

Economic Impact of the Malaysian Music Industry

Final Report

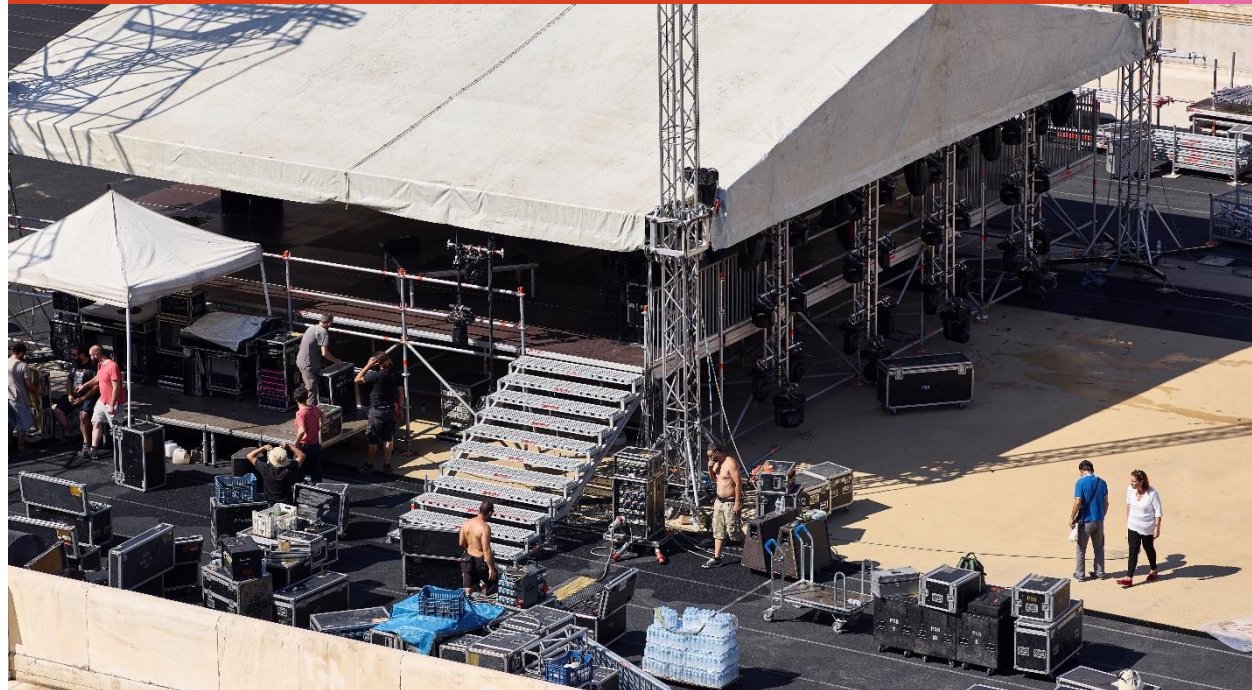
Recording Industry
Association of
Malaysia (RIM)

November 2016

RIM



RECORDING
INDUSTRY
ASSOCIATION
MALAYSIA



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15 November 2016

Dear R. Ramani Ramalingam,

In accordance with your instructions as confirmed in the Letter of Engagement (“LoE”) dated **1 July 2016**, we report on the Economic Impact Assessment of the Malaysian Music Industry (“the Project”). This report has been prepared for the Recording Industry Association of Malaysia (“RIM”) based on the terms set out in the LoE which requires PricewaterhouseCoopers Capital Sdn Bhd to provide economic advisory services to assist you in presenting your Project to the Government and other key stakeholders.

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Yours faithfully

PricewaterhouseCoopers Capital Sdn Bhd

A handwritten signature in black ink, appearing to read 'Patrick S.E. Tay', written over a horizontal line.

Patrick S.E. Tay
Executive Director

Glossary

Glossary Item	Description
BPI	British Phonographic Industry
Capex	Capital Expenditure
CCAM	Creative Content Association Malaysia
CMF	Canada Music Fund
CMPC	Content Malaysia Pitching Centre
CREATE	Centre for Copyright and New Business Models in the Creative Economy
DIKN	Dasar Industri Kreatif Negara
DOSM	Department of Statistics Malaysia
EP	Extended play
FACTOR	Foundation Assisting Canadian Talent on Recordings
FDI	Foreign Direct Investment
FTE	Full-time equivalent
GDC	Gross Development Cost
GDP	Gross Domestic Product
GDV	Gross Development Value
GVA	Gross Value Added
I-O	Input-Output
IFPI	International Federation of the Phonographic Industry

Glossary (cont'd)

Glossary Item	Description
KKMM	Ministry of Communications and Multimedia
KOCCA	Korea Creative Content Agency
KPDNKK	Ministry of Domestic Trade, Co-operatives & Consumerism
KTV	Karaoke television
MACP	Malaysia Authors Copyright Protection
MEGS	Music Export Growth Scheme
MME	Malaysia Major Events
MoHE	Ministry of Higher Education
MOTAC	Ministry of Tourism and Culture
MSIC	Malaysian Standard Industrial Classification
MyCEB	Malaysia Convention & Exhibition Bureau
NAC	National Arts Council, Singapore
Opex	Operating Expenditure
OSRTC	Ontario Sound Recording Tax Credit
PPM	Public Performance Malaysia
PRISM	Performers Rights and Interest Society of Malaysia
RIAK	Recording Industry Association of Korea
RIM	Recording Industry Association of Malaysia

Glossary (cont'd)

Glossary Item	Description
RPM	Recording Performers Malaysia
SGMUSO	The Music Society, Singapore
Study	Economic Impact of the Malaysian Music Industry
y-o-y	year-on-year

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Executive summary

Executive summary

PricewaterhouseCoopers Capital Sdn Bhd (PwC) was appointed by the Recording Industry Association of Malaysia (RIM) to undertake a study on the Economic Impact of the Malaysian Music Industry on the wider context of core and associated industries.

The study also assesses the challenges and issues faced by the music industry, and discusses potential actions to help facilitate the growth of the Malaysian music industry.

The music ecosystem

The music industry conventionally refers to music production. However, music is also an input into various other industries. This consumption of music helps create significant economic value for the associated industries.

Thus, the study proposes that a broader definition of core and associated music industries is adopted:

Core industries

- Recording industry
- Talent Development
- Live Music
- Entertainment

Associated industries

- Music Tourism
- Telecommunication & infrastructure
- Technical Support
- Hospitality
- Food & Beverage
- Transportation

Economic impact analysis

The study assessed the economic impact of the Malaysian music industry from 2011-2015. Of the 10 industries, the top three industries with the largest impact in terms of both GDP and employment are Entertainment, Telecommunications and Infrastructure, and Food and Beverage. Together, these three industries accounted for about 80% of the music industry's economic impact to GDP and employment.

Output impact

RM12.2 - RM13.4 billion per year

Every Ringgit spent in the music industry generates about RM2.20 of output for the Malaysian economy, consistent with typical output for other industries.

Value-added impact (GDP)

RM5.5 - RM6.1 billion per year

Core industries generated 36% of the music industry's GDP impact, while associated industries generated 64%, illustrating the significant economic contribution of associated industries.

Employment impact

75,000 jobs - 83,000 jobs per year

Every RM1 million spent in the music industry supports 6 jobs, indicating a relatively high proportion of skilled labour.

Tax impact

RM228 - RM247 million per year

Source: Discussion with RIM, DOSM Input-Output tables, PwC analysis
Economic Impact of the Malaysian Music Industry

Executive summary (cont'd)

Challenges and issues, and potential options to facilitate growth of the music industry

Stakeholder engagement raised several challenges and issues faced by the Malaysian music industry. Based on these issues and case studies, the study identified potential options to facilitate the growth of the music industry:

Challenges and issues

Regulatory

- Inconsistent rulings for live music events
- Delays in approval of music videos
- Restrictions in labour laws

Infrastructure & ecosystem

- Inadequate talent management
- Lack of appropriately sized venues for live music events and concerts

Public perception

- Lack of awareness on copyright infringement
- General preference for international content over local content

Funding & financing

- Economic downturn (weakening Ringgit)
- Uncertain and irregular financial support from Government

Potential options to facilitate growth



Stimulate growth through clear and coordinated regulation

- Appoint champion ministry overseeing the coordination of the music industry, including implementation of initiatives and disbursement of funds
- Review and improve consistency in censorship regulation for entertainment



Improve certainty and structure of financial support

- Set clear plan for financial support and streamline distribution channels
- Disseminate information to relevant stakeholders



Strengthen talent development and industry collaboration

- Promote conducive regulations to provide adequate avenues for the development of new talent
- Strengthen support for talent development via apprenticeship programme and active collaboration with core music industries



Invigorate infrastructure development for the local live music scene

- Evaluate the needs of live music industry in terms of infrastructure and assess the gap of existing and ideal facilities
- Support infrastructure development to create vibrant live music ecosystem

Music helps create significant economic value for various associated industries. While there are issues and challenges impeding growth, there are opportunities for the development of the Malaysian music industry.

