in terms of APRA royalties.
>
> So it's holistic. My approach is to build the profile of the artist in the market and then everything will start making sense. [...] You then spot weak areas. But generally, it just starts coming through and we think it's tough at the end of the campaign and these little streams come through and then maybe we're going to be alright.

Reuben doesn't segment his business (for instance, between live and recording revenue); rather, he attempts to build a bespoke strategy for each artist in the stable.

I would think about it per artist. I would think about what artist they're bringing in and what their activity is in a year. I don't have super clear caseload predictions, it's just built up more and I'd say, I think I can get away with having two full time staff salaries. I take it as it comes.

As more happens, you get bigger challenges then normally the money catches up. There's a hard period where things are happening but the money isn't there. That's what sends most managers out of business. All the things you're working towards start happening, but the money isn't there. Once it jumps a bit beyond that, you can scale according to what's coming in.

Growth is largely achieved by growing an artist's audience: moving from small venues, to big venues, for instance (assuming of course that tickets can be sold to the bigger venues).

There would be principles that would apply on a basic level. Something I tell every artist is to stop playing free shows. That's so common … So with [one artist that he manages] it's been a really clear plan and it's played out exactly as we'd hoped … And with [another artist], we got the Forum with her campaign. So free shows, and then the Toff and then Shebeen, and then Northcote Social Club and then Howler and a couple of Corners … Being real careful about where everything sits and then picking your moment and then keeping your ticket prices up.

The challenge for any manager is to progress their artists' careers, so that their artist makes enough money to pay for the manager's time and investment. With a 20% fee, an artist needs to be quite successful before a manager can start earning meaningful income.

So it's really hard if no one cares, suddenly all your strategy starts turning to shit a bit. Then it's a test of looking at the artist and thinking, "okay, maybe they won't ever be able to sell 2,000 tickets. But maybe they're the sort of artist who'll sell 200 tickets for 60 bucks each because they've got such passionate, niche fans." So maybe they could make those shows work, if that's the sort of artist they're going to be.

It's really figuring out what the vision is for someone and an instinct for what feels right for them. I've looked for artists that have a strong sense of themselves rather than someone who doesn't have a clue. I've looked for artists that have strong visions.

Of course, even a pure-play manager can see opportunities. If Reuben had the opportunity, he would like to invest in a publishing arm of his management business.

I would start a publishing company. That's the front runner of my future projects. So if I had the money now I'd focus on someone who could run that, I'd invest in the staff and the artists and I would operate on and A&R artist level but get a lot of support from someone who could run that centrally. If money was there, I'd dive into it.

Perhaps the most interesting aspect of Reuben's business model is his emphasis on ethical interpersonal relationships. Although he certainly takes a hard-nosed approach to management (he wants to "keep the ticket prices up"), for Reuben the key skills seem to be soft skills, such as empathy.

> We want to have people who we can talk about feelings [with], because when it comes to things being tough, it would be shit to work with people where you couldn't talk about the mental health of an artist or ourselves …

> This reflects my approach. More and more as time goes on I care primarily about loving people and having a lot of respect for them as humans. And then it tends to flow onto what they do musically, the integrity they have and how they approach things.

Reuben's emphasis on humanity in his workplace may be because working in the music industry is extremely risky and stressful. He is mindful of burnout, and he's had some rough patches getting started.

> For most of my career to date I was in a pretty bad state because of finances and workload. It's only recently things have started to shift. I survived that because of determination and having parents who could lend me money or a computer. If I had parents with no money I'm not sure it's doable doing this …

> Early on, before I got staff support, travel costs and building an international network to take artists globally, I treated myself like shit travelling around with awful accommodation set-ups. Working at home at first, that's not good for your mental state.

For Reuben, success in the music industry seems ultimately to be about working with talented people, and making good decisions that will help their career. There is not a one-size-fits-all business strategy; rather, it is organic, experiential – and contingent. Good management decisions can make the difference between a sustainable career, and an artist wasting their potential.

> If the sector is going to grow it's going to come from artists being eyes wide open early in their career and making good decisions, working with people who have their best interests. Making good decisions to build healthy careers that's not flash in the pan stuff. That comes from having a really strong leadership group, which is managers.

