



Australian Recording Industry Association Ltd.
ABN 72 002 692 944 ACN 002 692 944

Level 4, 19 Harris Street
Pyrmont NSW 2009

PO Box Q20
Queen Victoria Building
NSW 1230

Telephone: (02) 8569 1144
Facsimile: (02) 8569 1181
Website: www.aria.com.au

20 February 2009

Ms Mia Garlick
Assistant Secretary
Digital Economy Department of Broadband,
Communications and the Digital Economy

BY EMAIL: DEFutureDirections@DBCDE.gov.au

Dear Ms Garlick,

DIGITAL ECONOMY FUTURE DIRECTIONS – CONSULTATION PAPER

Thank you for the opportunity to provide comment on the consultation paper.

As foreshadowed in the paper, we will confine our comments to those areas and those questions that are either of direct relevance to the recorded music sector or in respect of which we consider that we can provide some useful input.

In addition to the information and views contained in this submission, we are more than happy to provide additional information or to provide clarification on any of the matters raised in this document.

Background to ARIA

The Australian Recording Industry Association (ARIA) is the peak trade body for the Australian recorded music sector. We currently have over 100 members ranging from the local affiliates of the four multi-national recording labels (EMI, Sony, Universal and Warners) to significant Australian independent labels (e.g. Shock, Inertia) through to a range of small to medium Australian recording labels. ARIA is also affiliated with the International Federation of the Phonographic Industry (IFPI), the international organisation representing the recorded music sector world wide. IFPI collates information from around the world and it is able to provide a well-informed international perspective on many of the matters raised in the consultation paper.

ARIA is also a stakeholder (along with Australasian Mechanical Copyright Owners' Society, AMCOS, representing the music publishers and songwriters) in Music Industry Piracy Investigations Pty Ltd (MIPI). As its name suggests, MIPI undertakes anti-piracy activities on behalf of the music industry broadly. Significantly, in the context of this paper, those activities include a significant number of educational initiatives designed to promote respect for creativity and copyright and educate the public on the financial harm done to the music industry through, relevantly, unchecked illegal file sharing of music.



Executive Summary

The recorded music sector in Australia is very supportive of the government's stated intention of working with industry to "drive higher productivity growth and community participation in the digital economy". In the context of this submission, made on behalf of the recorded music sector in Australia, we provide the following perspectives in answer to some of the questions raised in the consultation paper:

- The growth and success of the digital economy requires the implicit or explicit cooperation of all participants in that sector of the economy;
- The success of the digital economy should not be primarily measured in quantitative terms – from our perspective, the successful transition to a digital economy will be marked by such factors as:
 - The overwhelming choice on the part of consumers to acquire content legitimately rather than through illegitimate means;
 - An appropriate commercial, regulatory and enforcement framework to provide sufficient incentive for investment; and
 - Sufficient returns on investment to justify and encourage the ongoing development of the digital economy by the market participants.
- The development of a compelling commercial proposition is not, of itself, sufficient to guarantee success – in the digital economy, ISPs have an important role to play in assisting in the transition of consumers from illegitimate offerings to legal services;
- The active participation by ISPs in addressing the problem of illegal file sharing could facilitate the development of commercial arrangements between content owners and ISPs which will produce benefits for creators, ISPs and consumers alike;
- There is no justification, in our opinion, for the extension of the safe harbour provisions in the Copyright Act to online service providers who do not satisfy the definition of a "carriage service provider";
- Far from hindering the operation of internet services, copyright law is the foundation for the development and success of such services – without it, there would be no incentive for the necessary investment in the development of these services.

Before addressing each of these matters in detail, we have provided some background information about the recorded music sector in Australia which allows the subsequent discussion to be seen in the context of the current position.

Background on the Digital Recorded Music Market in Australia

By way of background, appendix A sets out the wholesale revenues for the recorded music industry in Australia for the calendar years 2004–2007. (**NB** the 2008 calendar year figures are still preliminary and have yet to be finalised and publicly released, which we expect will occur during March 2009 – we are happy to provide the 2008 figures at that time if that would be of interest.)