Introduction

1

Study objectives

This study is commissioned by the Recording Industry Association of Malaysia (RIM). The following provides the objectives of the Study. The detailed approach and methodology is explained in Section 2 of the report.

Objectives of the Study

- Assess the **economic impact of the music industry** on the Malaysian economy for the period 2011-2015:
 - Compile data for core and associated industries that use music as an intermediate input;
 - Estimate direct, indirect and induced impacts of the music industry for the following indicators:
 - 1 **GDP**
 - 2 **Employment**
 - 3 **Tax impact**
 - 4 **Foreign Direct Investment**
- Evaluate the development of the Malaysian music industry:
 - **Challenges and global trends** surrounding the music industry;
 - **Options to facilitate growth** of the Malaysian music industry.

Note: Economic impact assessment is necessarily an estimate, performed on a best-efforts basis, and dependent on quality and availability of data collected

The music industry linkages

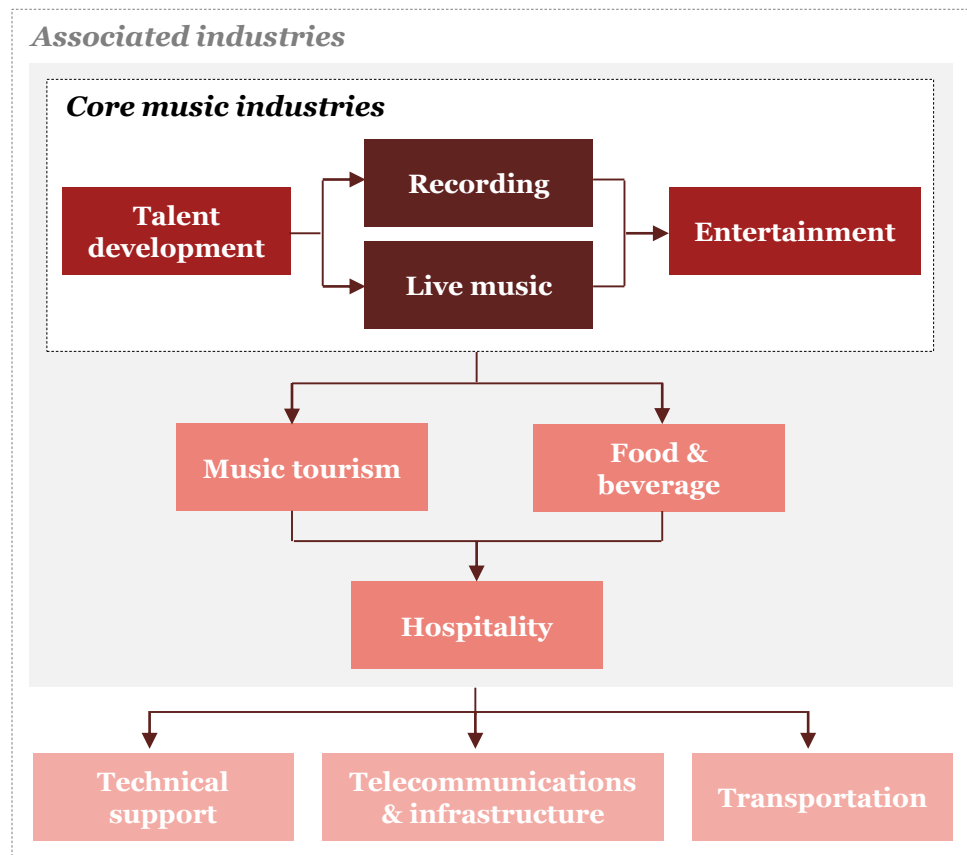
The music industry as a whole can be broadly separated into production and consumption.

In **production** of music, there are generally few downstream activities, but in **consumption**, music is an **input** into many other industries' **value creation**. Certain industries such as live music involves both production and consumption of music.

Music as a subset of culture is an integral element of **talent retention** and the **development of a city** region. The most successful cities show a balance of social and economic strengths¹. As such, this study aims to assess both the core industries and associated industries, to capture the wider economic impact of the music industry as a whole².

Core industries are defined as industries featuring **music as a major focus**, while **associated industries** are industries using **music as an input**, but where music is not a major focus.

The various components of the core and associated industries in the music ecosystem included in the study are illustrated in the figure on the following page.



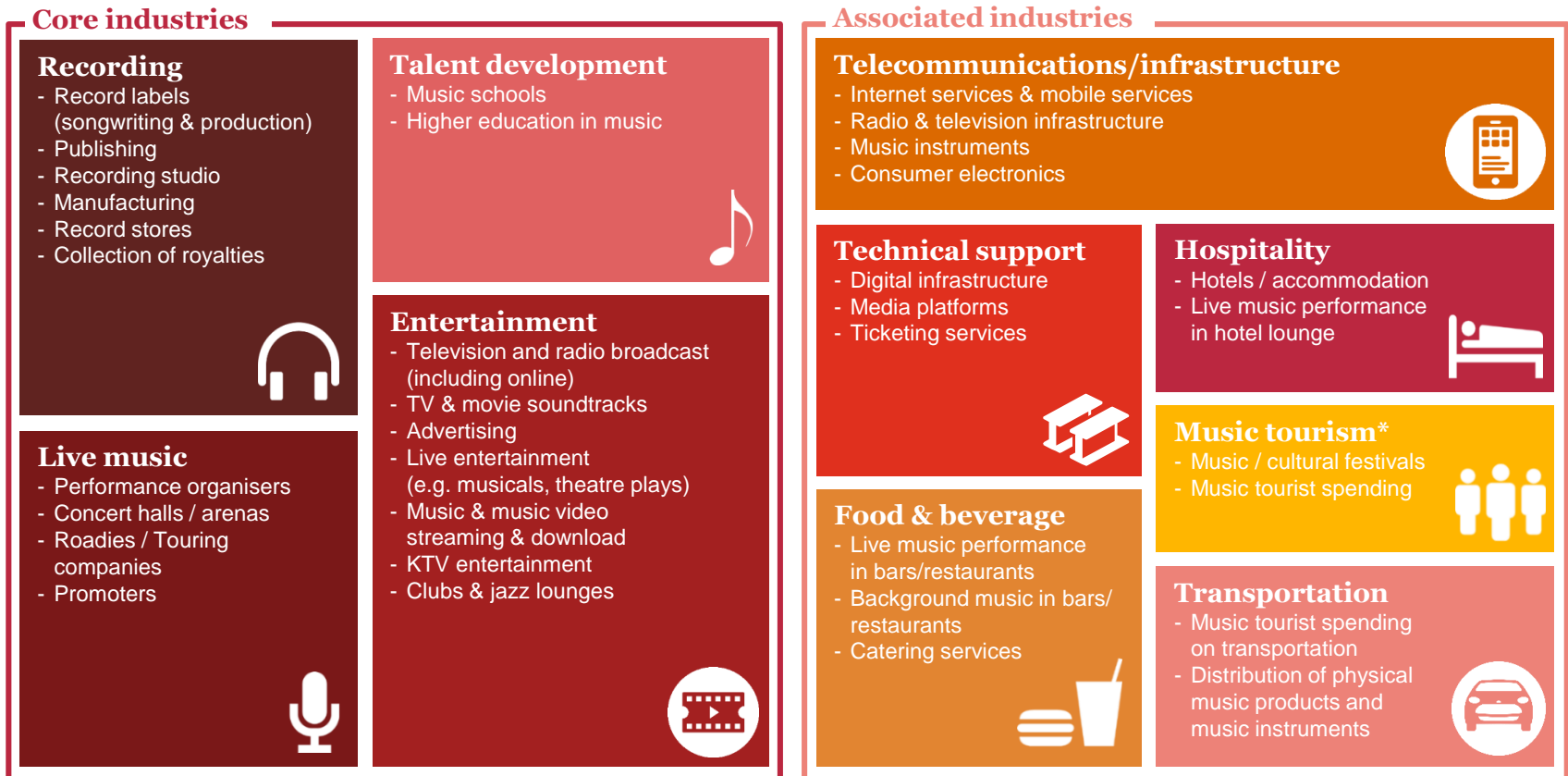
Source: Discussion with RIM, PwC analysis

¹ Cities of Opportunity, PwC

² Other economic impact studies of the music industry typically include only the recording and live music industries (and in some cases, talent development). There are standalone studies on music tourism (e.g. UK Music Tourism Report)

The music ecosystem

The components of the core and associated industries in the music ecosystem included in the study are illustrated in the following figure:



Source: Discussion with RIM, PwC analysis

* Music tourism components overlap with other industries, particularly live music, hospitality, transportation, food and beverage

Limitations of the study

This report was prepared based on information obtained via research and engagement with key stakeholders (interviews). In the course of conducting this study, some limitations and challenges were also encountered that may impact the outcomes from this study. These limitations and challenges are described as follows:

1

The study has accepted and relied on information provided and certain representations made by businesses, SMEs, industry associations and other stakeholders in good faith. The extent of feedback received was dependent on their willingness to share. While this information has been cross-checked with other sources where possible, no responsibility, whether legal or otherwise, is assumed on our part for their accuracy.