Case study 3: Music business services

'Arthur' is a thirty-something studio engineer who works full-time as a sole trader in inner-city Melbourne. His business is a pure-play music service: he records and engineers songs and albums.

> I make 50 records a year. [My renter] does something similar, we are the two busiest people. We would easily contribute significantly to 150+ records a year. 80-85% of my career happens in that room [the studio].

Arthur has two dominant sources of revenue. One is charging fees to artists for recording, mixing and engineering their music – what he calls "face-to-face with clients". He normally charges $650 a day for "tracking", that is, recording music, which uses both the recording room and the control room, and $495 for "mixing", which involves just his control room. The other revenue source is sub-letting his studio to another engineer.

Apart from time, one of Arthur's biggest costs is the rent for his studio space, which he pays to a commercial landlord. However, he can actually earn money by sub-letting his studio.

> The only reason that studio works is because our rent is so low. Because I can sub-rent, my monthly rent is slightly positive. I get $100 a more that I pay in rent from the people who rent from me. [My] biggest expenses are equipment really, after rent. It would be $15,000 a year. The consumables, hard drives, CDs. And the depreciation.

Arthur spends nothing on marketing. He doesn't spruik for new business, but is content for new clients to come to him through word of mouth.

> Marketing? It's all word of mouth or social media. I don't pay for it.

The business model of a professional recording engineer is what we might call 'pure-play business services'. Like an accountant or a lawyer, the engineer charges a fee to the artist (or the label, which might also be paying for the recording).

This fee is normally either an hourly rate, or a fee per song. It is relatively inelastic and subject to competitive pressures: there is little opportunity for the engineer to raise hourly fees beyond what the market is prepared to pay.

> The only way to do it is to charge more. So you're trying to connect with those bigger clients. But whereas it used to be the case that big clients were in big studios, that isn't the case anymore. Lots of big clients aren't in big studios at all, or they're in a big studio where 20-30 years ago you'd get a band in your studio for a month. That doesn't happen anymore, until you're at the top, top, top tier and even then, it doesn't happen in that way really.

> And the problem with the way we've set it up, that studio, is so we could try and remove price as an obstacle for the people we want to work with. We're probably the cheapest studio for what we have. Not the cheapest in town but one of the cheapest at our tier.

A successful engineer also runs into a capacity constraint at a certain level: there are only so many hours in the week, and in general the studio can only be used for one artist in any given time period.

> I've literally run out of hours in the day. That's a major issue.

As a result, it's hard for Arthur to grow his business from its current size.

> Yep. I don't have a real good handle on how to get over it. One of the issues is that the revenue for a recording studio has not at all kept up with inflation,

even remotely. $800 a day in 1985 vs $800 a day now is a vast difference. So that's one part.

The next part is there's only so many hours I can work. People come to me for me, not the studio. So one of the ways I've increased my income is by other people using the studio. When I didn't have a studio I couldn't do that, but now I do, so I can. But again, there's only so many days a week, so there's only so much I can leverage there.

So the next thing is moving through the ranks of who you work with. Wealthier projects, projects that generate income of their own. And that's a problem in our industry across the board. Whereas you could make reasonable - I was speaking to a jazz muso the other day. He doesn't make records anymore because he can't sell CDs. But you used to be able to sell between 500 and 1,000 albums. And 1,000 albums at $20 each is $20 grand. And it might cost you $7,000 but then over the next two years you'll make a profit. It's so much harder to do that now. And that's a small guy who plays in a really cool band who's had zero mainstream success.

Like a lot of micro-businesses, Arthur struggles to pay himself superannuation, and as a sole trader he has no sick leave or holiday pay. This makes burnout a threat.

Sick leave, holiday pay. That's the same for every business. But it is still a major impediment to taking time off, to taking reasonable time off and when something happens. I don't know better ways to do it but it's something that needs to be addressed. If I don't work, I don't get paid. The sustainability of it, I'm a weird person to talk about, because all I've done is work in this industry my entire life. I just keep doing it.