As these industry figures make clear, the following trends can be observed:

- Overall industry revenues have declined from \$607 million in 2004 to \$462 million in 2007;
- The greatest contributor to that decline has been the decline in CD sales and revenues;
- Digital revenues have increased markedly in percentage terms over recent years (particularly since the launch of the iTunes music store in 2006), and continue to increase year on year (although the growth curve appears to be flattening) – that said, such revenues still fall well short of the corresponding decline in CD revenues; and
- Digital revenues are largely derived from track-based sales – interestingly, "single" sales are near almost entirely digital (with track sales outnumbering CD single sales 20:1) whilst the reverse is true with albums (more than 90% of album sales are still in CD format).

We have also included, in appendix B, some information provided by IFPI on the recorded music market, including digital economy activities, around the world which helps to put the Australian experience in some context. Some observations which can be drawn from this data include:



- The introduction of “access” services is the single most important current development in the music business. Online services like Nokia’s Comes With Music are transforming the way people enjoy music, offering more choice in music downloads than ever before. Music track sales were up to 1.4 billion globally in 2008.
- It is no longer just about selling music online, but about “monetising” consumer access to it, with ISPs, such as Sky in the UK or TDC in Denmark, linking up with music companies to generate commercial value from music at every point where the consumer is likely to want it.

It is relevant for the purposes of this discussion to understand the size of the illegitimate “market” for recordings (which is made up predominantly of unauthorised copies downloaded via file sharing networks). Survey evidence obtained by ARIA in recent years concludes:

- That approximately 3 million Australians regularly engage in the illegal downloading of recording via file sharing networks; and
- That conservatively, more than 1 billion tracks are illegally downloaded via such services every year in Australia alone – the international figure is in the order of 40 billion tracks annually, with 95% of all music downloaded via the internet being illegal.

The recording industry’s views in relation to illegal file sharing and its negative impact on both its current market and on the ability to develop and grow sustainable digital businesses are well documented. As such, we do not see the need to repeat them here in detail. Despite the very significant concerns that the industry has in respect of file sharing, we can see that the scale of this activity demonstrates the capacity for a digital music business to grow and succeed provided that the right commercial environment is created. Specifically,

- There clearly remains a significant demand for music – indeed, given the number of tracks illegally downloaded, it would seem that the demand for music continues to grow very strongly;
- The use of file sharing services also demonstrates the preparedness, and in many cases the preference, of consumers to obtain music via digital distribution channels.

Of course, the very substantial negative in relation to the current “market” is that very little of this music consumption results in returns to either those involved in the creation of the music (including the songwriters, recording artists, record labels, producers, engineers, graphic artists etc) or those who invest in the distribution of recorded music (including distributors – as opposed to ISPs, who are making money from broadband – and physical and electronic retailers). Paradoxically, the “success” of the illegitimate market (if that is the right phrase) rests substantially on the continued investment by all of those people in the creation and distribution of new music.

In this context, it is worth reflecting on the potential size of the legitimate market (if the current high levels of illegal activity could be curtailed). In Australia, as mentioned above, over 1 billion tracks are downloaded illegally every year (as a conservative estimate). We do not contend that every illegal download equates to a lost sale (i.e. that the consumer would have bought the track but for the fact that they could obtain it for free via a file sharing service). Nonetheless, US surveys of those who admit to file sharing report that at least one in five (and more often, one in four) tracks illegally downloaded constitute lost sales (i.e. they would have bought them if that was the only alternative) [Institute for Policy Innovation, *The True Cost of Sound Recording Piracy to the US Economy*, Policy Report 188, August 2007]. Applying those results to the level of activity in Australia, that would clearly indicate that, conservatively, the lost track sales in Australia would amount to at least 200 million tracks per year which, on current pricing, would equate to around \$200 million wholesale per annum. To put those numbers in perspective, in the 2007 calendar year:

- Legitimate digital track sales amounted to only 19 million tracks; and
- The size of the entire wholesale market in Australia for recorded music (physical and digital) was around \$440 million – in other words, the value of “lost sales” is a figure in the order of 50% of the current wholesale market. It also broadly equates to the amount of the decline in industry revenues from 2004 (being the period during which the impact of illegal file sharing has been most acutely felt in Australia).