2

The study's approach includes interviews and discussions with industry players and other persons knowledgeable about the core and associated music industries. Level of engagement with key external stakeholders was conducted on a best-efforts basis, covering a broad spectrum of industries where possible.

3

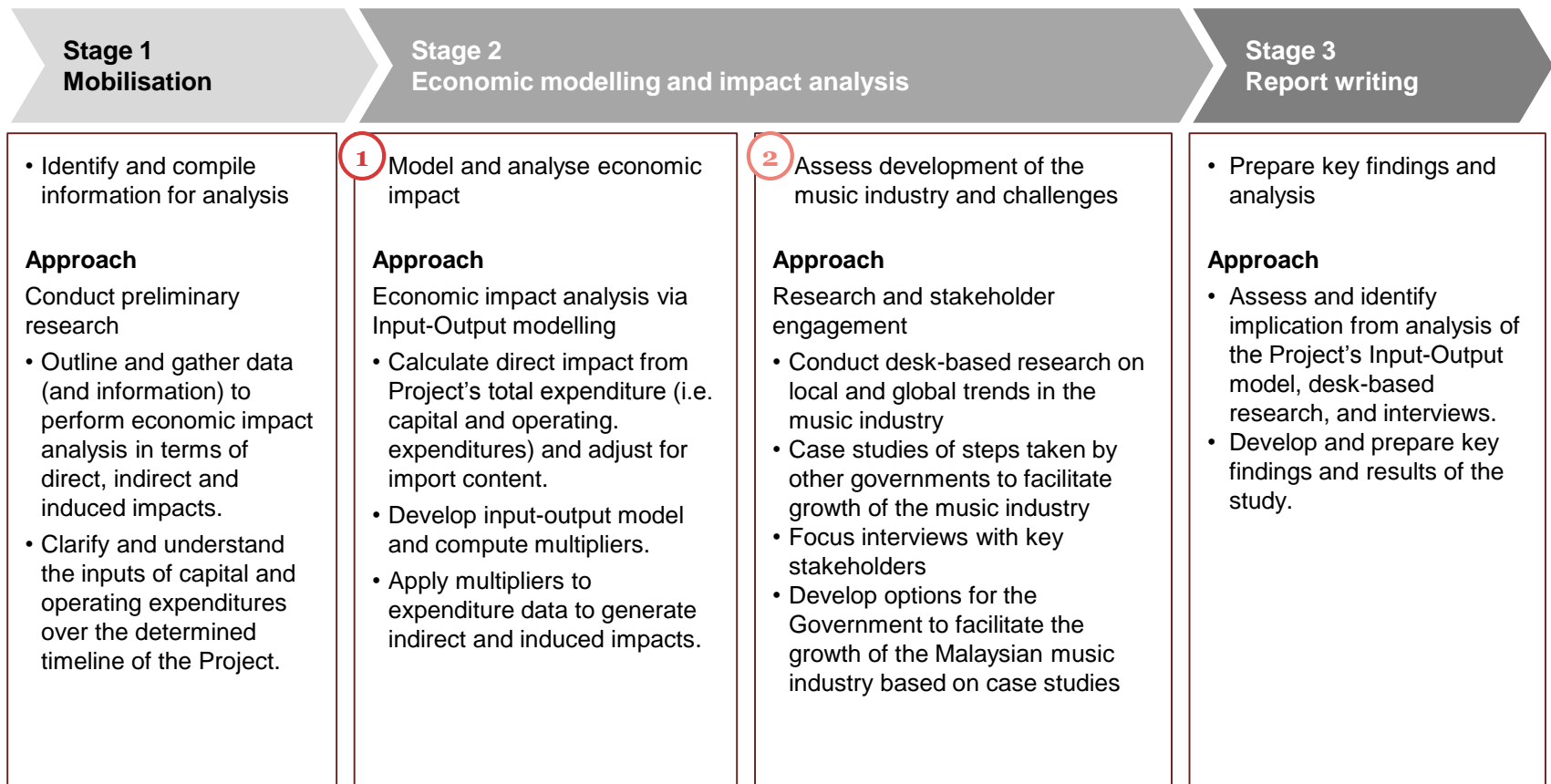
Scope of research conducted is not exhaustive and is based on data availability. Case studies conducted are based on available data and published sources. A detailed assessment of the methodology used by these publishers is not included.

Methodology

2

Study approach

The following figure shows the approach of the Study, which uses data from published and non-published (interview) sources. The detailed scope of work and list of data sources can be found in the Appendix.



Economic impact analysis

3

Estimated annual economic impact of the Malaysian music industry (2011 - 2015)

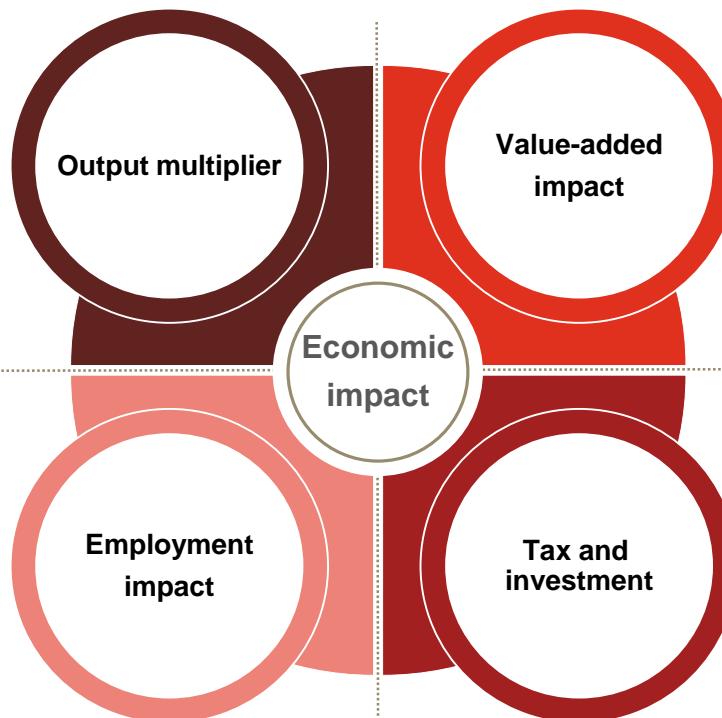
This Study estimates the economic impact of the wider Malaysian music industry, which comprises 10 core and associated industries, as listed in the Introduction section. Our estimation of the annual economic impact in the period 2011 - 2015 is as follows:

- The music industry generated an economic output of **RM12.2 - RM13.4 billion** per year in the period 2011-2015.

→ every Ringgit spent in the music industry generates **RM2.19 - RM2.20** of output for the Malaysian economy

- The music industry supported **75,198 jobs - 83,113 jobs** per year.

→ every RM1 million spent in the music industry supports **6 jobs**



- The music industry generated value-added impact of **RM5.5 - RM6.1 billion** (i.e. GDP) per year.

→ every Ringgit spent in the music industry generates **RM0.99 - RM1.00** of value-added for the Malaysian economy

- The music industry generated tax impact of **RM228 - RM247 million** per year.