Burnout is a huge issue in the industry. The number of times I've seen people selling a $15,000 mixing desk a year after they've bought it. Some of it is people who just get fucked by the industry and then leave. Maybe they just worked 10-15 years to get into a place where you could invest and then the industry chews them up and spits them out.

It's even more the case for women and non-binary people. It's deeply saddening. The sustainability is really hard because part of sustainability is having success recognized outside of our industry. I went to the Music Industry awards a few years ago and there was no award for engineer, for recording. Our industry itself needs to be doing it. There's a huge amount of burnout for people on my side.

The craft of sound recording is complex and technical. Successful engineers need high levels of technical competence, superb hearing skills, but also a well-developed aesthetic appreciation of the music they are recording. In a world of cheap consumer audio equipment, any artist can record their music at home. However, artists continue to demand the services of professional engineers because of their ability to shape and manipulate the sound of recordings in subtle but important ways.

But the competitive pressures are fierce. For instance, some tertiary education providers have excellent studios that artists can now access very cheaply.

> Box Hill TAFE received a bunch of money and then bought [well known studio] Sing Sing out, and bought all their top end equipment and set it up in Box Hill ... I can't compete with million dollar installations that aren't commercially viable, and don't need to be.

Arthur's experiences mirror a lot of the sole traders we spoke to during this research. Highly skilled, nimble and resourceful, they survive cut-throat competitive pressures by dent of hard work and business agility. In Arthur's case, he is able to earn a middle-class income. But success comes at the cost of an insecure and precarious working life, and there is often little in the way of a professional safety net. Arthur works many more hours a week than someone earning a comparable income in an average white-collar setting.

Case study 4: Mixed management and music business services

'Nicholas' is a sole trader working in Melbourne who represents a good example of what we might called a 'mixed' approach.

While primarily identifying as a music manager, he works in a number of different roles across the industry. These include freelance publicity, in an A+R role for an international label, and as a consultant to a number of small music festivals. In this respect, Nicholas is quite typical of what has become known in the cultural and creative industries as a "portfolio career."[33]

Nicholas considers his main business to be music management. He manages a mid-tier singer songwriter who has had significant Australian success, and is starting to build her career in the US and other international markets. He also manages two other artists who are at much earlier stages of their careers. His business is legally structured as a sole-trading ABN holder.

> Artist management is still the primary focus of what I do, it's the one that has the most potential if you get it right, it's the one I'm most passionate about. Working for a record label is a privilege but it can also be a means to an end.

However, when we asked Nicholas about the share of revenue brought in by each aspect of his business, music management was not in fact the largest share.

> In the early days of artist management, I subsidised management with publicity and freelance consultancy. In the past, I could have turnover of $60-70,000 a year in music publicity. Now that part might only bring in between $2,000 and $,5000. Management can contribute between $15-30,000 with my current roster ... Consultancies on music festivals vary wildly. Some projects are passion projects. With some I can negotiate. Collectively, my festival roles amount to $10 to $18,000 a year. The label salary is a base salary, management is how long is a piece of string. In general, I'd only budget for $15-30,000 [revenue] for management.

All up, Nicholas earns "a consistent $60,000 a year." It's a relatively modest income for a frenetic, fast paced working life. Nicholas works across these different roles because he needs extra income that can't be met by any single role; it also helps to spread the risk.

> Without spreading my chips too broadly, I try and spread my chips across a few different things to make sure my income is covering all my expenses. I couldn't do just management or publicity for twelve months, things fail.

When the researchers asked Nicholas about his key expenses, he nominated travel as the biggest cost. He goes on "six to eight trips domestically" as well as "one to two overseas trips a year, primarily to the US and UK." Legal costs are also significant, as contract negotiations are critical to most music industry transactions.

Like Reuben, Nicholas takes a 20% cut of the revenue of the artists he manages.

> They all begin with a three-year exclusive worldwide deal with an optional fourth year. Standard is 20% gross on all of the revenue streams bar touring which is 20% net. It differs slightly depending on the artist, e.g. [a solo artist he manages] costs less to tour. Contracts have a sunset clause built into them, devolving post term. They automatically roll over unless either party expresses a desire to change things in writing.