All digital services in Australia to date have been primarily track-based (in line with the current iTunes model i.e. single track sales for a single unit price, which currently appears to be \$1.69 retail per track). The digital market did not have a significant presence or impact in Australia until the launch by Apple of the local iTunes music store (in 2006). Prior to that point, digital track sales (by vendors such as Destra, Soundbuzz and Telstra) had been minimal. Since the launch of iTunes, the digital market has become much more substantial (no doubt aided by the obvious integration between the iTunes music store, the iTunes software program and the almost ubiquitous iPod). In recent times, there has been a move to what is commonly referred to as “DRM free” music downloads (i.e. music supplied in the MP3 format which can be loaded on to any music player, including an iPod). The first significant move in this direction in Australia was the announcement last year of an agreement that Telstra had reached with all of the major record labels to supply recordings for download on a DRM free basis. More recently, Apple announced that it would also offer its entire catalogue for download on a DRM free basis.

In another recent development, Sony Music has launched its digital retail store in Australia, Bandit.fm. This service (which was fully developed in, and funded from, Australia) is intended to be a broad based digital retailer offering recordings from all record labels, not just that of Sony Music. It is offering tracks that are both DRM free as well as being encoded at a much higher bit rate (320kbps) when compared to those tracks offered by vendors such as iTunes (which have been offered at either 128kbps or 256kbps) – this has obvious benefits for the sound quality of the tracks downloaded.

Under separate cover (which we will submit shortly), we will provide some additional confidential information regarding Sony Music’s Bandit.fm service and Universal Music’s “Get Music” service, both of which are intended to be full-service retail offerings.

We have yet to see in Australia the launch of any significant subscription or similar style music services as has occurred in other territories (i.e. services whereby the consumer makes a periodic payment, perhaps monthly, to access all the music he or she wants to consume). No doubt, part of the reason for this is the fact that, as yet, such services have not demonstrated the ability to generate significant revenues. It would appear that the first significant subscription-style offering in Australia will be the “Comes With Music” service to be offered by Nokia as part of its handset range – we understand that this launch is scheduled to occur in the near future.

Clearly, investment in these new digital services, both globally and in Australia, has commenced. However, the continued investment in, and the ongoing development and innovation of, these digital businesses will depend, in part, upon both an appropriate regulatory framework to support the digital economy (as clearly applies in the physical economy) as well as the enforcement of those rights through reasonable measures (again, as happens in the physical world). It is only when all of the elements, including those mentioned above, necessary for commercial development are in place that entrepreneurs will have the confidence to invest and develop a particular market – without that investment, innovation will not occur at all or on a much more limited basis than would otherwise be the case.

As mentioned above, we will restrict our comments in this submission to those areas which are of either direct relevance to our sector or in respect of which we consider that we can offer a valid opinion. Specifically, we will respond to the matters raised in Part B of the paper as well as Sections 2, 4 and 6 of Part C.

Part B

This section poses two questions which can perhaps be summarised as one – “what does success look like?”

It goes without saying that the successful development of any new commercial enterprise, let alone a new area of the economy, is a function of the successful integration and/or cooperation of a range of market elements and business drivers. As such, in offering our opinions in this submission, we are cognisant of the fact that we are only commenting on some factors which will contribute to a successful digital economy. We acknowledge that other factors will need to come into play and that, accordingly, success cannot be described purely in terms of the perspectives of one stakeholder group. By way of example, it is clear that no



matter how compelling a commercial digital offering by a content owner or aggregator, such a service will not develop and succeed if consumers do not also have access to a cost-effective, high-speed broadband network. This may seem a trite point to make. However, it underscores the fact that a successful digital economy will only emerge when there is implicit or explicit cooperation between the various stakeholders in that economy.