→ The music industry attracts investors and talent, and brings cultural and social benefits of cultivating a music city

Note:

- A job is often defined in units as a full time equivalent (FTE). For example, two people employed at half-time each is 1 FTE
- Job-years means one person (or FTE) employed for a year

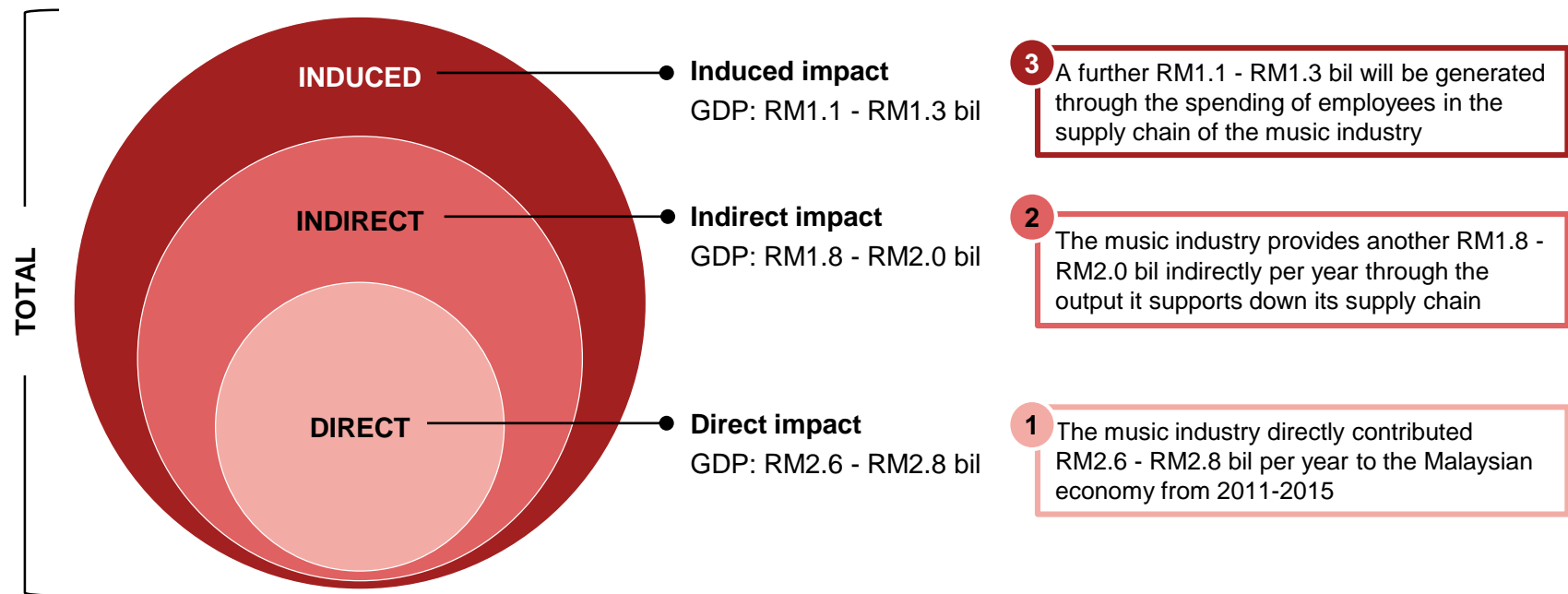
Source: DOSM Input-Output (I-O) tables, stakeholder engagement, PwC analysis

Estimated annual GDP impact of the Malaysian music industry

The Malaysian music industry generated direct, indirect and induced impacts of RM5.5 - RM6.1 billion per year in GDP from 2011-2015:

Average impact per year (2011-2015)

GDP impact: RM5.5 - RM6.1 bil (annual)



**Diagram not drawn to scale, numbers may not add up due to rounding*

Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Economic Impact of the Malaysian Music Industry

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Estimated annual GDP impact of core and associated music industries

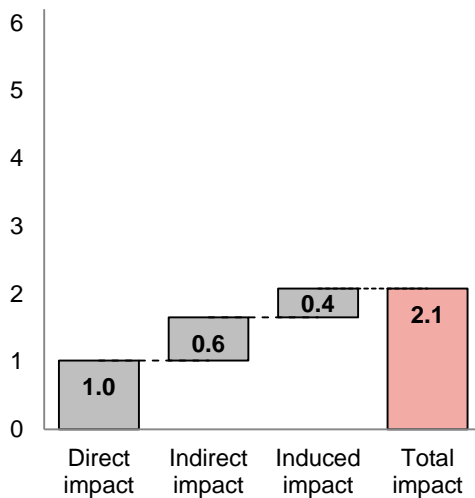
The core music industries generated 36% of GDP impact while associated music industries generated 64% of GDP impact:

Core industries
<ul style="list-style-type: none"> Recording industry Live music Talent development Entertainment

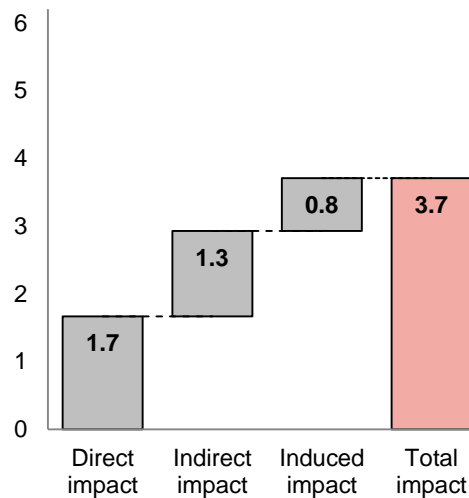
Associated industries
<ul style="list-style-type: none"> Music tourism Telecommunication & infrastructure Food & beverage Hospitality Transportation Technical support

Core and Associated industries
<ul style="list-style-type: none"> All core and associated industries

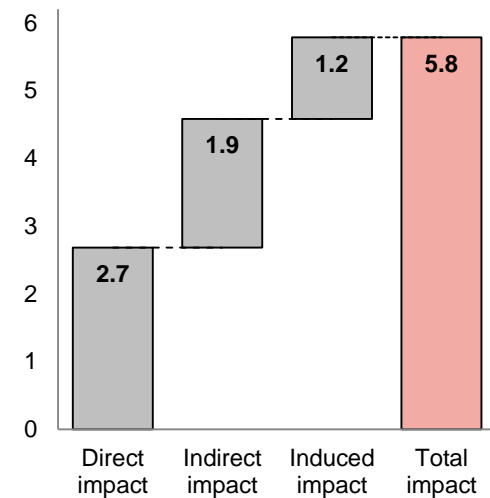
RM billion



RM billion



RM billion



*Numbers may not add up due to rounding; Figures shown above are average values of the range as reported in previous slides

Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Estimated annual employment impact of core and associated music industries

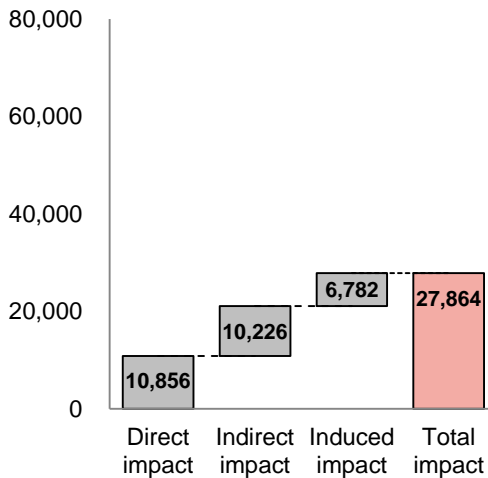
The music industry supported an average of 75,198 jobs - 83,113 jobs per year in the period 2011-2015:

Core industries
<ul style="list-style-type: none"> Recording industry Talent development Live music Entertainment

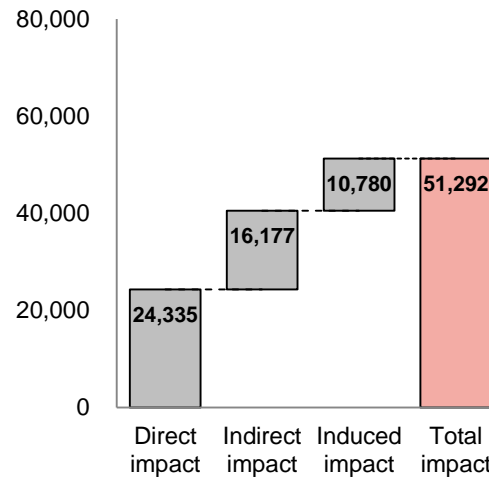
Associated industries
<ul style="list-style-type: none"> Music tourism Telecommunication & infrastructure Technical support Hospitality Food & beverage Transportation

Core and Associated industries
<ul style="list-style-type: none"> All core and associated industries

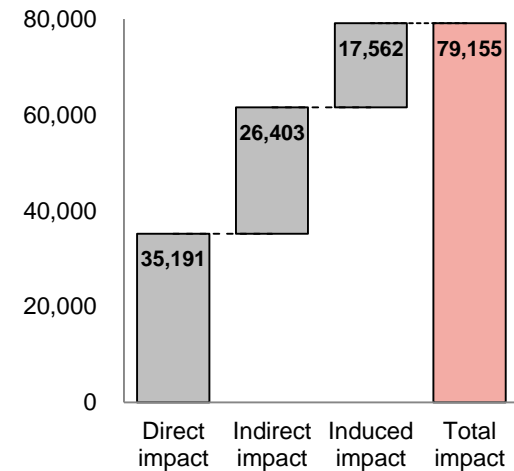
Average jobs annually



Average jobs annually



Average jobs annually



*Numbers may not add up due to rounding; Figures shown above are average values of the range as reported in previous slides

Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Output multipliers

Each RM1 spent in the music industry generated an estimated RM2.19 of direct, indirect and induced output impacts:

Total output impact (2011-2015)

	Core	Associated	Overall
Direct multiplier	0.95	0.95	0.95
Indirect multiplier	0.78	0.80	0.79
Induced multiplier	0.47	0.44	0.45
Total multiplier	2.20	2.19	2.19

The music industry has an overall output multiplier of 2.19 times, supported by backward linkages to other industries supplying its inputs

RM1 direct spending results in total indirect and induced spending of RM1.31

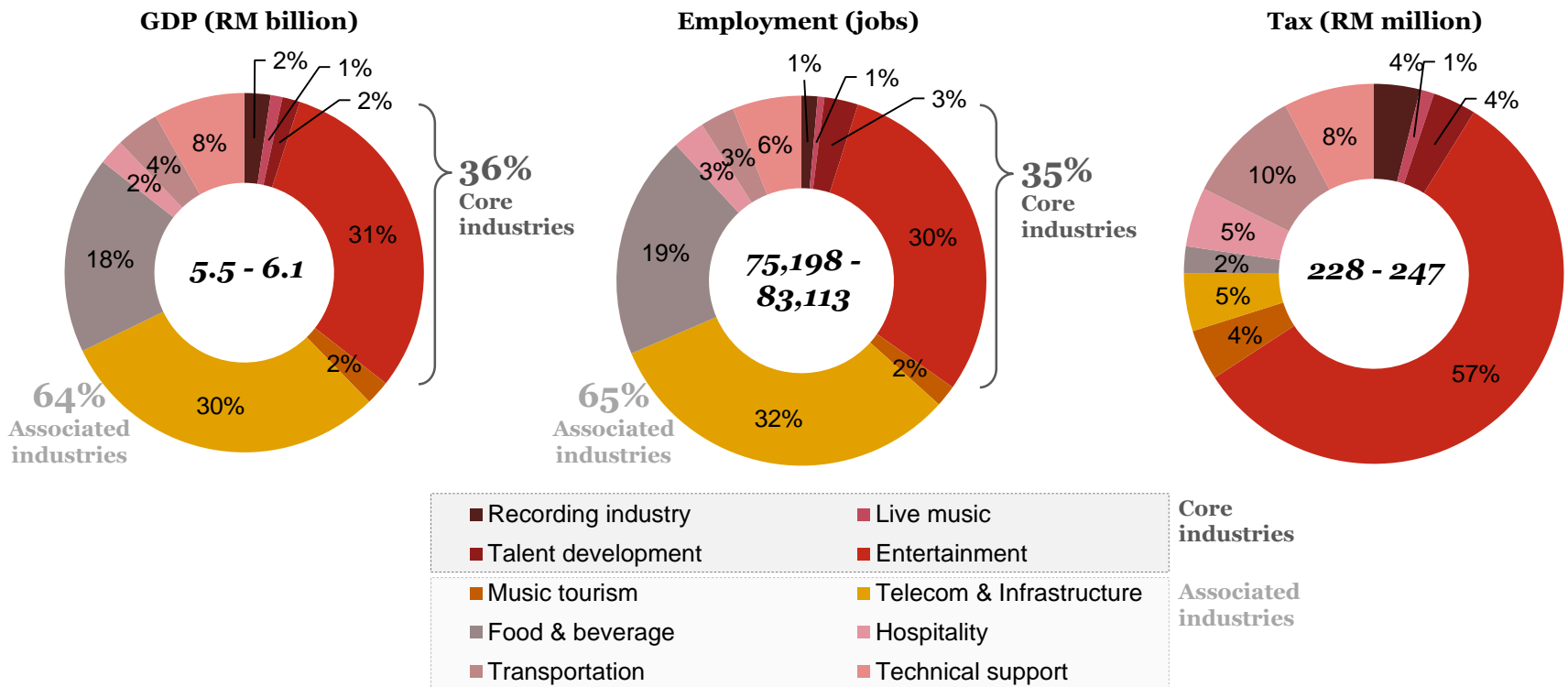
	Overall
(Indirect + Induced) / Direct	1.31

Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Average annual economic impact by industry

The figure below illustrates the economic impact of the core and associated industries by proportion, in terms of GDP, employment and tax impact. Of the 10 industries, the largest contributor to GDP is Entertainment (31%), followed by Telecommunications and Infrastructure (30%) and Food and Beverage (18%).

Impact to employment follows a similar trend, with Telecommunications and Infrastructure having the largest impact, instead of Entertainment. For tax impact, the Entertainment industry is the largest contributor (57%), while all associated industries contribute 34%.



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Core music industries

The core music industries comprise the following:

- Recording industry
- Live music
- Talent development
- Entertainment

The following sections describe the economic impact of the core industries in terms of contribution to output, GDP, employment, tax and FDI. Unless otherwise mentioned, all figures refer to average values of the range of annual impact.

1 Recording industry

The Recording industry comprises activities involving the creation of music for commercial purposes, which includes songwriting and publishing, sound recording, music video production, as well as music product manufacturing and sale. The collection of royalties (by MACP, PPM, RPM and PRISM) is also included in the definition of this industry, as the royalties are a part of revenues of recording labels and other stakeholders in the Recording industry.

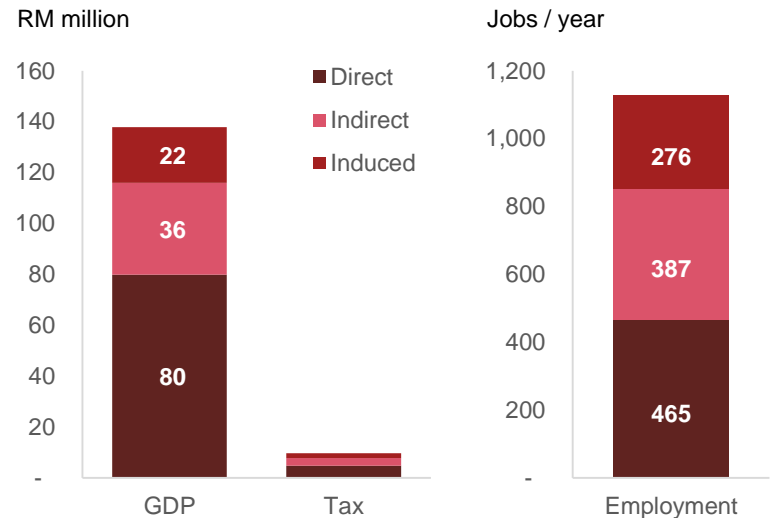
The Recording industry is one of the key industries responsible for origination and creation of music; it directly supported an average of 465 jobs per year, and generated RM80 million of direct impact to GDP. Taking into account indirect and induced impact, the Recording industry supported a total of 1,128 jobs per year, and generated RM138 million of impact to GDP.

Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Economic Impact of the Malaysian Music Industry

Among the 10 core and associated industries, the Recording industry comprised 2% of GDP impact and 1% of employment, but contributed 4% of tax receipts to the Government, at RM9.6 million. FDI contribution is estimated at RM2.5 million.

Economic impact of the Recording industry



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Core music industries (cont'd)

2 Live Music

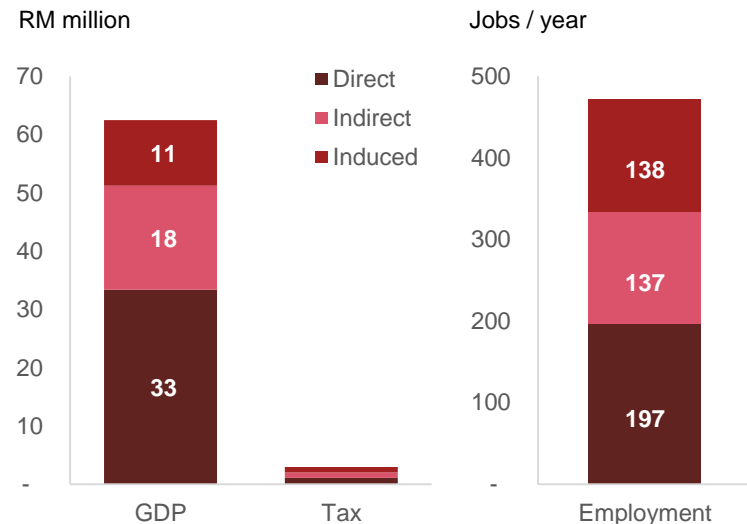
The Live Music industry relates to all activities involved in the organisation and production of live music events, including music concerts and performances. For the purpose of this study, the Live Music industry excludes live performances such as clubs, jazz lounges and bars, the impact of which has been captured under the Entertainment and Food & Beverage industry respectively.