Nicholas sees the artists he manages as investments. He puts a lot of time and effort into their careers at the beginning – an investment that may not pay off unless their career progresses.

> I think of it as an investment. I think there are a lot of aspects of the process that we can control and we can control the quality of what we do, which means we have available to us the quality of the people we work with around us. Which means we try and make everything the best we can with the finance and people available to us, then there's an element of luck after that. We appreciate that the stars don't align every time, but if we do everything we can, then we are always going to give it our best possible chance.

> If you quantify it, we'd be making less than $5 an hour, maybe only $1, but there's an understanding in this business that you invest in people because you believe they have a unique quality to turn into something much larger. Sometimes it does happen, sometimes it doesn't. You've got to be prepared to invest time and money and then say, oh, that didn't work.

But when the researchers asked Nicholas what the best opportunity for growth in his business was, he nominated festival consultancies, rather than management. This reflects the flexible and nimble approach he takes to his portfolio career.

> The one I've most enjoyed doing is festival programming. It's a lucrative and ever expanding Australian market. It's a reflection or a reaction to people's lives becoming increasingly online and all of the social fragmentisation that we really crave group experiences, it's very primal, it's very liberating that we can put up a bunch of scaffolding and have an escapist utopia.

> It's a constant rollercoaster. I've only been heavily involved for 5 years, I see the Australian festival scene as being cyclic, it tends to blossom and then die off and then blossom again.

If Nicholas had access to capital to invest in his business, he would spend it on developing his artists. Specifically, he would fund trips to overseas studios for his artists to work with producers, songwriters and "top liners".

> For [his best known artist], I'd love her to be six months of the year working out of studios in London, LA, using and growing her skillset ... We need to get on a plane and expand our networks. The only costs associated with that are flights, studio time. We can do the hustle.

When we asked Nicholas about his business confidence, the portfolio nature of his business again showed itself. He split his answer into three parts, giving different answers for each segment.

> To break it across the three different things. [I'm] confident and optimistic about management roster, but have appreciation that there's an aspect of luck and timing involved in everything.

> Festival side, I'm wary of market factors in this really tumultuous sector where crowd and consumer behaviour changes so rapidly and is so affected by technology. When you're a programmer you have no effect over what the account manager says or what the sound person does. So I'm wary of that market.

> On the record label side, I'm confident in my abilities to the extent that the product is good.

A bespoke industry: Discussing the case studies, and what they tell us

Looking across the four business model case studies of Victorian music businesses examined here, a number of commonalities stand out. These might be summarised in terms of geography, humanity, and hustle.

All four of the case studies discuss the importance of international markets to music career success. For music manager Reuben, international potential is a deal-breaker when assessing whether to take on an artist. For manager Nicholas, investment capital would be used to finance international travel to develop his artists' careers. For Lachlan, the American market is so important that his label has established an office there. On the other hand, Arthur is fundamentally tied to Melbourne, because working as a studio engineer remains a local and immediate service.

Similarly, for all of these businesses, human relationships are central. Reuben sees his main work as an artist manager in terms of human empathy. "More and more as time goes on I care primarily about loving people," he told us. For Nicholas, relationships are perhaps a little more transactional, but they are still a key aspect of his work as a manager, festival consultant and for a record label. Lachlan sees human resources as the most important constraint on his business, and finding and training good people to

work for him as one of his most important management tasks. Arthur is deeply concerned about the personal costs of working in his industry, particularly the issue of burnout. He sees inequality and insecurity as one of the most important problems in the Victorian music industry.

Thirdly, workers need to hustle. All of these case studies emphasise the complexity of the contemporary music industry, and the nimble and agile approach required to build a career. Arthur has perhaps the most traditional career structure, working as a studio engineer offering recording services to artists and labels. Even so, he's been able to leverage his studio investment and make extra revenue by hiring it out to a co-worker. Reuben has had to endure tough times before seeing some success for his stable of artists; he understands that each artist is different and needs a bespoke career trajectory constructed for them. Nicholas sustains himself by working across multiple parts of the industry, not only in management but in festival consultancy and as an artist and repertoire worker for an international label. Lachlan has had the most conventional success, rising to the helm of a growing mid-sized record label. He's been able to do so by picking winning acts and growing their audience internationally in a hugely competitive market.