In our view, the success or otherwise of the digital economy cannot really be measured quantitatively (although the indications are that the financial returns from a successful digital economy can and should be significant) – it is much more of a qualitative assessment. Importantly, we consider that government has an important role to play in ensuring that the appropriate commercial and regulatory framework is put in place to facilitate and foster the development of the digital economy.

From our perspective, we would regard the following as markers of success in the digital economy:

- That, as is the case in the “physical” world, there is an overwhelming choice on the part of consumers to acquire content (in our case, music) legitimately rather than through illegitimate means or through illegitimate distribution channels;
- That the commercial, regulatory and enforcement framework is appropriately robust to ensure that innovators and entrepreneurs feel sufficiently confident to make the necessary investments (because they are satisfied that there is a reasonable prospect of a good return on those investments);
- That the financial return on legitimate music services is such as:
 - to justify the significant upfront and ongoing investment necessary for the maintenance and further development of those services; and
 - to provide sufficient recurring revenues to enable and encourage ongoing investment in the production of new music.

We accept that our sector, along with other content industries, has a significant role to play in the development and growth of new commercial offerings which will encourage consumers to participate strongly in the digital economy. However, what is equally clear to us is that taking a leap of faith and providing compelling commercial offerings will not, of itself, be sufficient to encourage the consumer transition to the digital economy. For as long as the illegal alternatives (which are typically experienced by the consumer as “free”) continue to be available to consumers without sanction or restriction, there will be little or no incentive for many consumers to make the transition to legitimate services no matter how compelling they may appear to be. This proposition is clearly self-evident in the physical world, but for no good reason, seems to be the subject of much intellectual and philosophical debate and challenge when it comes to the digital economy.

In short, we consider that a necessary pre-condition for transition to the digital economy is active cooperation between all stakeholders (either implicitly or explicitly) in furtherance of the overall objective of market development (and, of course, competition).

Part C – section 2

The key question in this section that we propose to address is question 4 which is concerned with the identification of possible barriers preventing a strong online retail experience in Australia and steps that can be taken to address such barriers.

As foreshadowed in the previous section, the overriding concern for the recording industry in relation to the further development of the digital economy remains the unacceptably high commercial risk related to the development of digital businesses. Of course, the industry accepts that the investment in new digital distribution channels is inherently more risky in the early stages of market development as various entrepreneurs try to work out the most compelling model or models from a consumer perspective. Inevitably, some will get it completely wrong, some will be moderately successful and others will be very successful. However, with little or no incentive on the part of many consumers to make the transition from illegal to legal services (no matter how compelling the commercial offering) the risk profile remains unacceptably high, curtailing both investment and innovation in legitimate offerings (thereby perpetuating the support of the illegal alternatives). Unless and until there are significant, compelling incentives for broad based changes in



consumer behaviour (i.e. a substantial shift in consumer preference from the illegal options to the licensed, legitimate options), the preconditions for substantial investment will simply not be in place.

Internet service providers (ISPs) are a substantial stakeholder in the digital economy and its development – the successful transition to the digital economy will depend, in part, on widespread consumer access to cost-effective high-speed broadband networks. Of course, that transition will return significant benefits to ISPs as consumers come to rely on them more and more to enable their transactions in the digital economy. However, merely providing access to the digital environment will not, in and of itself, result in the growth and development of the digital economy. If ISPs wish to see the continued development of that area of the economy (as surely they must), then they also need to acknowledge that they have a role to play in the process of creating the appropriate commercially viable framework to encourage investment.