Live Music comprises an extensive value chain, from planning and organisation, to promotion and marketing, and finally execution of the event. Throughout the value chain, Live Music requires various supporting industries such as light and sound equipment, as well as ticketing services.

These activities directly contributed RM33 million to GDP and supported 197 jobs directly. It should be noted that while the industry engages many parties in the workforce, a significant portion is not full-time employment. Taking into account indirect and induced impact, Live Music generated RM62 million of GDP impact and supported 472 jobs.

Among the 10 core and associated industries, Live Music makes up 1% of GDP impact and 1% of employment, and contributes 1% of tax receipts to the Government, at RM3.0 million. FDI is estimated at RM0.5 million.

Economic impact of the Live Music industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Core music industries (cont'd)

3 Talent Development

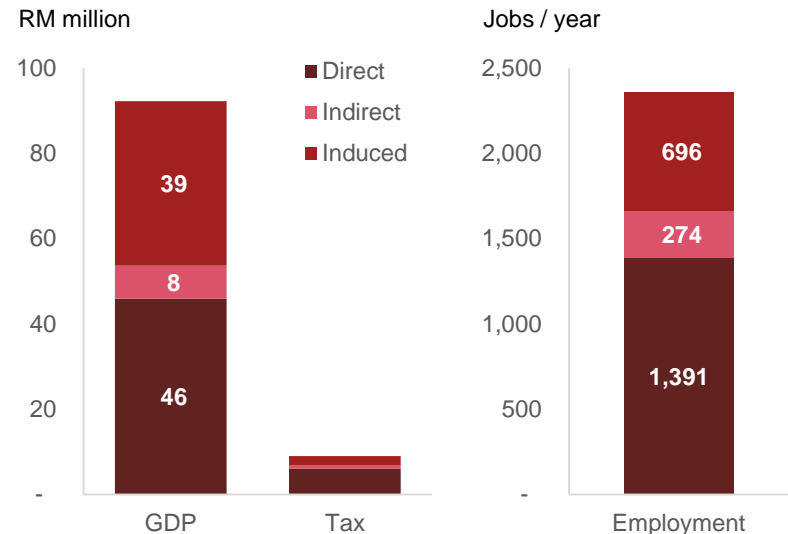
The Talent Development industry relates to formal music education, which includes higher education in music, professional music training, as well as music schools (primarily aimed at young children).

While Talent Development involves both creation of music and usage of music as an input, it is a core music industry responsible for nurturing local as well as foreign talent, the majority of which are then absorbed into various industries in the music ecosystem.

In comparison to the Recording industry, Talent Development generates a smaller impact to GDP (RM46 million of direct GDP impact), but supports more jobs (1,391 direct employment). Taking into account indirect and induced impacts, the Talent Development industry contributes RM92 million to GDP and supports a total of 2,362 jobs.

Among the 10 core and associated industries, the Talent Development industry makes up 2% of GDP impact and 3% of employment, but contributes 4% of tax receipts to the Government, at RM9.0 million. FDI contribution is estimated at RM0.3 million.

Economic impact of the Talent Development industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Core music industries (cont'd)

4 Entertainment

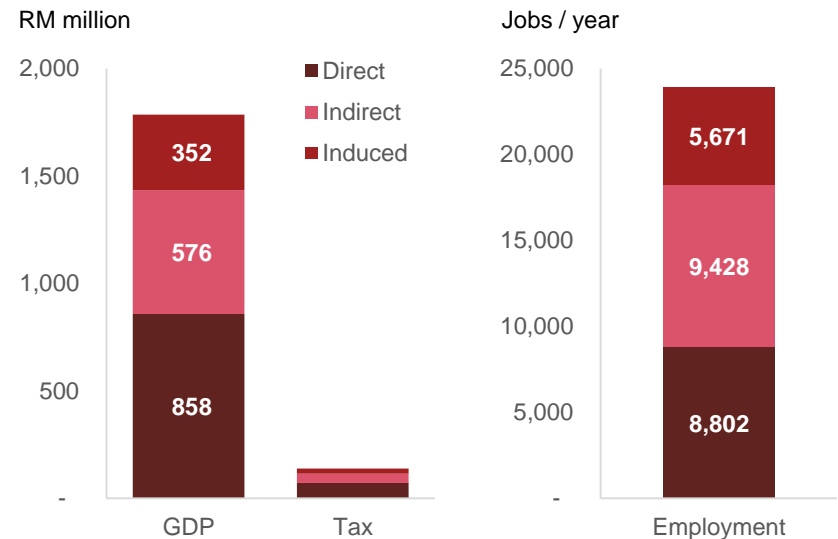
The Entertainment industry is a major “intermediary” consumer of music, where music is used as an input to produce various forms of entertainment, including television and radio broadcast, movie soundtracks, advertisements and video game music. This industry also includes entertainment in the form of clubs and jazz lounges, as well as karaoke television (KTV) entertainment.

While actual expenditure on music-related items and employment directly related to music may be relatively low, especially for certain subsectors such as film production (2%-5% of film expenditure on soundtrack), music is a key component of the overall product, without which the final product’s impression would be considerably different. As such, the spillover benefits of music would be much greater.

Due to the extensive subsectors related to music, and the subsequent value chains required to support it, the Entertainment industry has the largest economic impact in the music ecosystem, accounting for RM858 million of direct GDP impact and 8,802 direct employment. Including indirect and induced impacts, the Entertainment industry generated RM1.8 billion of GDP impact and supported 23,902 jobs.

The Entertainment industry alone accounted for 31% of GDP impact and 30% of employment, among the 10 core and associated industries. The Entertainment industry raised the largest tax contribution among the 10 industries (57%), at RM139 million.

Economic impact of the Entertainment industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Associated music industries

The associated industries comprise the following:

- Music tourism
- Telecommunication & infrastructure
- Food & beverage
- Hospitality
- Transportation
- Technical support

5 Music Tourism

The Music Tourism industry relates to music festivals and cultural festivals featuring music as a component. Similar to the Live Music industry, Music Tourism comprises an extensive value chain, from planning and organisation, to promotion and marketing, and finally execution of the event. The industry requires the support of various related industries such as food and beverage services, light and sound equipment, as well as transportation and ticketing services.

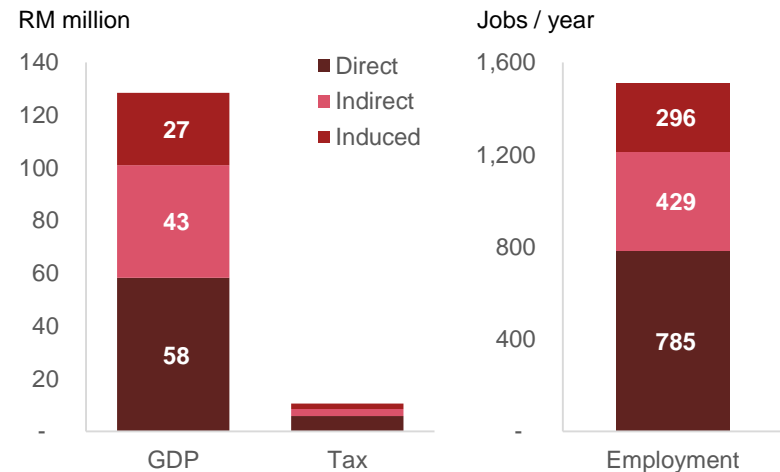
The study assessed the impact of both local and foreign tourists attending the music and cultural festivals from 2011-2015 in terms of expenditure on the festival, including accommodation, food and beverage, and transportation.

Music Tourism contributed RM58 million directly to GDP and directly supported 785 jobs. Taking into account indirect and

induced impact, the industry generated RM129 million of GDP impact and supported 1,510 jobs.

Among the 10 core and associated industries, Music Tourism makes up 2% of GDP impact and 2% of employment, and contributes 4% of tax receipts to the Government, at RM11 million. FDI is estimated at RM0.1 million.