Finally, as readers will surely note, all the case studies were men. This reflects the ongoing and pervasive gender imbalance in favour of men in the music sector, an imbalance that has been well documented by international researchers across the cultural industries.[34]

What do these case studies tell us? It's not necessarily clear that any of these case studies offers a foolproof game plan for music industry success. In a constantly transforming industry, perhaps this is to be expected. Economists who have studied the cultural industries have sometimes referred to the "nobody knows" principle, in which predicting consumer demand for a particular artist or product is difficult, if not impossible.[35] It is a testament to the dedication and skill of the workers in the industry that managers and labels do continue to make money and enjoy successful and sustainable careers, despite the many difficulties the industry confronts them with.

Discussion: A snapshot of an industry before Coronavirus

The research undertaken for this project occurred in 2019. In early 2020, the world changed forever as a result of the COVID-19 pandemic. In just a few weeks across February and March 2020, most of the Australian performing arts sector was closed down as a result of social distancing regulations implemented to fight the spread of Coronavirus infections. By April 2020, more than half of the operating businesses in the performing arts in Australia had ceased trading, and hundreds of thousands of workers in the cultural industries, hospitality, aviation and retail had been thrown out of work.

All empirical research is by its nature retrospective. Many of the statistics analysed in this report are from the 2016 Census, for instance. The findings presented here are a little like looking through a rear vision mirror. That is not to say they are without value. Understanding the Victorian small-scale music sector as it is presented here gives us an understanding, limited though it is, of what conditions were like before the crisis.

What can we say, then, about Victoria's small scale music sector before Coronavirus?

Poignantly, these were industries that were in good health. Victoria's music sector was growing faster than the nation's, and faster than New South Wales'. Victorian music industry players were relatively positive about the industry's future and some were looking to invest in new artists and hire more workers. The shake-out in the global music industry business model of the first decades of the millennium has worked its way through the sector, and music industry workers were beginning to express confidence that they understood the new ground rules, at least insofar as this is ever possible in such a rapidly changing industry. Many were optimistic about business conditions, and were planning to expand in the near future.

However, there were undeniable issues for concern, even before the downturn. The music workforce was relatively poorly paid, and the evidence suggested that much of the job creation has been – quite literally – in the gig economy. The ABS data showed that the fastest growing job category was in the freelance category of "creative artists". This suggests that more music is being written and performed than ever, but also raises questions as to whether such an increase would have been sustainable, even without a global pandemic.

Music workers were also acutely aware of burnout. They told us they worked very long hours and that the nature of the work is insecure and precarious. This means many suffer anxieties and other mental health burdens associated with their work.

Victoria's music employment was and remains spatially concentrated around inner-city Melbourne. This provided wonderful opportunities for venues and other aspects of the live music economy to flourish. It also presented challenges for musicians and music industries workers, as rising property prices and rents threaten to price low-income workers out of the very areas they have helped to activate. The past decade has seen a general shift away from larger public and private sector creative industries and institutions, such as the ABC and large performing arts companies, and towards smaller and more nimble firms and freelance employment conditions. It is a complex picture,

but in general the rise of the 'gig' economy and precarious employment in general has led to lower wages overall (there are winners of course), which has exacerbated the traditional low wages in the creative sector, especially in the early career stages. One of the key tenets of economic development has been that the shift to the higher skills service sector and an educated workforce would lead to higher value, high productive and higher wage economies. This has not proved to be the general case, in the creative sector at least. These vulnerabilities became starkly visible once the COVID-19 downturn hit.