In this regard, the music industry (along with other content industries) has proposed both in Australia and elsewhere the adoption by ISPs of a graduated response mechanism to address illegal file sharing. Much has been written about that proposal and we do not propose to canvas the various detailed aspects of that proposal in detail within the context of this submission. However, it is convenient to summarise the following salient points of that proposal:

- Music industry investigators, participating in the same public file sharing networks as those used by many consumers, will identify (using only an IP address) accounts being used for file sharing;
- We will then provide the relevant ISP (identified by reference to the IP address) with the date and time of infringement and the relevant tracks in respect of which copyright was infringed along with the IP address which will enable it to determine the relevant account holder;
- The ISP would then notify the account holder that an infringement has been detected and inform the user that, unless the infringing activity ceases, they would be at risk of disconnection;
- If, after two such notices, the user does not discontinue the illegal activity, then after a third notice from the rights holder the ISP would disconnect that user's account in accordance with the ISP's standard terms and conditions with its customers.

The benefits of such a system include:

- It provides a powerful incentive for broad based change in consumer behaviour at relatively low cost;
- It achieves this without the necessity of pursuing individuals through the courts or even turning over their identifying information; and
- It provides a framework for the cooperation between content industries and ISPs for the further development of the digital economy with consequent returns to both sectors.

In relation to the latter point, the adoption by ISPs of a graduated response scheme would pave the way for a possible commercial relationship between content owners (or aggregators) and individual ISPs under which a music service is made available by an ISP directly to its customers as part of the overall service it provides. In this context, it is illustrative to note the recent announcement by Omnifone in the UK of the launch of such a service – a copy of their announcement has been included in appendix C.

Such an outcome could provide benefits for ISPs, copyright owners and consumers. Specifically:

- Content owners would get access to a substantial customer base with the consequent creation of hopefully significant revenue streams (to the benefit of all of those involved in the creative process including recording artists, song writers and others);
- It would allow ISPs to value add to their customers and allow them to generate additional revenue from their customer base – in that context, the graduated response scheme would act to encourage customers to move from the illegal services to the legal service;
- From a customer's perspective, the advantages would include high-quality copies first time every time; a safe commercial environment; one stop billing; easy access to legal content services at a good price (with the knowledge that recording artists, song writers and others receive income out of this); no concerns about hitting data caps and incurring excess charges and/or speed throttling (which typically happens when monthly download limits are exceeded when using file sharing services).



Conversely, the current refusal by ISPs in Australia to consider the implementation of a graduated response scheme (in contrast to the position proposed or adopted in many other countries) creates a strong disincentive to the pursuit of such business opportunities, to the detriment of consumers, content creators and ISPs themselves.

In relation to the other questions asked in this section, it is not apparent to us or our stakeholders that the identified SME concerns are overly relevant for the types of services currently on offer or under consideration by the recording industry. If the key issue regarding the appropriate regulatory framework and enforcement could be adequately addressed, our stakeholders consider that few if any of the other documented concerns would adversely impact either their further investment in the digital economy or the likely returns.

Finally, it is worth reiterating that the launch and development of successful digital music businesses has required, and will continue to require, substantial investment running into the millions of dollars. This investment is required at a time when, even without the added complications of the current financial crisis, the recording industry continues to suffer revenue declines year on year with current digital revenues (despite annual growth) continuing to be insufficient to make up for revenues lost following the continued decline in CD sales. As such, the investment in new business models is an inherently riskier proposition for the recording industry at this time. The absence of effective ways to combat online copyright infringement (such as the graduated response scheme outlined above) makes investment decisions even more difficult in the current climate.

Part C – Section 4

Question 1 – Possible Extension of the Safe Harbour Provisions

We do not consider that there is any compelling basis for the extension of the safe harbour provisions to “online service providers” (being entities that are not carriage service providers within the meaning of the Copyright Act). Examples of such services offered in the discussion paper include social networking sites (such as MySpace and Facebook) and video sharing sites (such as YouTube).

Any such extension would appear to be contrary to the Australia/United States Free Trade Agreement which provides, in paragraph 29 (xii) of Article 17.11, that a “service provider means a provider or operator of facilities for online services or network access”. It appears to us that online service providers of the type described in the consultation paper would fall outside the scope of this definition which would, in itself, preclude the extension of the safe harbours to such service providers (without, at the very least, further negotiation and agreement with the United States).