Economic impact of the Music Tourism industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Associated music industries (cont'd)

6 Telecommunications & infrastructure

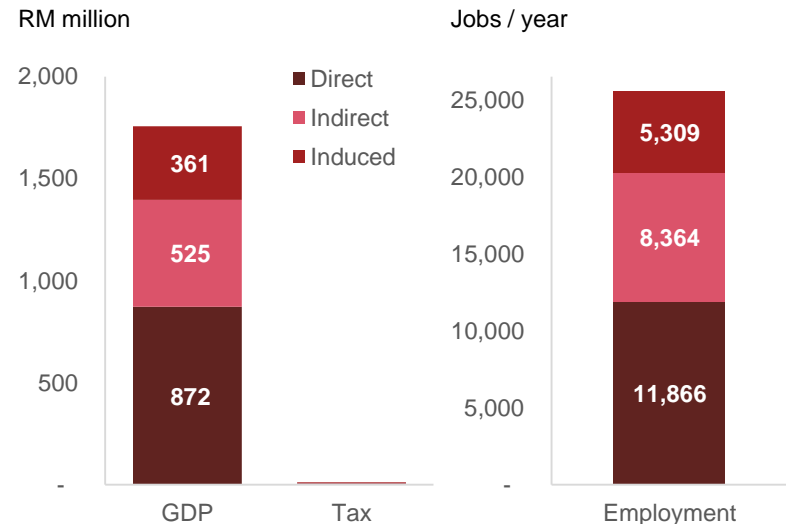
Telecommunications and Infrastructure comprises the backbone and support of the music and entertainment industries. This industry relates to mobile and internet infrastructure, as well as television and radio broadcast infrastructure. Although not directly related to music, the industry is necessary to facilitate all other activities involving mobile, internet, television and radio, which uses music.

For the study, this industry also includes the manufacture, wholesale and retail services of music instruments and consumer electronics directly related to music, such as mp3 players, iPods, radios, as well as products indirectly related to music such as mobile phones, computers, speakers and television sets.

Telecommunications and Infrastructure is the second industry with the largest impact among the 10 industries, after Entertainment. Telecommunications and Infrastructure directly contributed GDP impact of RM872 million to music and supported 11,866 jobs. Including indirect and induced impact, this industry generated RM1.8 billion of GDP impact and supported a total of 25,539 jobs.

Among the 10 core and associated industries, Telecommunications and Infrastructure makes up 30% of GDP impact and 32% of employment, and contributes 5% of tax receipts to the Government, at RM12 million. FDI contribution is estimated at RM12.3 million.

Economic impact of the Telecommunications and Infrastructure industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Associated music industries (cont'd)

7 Food and Beverage

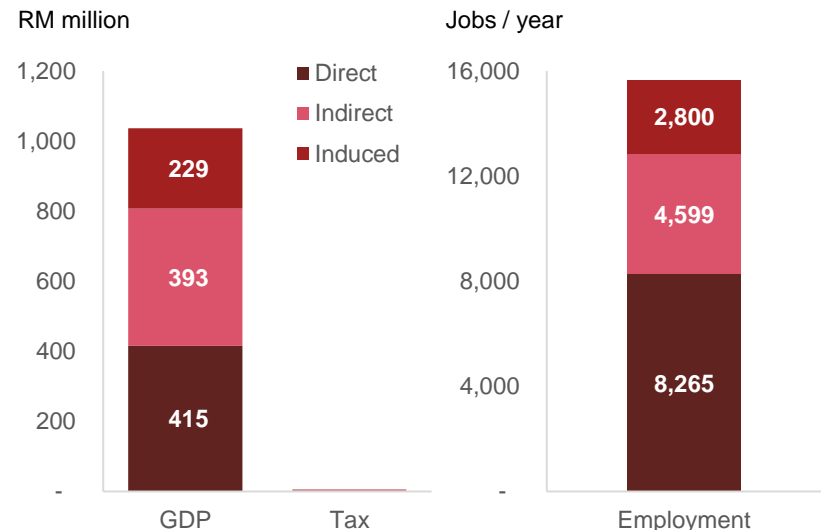
The Food and Beverage industry is related to live performance and background music at bars, pubs and restaurants, as well as catering services for music performances. This industry does not include live performance at clubs, jazz lounges and hotel lounges, which are covered under Entertainment and Hospitality respectively.

Similar to the Entertainment industry, music is not necessarily a core component of the services offered, but rather is used as a tool to enhance and complement the main business. In the Food and Beverage industry, music is used to enhance the overall ambience of the bar or restaurant, or improve the atmosphere and setting. While the food and beverage outlets would still be able to function and operate without live music performance or music played in the background, music affects the propensity of customers in terms of patronage of that food and beverage outlet, to varying degrees.

Food and Beverage has the third largest economic impact among the 10 industries. The industry directly contributed GDP impact of RM415 million to music and supported 8,265 jobs. Taking into account indirect and induced impact, Food and Beverage generated RM1.0 billion of GDP impact and supported a total of 15,665 jobs.

Among the 10 core and associated industries, Food and Beverage makes up 18% of GDP impact and 19% of employment, but contributes only 2% of tax receipts to the Government, at RM5.7 million.

Economic impact of the Food and Beverage industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Associated music industries (cont'd)

8 Hospitality

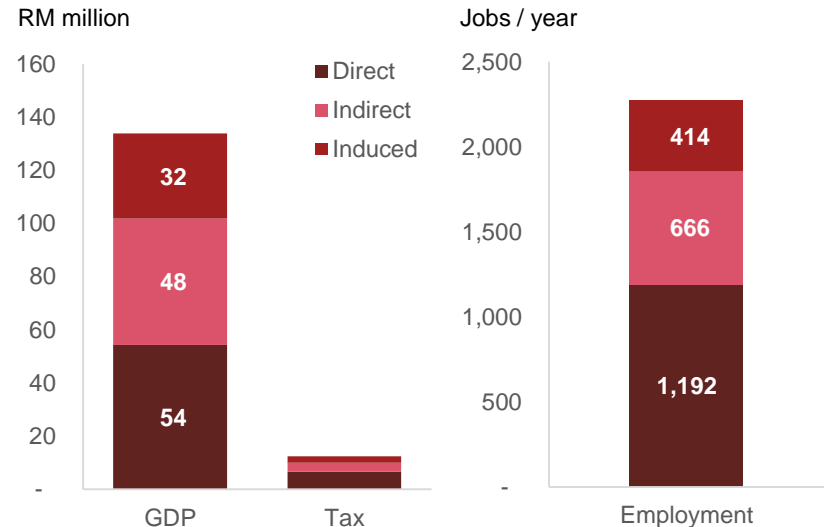
The Hospitality industry is related to live music performance in hotels (e.g. lounge, bar), as well as background music. This industry also captures the economic impact of accommodation services used by music tourism and live music, which includes both artists and supporting crew (e.g. stage, sound and light equipment).

For the study, the Hospitality industry does not include concerts and special live performances using the hotel facilities as a venue, as this has been captured under the Live Music industry.

Hospitality contributed RM54 million directly to GDP and directly supported 1,192 jobs. Taking into account indirect and induced impact, the industry generated RM134 million of GDP impact and supported 2,272 jobs.

Among the 10 core and associated industries, Hospitality makes up 2% of GDP impact and 3% of employment, but contributes 5% of tax receipts to the Government, at RM12.4 million.

Economic impact of the Hospitality industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Associated music industries (cont'd)

9 Transportation

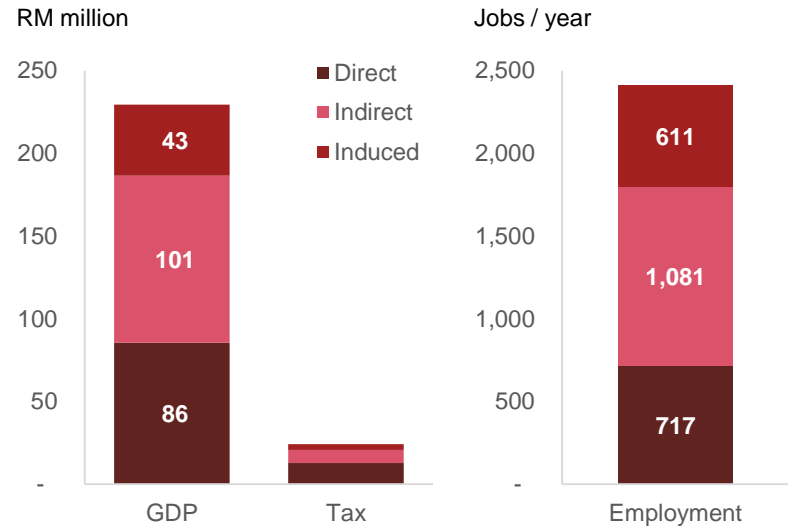
The Transportation industry refers to distribution and storage services for music instruments and consumer electronics consumer electronics directly related to music, such as mp3 players, iPods, radios, as well as products indirectly related to music such as mobile phones, computers, speakers and television sets.

This industry also includes music tourist spending on transportation services. The impact of other core and associated industries using transportation services is captured under those respective industries.

Transportation contributed RM86 million directly to GDP and directly supported 717 jobs. Taking into account indirect and induced impact, the industry generated RM230 million of GDP impact and supported 2,409 jobs.