The geographic data showed that regional centres were missing out on much of the benefit of music industries growth before 2020. We had expected to see small but measurable centres of music employment in regional centres such as Castlemaine, Ballarat, Bendigo, Wangaratta and Geelong. With the limited exception of Geelong, there was less music industries employment in the regions than we might have hoped for. The vitality of inner-city Melbourne was probably acting like a magnet for musical activity and employment, to the partial detriment of the outer suburbs and regions. And, as we have noted, many of those creative jobs, especially at the early stages, were paid well under the national average. Nonetheless, the divide Richard Florida noted between 'blue collar' and the 'creative class' is growing. This is reflected in distribution of jobs in Australian cities, with CBD, inner-cities and near suburbs hosting creative jobs and providing commutable housing, and the outer suburbs and regions hosting lower paid manufacturing and lower skilled service sectors. These divisions were already emerging between the different Australian states and territories before the crisis. The lack of any appreciable music employment outside of inner-city Melbourne was a warning sign about these incipient inequalities.

Winner-takes-all, or grassroots sustainability?

Music is a winner-takes-all industry. As economists like Erik Brynjolfsson have discovered, online (and indeed traditional physical) music sales follow a power-law distribution in which a handful of superstars account for the overwhelming majority of sales; and a "long tail" of obscure and unpopular culture sells very little, but accounts for the majority of artists. The *Born Global* report was able to crunch domestic and international royalty data for Australian music rights revenue through ARPA-AMCOS. It found the age-old pattern has, if anything, been intensified by the shift to digital music and streaming. The top 10% of artists receive the vast majority of royalty revenues.

Domestic Royalties - Pareto Distribution
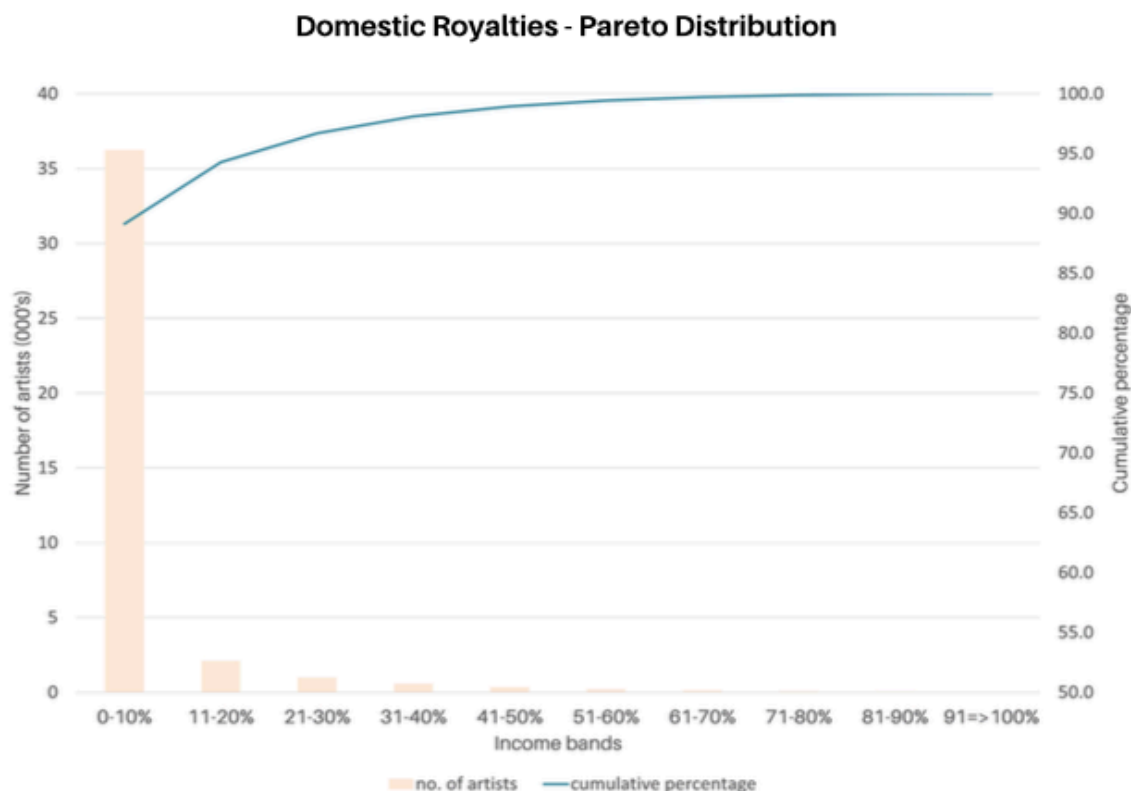
(Source: Report authors' analysis based on figures supplied by APRA AMCOS)