As noted in the paper itself, it is far from clear that the development of these services in Australia is impeded in any way by the fact that the safe harbour scheme does not apply to them (we are certainly not aware of any evidence of this). The fact that the current safe harbour scheme does not apply to such services does not seem to have hampered their overall development or growth. These facts alone should be sufficient to negate the need for any consideration at this time of the extension of the safe harbour provisions to these providers.

It is, however, important to note that many of these services (which are substantial businesses in their own right) facilitate the dissemination of what is broadly described as “user-generated content”. A more detailed analysis of this content shows that, in fact, the content distributed by such services is a combination of:

- True user-generated content (in the sense that it is original material created by the user); and
- Third party content (e.g. music videos and sound recordings) which is “appropriated” by the user and posted to such sites without licence.

It is, of course, the latter category of material which gives rise to concerns. No issue of any significance arises in the context of the first category of material. The user is the creator of such material and is, presumably, happy for its dissemination via such services (otherwise they would not have posted it there in the first place).



Our industry has no issue whatsoever with true user-generated content and its dissemination through such services. However, we are very concerned at the appropriation of this term to cover the unauthorised copying and distribution by users of third party copyright material. If such activity was undertaken by the service provider itself, there would simply be no issue – it would constitute a clear commercial infringement of copyright. The position should be no different where copyright infringing material is posted by the users rather than by the service itself – the commercial outcomes for the service are no different since they are still making, in some cases, substantial revenues – and appropriate licensing arrangements should be put in place with content owners.

Question 2 – Impact of Copyright Law on the Operation of Internet Services

With respect, there is simply no evidence (not even any discussion within the paper itself) which would support the premise inherent in this question. The question seems to turn on the use of the word “unreasonably” and thereby implies that copyright law does inhibit the operation of basic and important internet services and that the only issue for discussion is whether that impact is reasonable or unreasonable.

As we have tried to point out earlier in this submission, the development of a digital economy cannot credibly occur without appropriate levels of investment from, and consequent returns to, those who are expected to contribute substantially to the development and growth of that economy (which obviously includes content creators). Copyright law clearly has as one of its key objectives the balancing of the interests of the owners of copyright with those who seek to use copyright material. Of course, in pursuit of that objective, the framers of the legislation look to ensure that the interests of content creators are sufficiently protected to encourage continued investment in the creation of new copyright material – without that protection, investment is substantially reduced or avoided altogether. As such, far from inhibiting the operation of basic and important internet services (whatever they may be), it is strong and fair copyright laws which facilitate and encourage the development of such services and, hence, the digital economy.

It is well understood that the Copyright Act contains various “safe harbour” provisions designed to give carriage service providers (presumably the providers of “basic and important internet services”) some degree of immunity from suit in certain specified circumstances. However, and quite importantly, that immunity from suit is predicated on the carriage service provider meeting certain obligations to mitigate the effect of infringements that have been identified. It is, in effect, a statutory example of the cooperative approach that we contend is fundamental for the development and growth of the digital economy. It essentially creates incentives for ISPs to act reasonably in assisting with the problem of infringement which, in turn, promotes and fosters legitimate online services. Conversely, the unfettered and unrestricted access to, and the distribution of, illegal content acts as a positive disincentive to the investment in innovative new services and the growth of the digital economy. All of these concepts are well understood and apply easily in the physical world. No compelling argument has been advanced for changing these fundamental propositions simply because the distribution channels have changed to the digital environment.

Question 3 – Relevance of Non-Copyright Legislation

We consider that, in the context of the graduated response scheme that we have proposed, the Copyright Act is sufficiently clear and that, relevantly, ISPs have a legal liability if they decline to take reasonable steps to prevent infringements of which they have been notified. However, the establishment of that legal principle (if, indeed, it even needs establishing) will not necessarily in our opinion be sufficient to bring about the necessary cooperation of ISPs (i.e. necessary for the development of the digital economy) and that a more active role should be taken by government and/or the regulator (ACMA). Specifically, both the Broadcasting Services Act and the Telecommunications Act empower ACMA to proclaim codes of conduct or make industry standards which would oblige ISPs to take particular reasonable steps when notified of infringements. A decision by the Authority to exercise its code-making powers would, in our opinion, create a powerful incentive for the content industries and ISPs to agree on a regime for dealing with illegal file sharing. That would, in turn, lay a firm foundation for the growth and success of this particular segment of the digital economy in this country.