Above: Australian domestic music royalties, as modelled by Richard Vella and co-authors in the Born Global *report of 2019.*[36]

This reality raises questions about the sustainability of the local music sector. As music becomes more digital and more global, it becomes harder for small-scale and local artists and firms to compete. While a lucky few will break in major overseas markets, for the majority of Victorian music workers, their employment will remain tied to the fortunes of local businesses such as small venues, regional and national touring circuits, independent labels, community radio stations, independent merchandise retailers, and local providers of music services such as recording engineers and music marketers and publicists. A major export push will undoubtedly help some artists and labels, but at least on the figures presented by the *Born Global* report, it will not provide a major boost to music employment. The pressing problem of music revenue for local workers is all the more salient in the post-Coronavirus environment, after the destruction of much of Victoria's live music sector.

Does the rise of streaming threaten local music?

It is notable that while many interviewees and survey respondents were optimistic about the future of the sector, and bullish about business conditions; caveats and concerns were expressed around the rise of streaming. Some respondents, for instance, pointed out the rise of streaming may lead to music revenues being essentially

offshored. A music label executive worried that it is becoming harder to sign artists to Australian labels, and a number of music managers pointed to the increasing importance of gaining access to "top liners" and other songwriting talent in global music cities like Los Angeles and Stockholm. Several interviewees remarked on the difficulty of getting access to Spotify playlisters from Australia.

These are all aspects of the growing globalisation of music. On the one hand this globalisation provides opportunities for Victorian musicians. On the other hand, they point to an incipient hollowing out of the local music sector, in which the bulk of the music revenues may once again leave Australian shores for global major label hubs in the US and Europe.

For instance. one aspect of the industry that nearly everyone agreed would grow strongly was music publishing. But, as the Census data shows, music publishing actually employs very few people. The nature of music publishing is largely immaterial; the chief requirement is access to publishing rights and sound international royalty accounting. As such, it seems unlikely that even explosive growth in music publishing will add many jobs.

Employment in Victorian music industries, 2016, by industry category

Source: ABS Census microdata, Monash University analysis

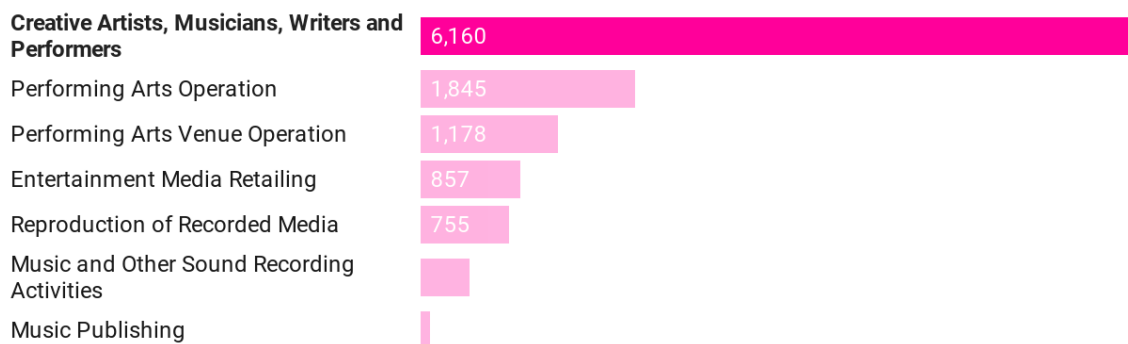|	
Creative Artists, Musicians, Writers and Performers	6,160
Performing Arts Operation	1,845
Performing Arts Venue Operation	1,178
Entertainment Media Retailing	857
Reproduction of Recorded Media	755
Music and Other Sound Recording Activities	
Music Publishing	

Chart: Ben Eltham • Created with Datawrapper

Such trends should give important cause for concern in what remains a rosy overall picture of music industry success in Victoria. Policymakers wishing to safeguard the sector and to improve its sustainability should borrow from local and grassroots initiatives that look to invest in productivity-enhancing infrastructure and human capital in Victorian music: both strategies that have found tried-and-true application in other industries and sectors.