Part C – Section 6

In terms of additional industry sources of data which would be available, insofar as the data relates to music in the digital economy, the following sources of data are also available to the Department:

- Wholesale sales data released by ARIA on a six monthly and annual basis – this data breaks down sales activity by distribution channel including, relevantly, digital;
- IFPI's annual publications including the Digital Music Report and The Recording Industry in Numbers – both of these reports provide insights into the global music market and Australia's position within it;
- The Pricewaterhouse Coopers Report, compiled for the Copyright Council of Australia, on the economic impact of Australia's copyright industries – this report demonstrates the economic value of the copyright sector, including music, to Australia and gives some insights into the value of the digital economy.

We would be happy to make any of this data available to the Department and would also be happy to work with the Department on developing additional research and data work that could reasonably assist in better measuring Australia's digital economy.

Miscellaneous

Although not strictly speaking responsive to the particular questions raised in the consultation paper, we consider that one of the key factors that will lead to the successful growth of the digital economy is targeted and effective education initiatives. In particular, we consider that it is important for consumers to understand and appreciate the impact of illegal activities on content creators as part of the efforts to persuade them to avoid such services.

In this regard, one of the key activities of MIPI in recent years (apart from its obvious direct enforcement initiatives) has been to introduce a range of educational initiatives. Many of these initiatives have been focused (and continue to be focused) on young Australians and a range of materials has been made available through schools and universities, industry and media. Additional information on MIPI's educational activities can be found at www.mipi.com.au/tools/ipawareness.htm.

By way of example, some of the educational initiatives which are currently in progress include the following:

- Rock The Schools 2009 – MIPI will participate in the national Rock The Schools tour for the fourth consecutive year. A MIPI information page is accessible via a series of factual banners on the Rock the Schools website, and a curriculum paper for students is also included;
- Primary Schools Brief – MIPI is working with EMI Music (International), IFPI and the Recording Industry Association of New Zealand (RIANZ) on the development of an international primary school education brief around respect for creativity. MIPI is in discussions with the Department of Education and Training regarding obtaining financial support for the project;
- VITTA – MIPI is in discussions with the Victorian Information Technology Teachers' Association to develop a unit on illegal file sharing for laptop preparation classes in secondary schools, and potentially material for cyber ethics classes;
- Thornbury High School DVD - MIPI is working with Thornbury High School in Victoria for students to produce a short film about respect for creativity and the future of music.
- TAFE Music Industry Training Review – MIPI has participated in several music industry consultations surrounding this Review, and it has been agreed that a core component focusing on music piracy will be included in TAFE's revised training courses on the business of music.



Perhaps not surprisingly, the resources available to MIPI to undertake these initiatives are somewhat limited. Government support for these and other industry educational initiatives would be, we consider, an important component of ensuring the successful development and growth of a sustainable digital economy in Australia.

Conclusion

Australia's recorded music sector has been, and continues to be, an active participant in the development of the digital economy. It sees digital distribution channels as becoming increasingly important in the maintenance and growth of a viable and sustainable music industry in Australia (which delivers both cultural and financial benefits to this country).

Key to the success of our industry (and other content creators) in the digital economy is an effective regulatory regime with appropriate levels of enforcement. Only when that is in place (which is nothing more or less than applies in the "physical" world already) will content owners, aggregators, distributors and others feel sufficiently confident to continue the significant investment in the development and growth of the digital economy in Australia.

As mentioned at the outset, we would be more than happy to provide such further information or assistance as the Department may require. In the meantime, we would like to thank the Department for the opportunity to participate in this stage of the consultation process.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Peach". The signature is fluid and cursive, with a long, sweeping underline.

Stephen Peach
Chief Executive Officer