Of course, it could also be argued that the Victorian and Australian music sectors are highly adapted to digitalisation trends and are thus well placed to respond to the COVID-19 downturn. There are certainly upsides in export markets for Victorian artists, but these need to be balanced against the undoubted significance of the live performance component of the Victorian industry.

Taking the quantitative and qualitative findings of this scoping study together, it is clear that better data needs to be collected to understand the health of the sector in a granular and timely way. These are proposed below.

Recommendations for future research

When the researchers first began to shape recommendations arising out of this project, the COVID-19 pandemic was not even on the radar of epidemiologists and public health experts. No one could have predicted that it would rapidly reshape the global economy, and lead to the sudden closure of the entire Victorian live music sector.[37]

In the wake of COVID-19, it is clear that a more timely and granular understanding of the business conditions and cultural vibrancy of the Victorian music sector is urgently required by policymakers.

The recommendations presented here are orientated towards laying out a program of research that would equip policymakers with better industry data, which may in turn suggest policy avenues to safeguard and stimulate Victoria's previously vibrant small-scale music sector.

Future research projects should consider:

- An ***economic and cultural geography study of the music industry in Victoria's regions***.

  This study could usefully be modelled on the 2009 study performed by Chris Gibson and Anna Stewart examining Australian regional festivals.[38] It would map the different regional contexts and examine the potential for development of the music sector in Victoria's regions, particularly in relation to music services such as mastering and recording studios, marketing, management and promotion

- A quantitative ***value-added study of the Victorian music sector*** drawing on Victorian-specific data broken down from the ABS Satellite accounts, using the methodology set out at a national level by the Bureau of Communications and Arts Research in their 2016-17 study[39] of the national value of cultural and creative activity.

- The development of ***formal research partnerships with APRA-AMCOS and Live Performance Australia*** to enable access to Victorian-specific data owned and published by these organisations, including:

  - Geo-located songwriting, publishing and performance royalty flows in Victoria
  - Geo-located ticket and attendance data for the live performance sector ion Victoria

  This data, once gathered, could feed into the music vitality index proposed below.

- The funding and roll-out of a regular quarterly or annual **music business sentiment survey**, modelled on the survey instrument developed in this study. This data, once gathered, could feed into the music vitality index proposed below.

- **Regular repetition** (ideally, annually) **of the VMDO Victorian Music Consumer Insights Study[40]** carried out in 2019.

- The development of a quarterly or annual **live performances metric**, measuring numbers of gigs and festival performance slots at Victorian venues and festivals. Drawing on the methodology developed by Newton's *Live Music Census*[41] this metric would regularly measure the number of performances performed at a comprehensive set of venues and festivals, to build a time-series of live performance activity in the Victorian sector.

- The development of a quarterly or annual **music business services metric** measuring activity or utilisation of key music business services in the sector, such as mastering engineers, recording studio time booked, music marketing activity, management activity and other ancillary music services.

- The development of a **composite index of music vitality**, drawing on the metrics proposed above. The composite index should draw on available data, as well as the new metrics proposed above, to create a composite measure of the following key areas:

  - **social impacts**, for example: audiences, community wellbeing
  - **economic impacts**, for example: employment, royalty flows, export revenues
  - **cultural impacts**, for example: cultural diversity in the music workforce, numbers of performances, numbers of new songwriting copyrights

  The advantage of a composite index is that the components of the index can be interrogated to yield important granular insights, while the various weightings of the components can also be adjusted to consider the various dimensions of social, economic or cultural impact as contributors to music vitality as a whole. The researchers would like to acknowledge the input of Dr Bronwyn Coate at RMIT University for drawing our attention to this idea[42].

- A **data ethics policy should be developed[43]** to govern the use and publication of the data for all Victorians. Some data feeding in to the Music Vitality Index will be proprietary, and subject to certain restrictions on publication or distribution. However, wherever possible, the data gathered should be freely available to all Victorians. It should also be open and accessible, and downloadable in a recognised open data format.

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