Among the 10 core and associated industries, Transportation makes up 4% of GDP impact and 3% of employment, but contributes 10% of tax receipts to the Government, at RM24.2 million.

Economic impact of the Transportation industry



Associated music industries (cont'd)

10 Technical Support

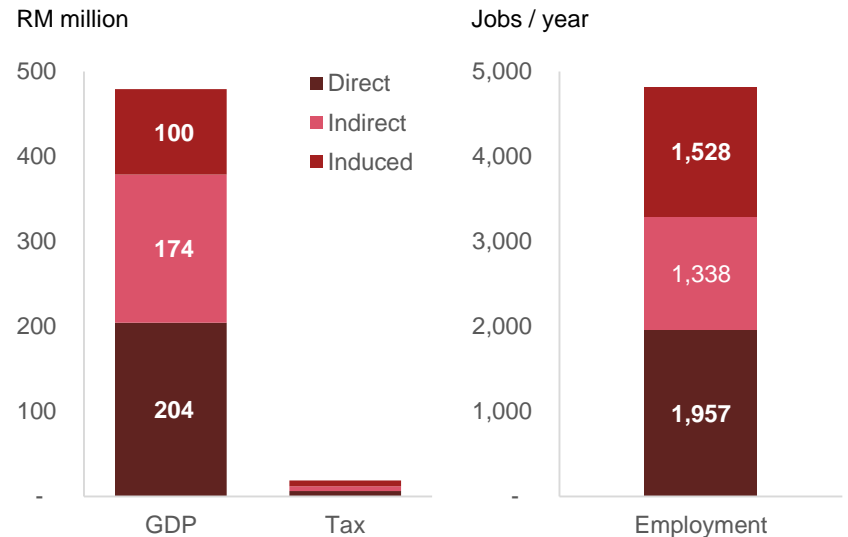
The Technical Support industry comprises services related to digital infrastructure, media platforms, as well as ticketing services.

Digital infrastructure and media platforms facilitate the business operations of music and music video streaming services on various electronic devices, while ticketing services are required for the purchase of tickets for live music events, as well as music and cultural festivals.

Technical Support contributed RM204 million directly to GDP and directly supported 1,957 jobs. Taking into account indirect and induced impact, the industry generated RM479 million of GDP impact and supported 4,824 jobs.

Among the 10 core and associated industries, Technical Support makes up 8% of GDP impact and 6% of employment, and contributes 8% of tax receipts to the Government, at RM18.8 million.

Economic impact of the Technical Support industry



Source: DOSM I-O tables, stakeholder engagement, PwC analysis

Global trends, challenges and issues

4

Global trends in the music industry



Source: IFPI, PwC Outlook, stakeholder engagement

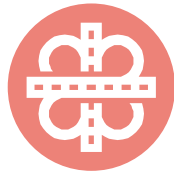
Challenges and issues in the Malaysian music industry

Stakeholder engagement raised several challenges and issues faced by the Malaysian music industry in the following key areas:



Regulatory

- Perceived lack of overall national strategy and direction specific to music
- Inconsistent rulings on approval of live music events
- Delays in approval of music videos
- Restrictions in existing labour laws



Ecosystem & Infrastructure

- Inadequate talent management
- Lack of appropriate venues for live music events and concerts



Public Perception

- Lack of awareness on copyright infringement
- Preference for international content over local music



Funding & Financing

- Economic downturn (weakening Ringgit)
- Uncertain financial support from Government
- Ineffective dissemination of information

Source: Stakeholder engagement

Challenges and issues in the Malaysian music industry (cont'd)



Regulatory

Issue	Details
Perceived lack of overall national strategy and direction specific to music	<ul style="list-style-type: none"> Stakeholders perceive a lack of direction at the national level to support the industry. Despite “Dasar dan Strategi Pembangunan Industri Muzik Negara” under “Dasar Industri Kreatif Negara”, there is no champion ministry responsible for overall direction and implementation of initiatives. Instead, there are several ministries and Government agencies involved in driving the growth of the music industry through different competencies. Consequently, this may lead to information disconnect, resulting in lower impact and limited effectiveness. KKMM¹, KPDNKK², and MOTAC³ (including related agency MyCEB⁴ and its division, MME⁵) are among agencies that currently undertake different functions to facilitate the music industry. For example, financial grants for production of music recordings and music video is currently disbursed through CMPC⁶ (an agency under FINAS⁷). However, the main focus of FINAS is to spearhead the national film industry, and music is just one of the other components also included for disbursement of financial grants.
Inconsistent rulings on approval of live music events	<ul style="list-style-type: none"> No clear guidance for organisers on policies and rules for music events, including inconsistencies in terms of censorship. Event approval may be revoked at the eleventh hour. In certain cases, the event approval process is affected by political interference, potentially resulting in significant financial losses for event organisers and invested parties. International artists are discouraged from taking chances in a speculative, uncertain environment. As a result, Malaysia is losing out to neighbouring countries as the preferred international music event venue.

¹ KKMM: Ministry of Communications and Multimedia

² KPDNKK: Ministry of Domestic Trade, Co-operatives & Consumerism

³ MOTAC: Ministry of Tourism & Culture

⁴ MyCEB: Malaysia Convention & Exhibition Bureau

⁵ MME: Malaysia Major Events

⁶ CMPC: Content Malaysia Pitching Centre

⁷ FINAS: Perbadanan Kemajuan Filem Nasional Malaysia

Source: Stakeholder engagement

Challenges and issues in the Malaysian music industry (cont'd)



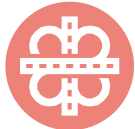
Regulatory

Issue	Details
Delays in approval of live events and music videos	<ul style="list-style-type: none"> Permit approval for live events involves time-consuming and complicated processes. It is necessary for event organisers to begin the approval process up to a year in advance from the planned event. Approval for music videos typically takes 3 weeks. However, during periods of high volumes of submission, there may be delays. In some cases, industry players have difficulty satisfying documentation requirements, causing further delays.
Restrictions in existing labour laws	<ul style="list-style-type: none"> Existing regulations by MoHE¹ and the Immigration Department of Malaysia imposes restrictions on music instructors. Instructors are not allowed to engage in activities beyond teaching in the institution, or events organised by the institution. Specifically, part-time employment in music performance is prohibited. This prevents instructors from building credibility and gaining experience in music performance. As a result, many are discouraged from pursuing the profession, negatively affecting the Talent Development industry.
Blanket policy on live events	<ul style="list-style-type: none"> Although performing arts events differ significantly from live music events in terms of scale, both industries are subject to blanket policies. Both are required to pay the same amount of license fee per event, regardless of the number of attendees. This makes it very difficult for performing arts events to be sustainable and profitable, as the margins are much narrower compared to live music events. The number of attendees for live music events ranges from a few hundred to thousands, but the average number of attendees for performing arts is only 80 people. Through economies of scale, it is much easier for live music events to cover the cost of licensing, as compared to performing arts.

¹ MoHE: Ministry of Higher Education

Source: Stakeholder engagement

Challenges and issues in the Malaysian music industry (cont'd)



Ecosystem & Infrastructure

Issue	Details
Inadequate talent management	<ul style="list-style-type: none"> Ineffective talent management to devise the development and career plan for local artists. Conventionally, artists focus on content creation and performance. Talent management handles the commercial side of music, acting as the bridge with recording labels and other parties. Currently, lack of proper talent management has hindered artist development. In some cases, the artist chooses not to have talent management due to financial constraints.
Lack of appropriately sized venues	<ul style="list-style-type: none"> Inadequate performance venues to support different types of music events, with appropriate amenities (e.g. sound-proof halls, preparation room for artists/performers). Lack of venues that can cater to varying number of attendees (e.g. bandstand, concert hall, indoor arena). Currently, venues available are either too small or too large to cater to live music events and concerts. Organisers usually resort to using stadiums as venues for live music events to accommodate the number of attendees, but stadiums are not designed for concerts, affecting the quality of the live music experience, as well as increasing costs for organisers.



Public Perception

Issue	Details
Lack of awareness on copyright infringement and licensing	<ul style="list-style-type: none"> There is a lack of support from the public for legal means of obtaining music. The majority of the public has the perception that music content should be free and accessible to all. The public also uses YouTube as a convenient and free method to stream music and music videos. Lack of awareness on licensing requirement from authorities/bodies for the commercial use of music.
Preference for international content	<ul style="list-style-type: none"> There is a general perception among local Malaysians that international content is superior as compared to local content. This applies to both demand for live events by international artists, as well as digital and physical music products. This trend has far reaching consequences, affecting the entire value chain for the music industry, from the proportion of international music played on radio, to the ratio of foreign films to local films screened at cinemas. Nonetheless, locally produced films usually utilise local music instead of international music, and thus indirectly supports the local music industry.

Source: Stakeholder engagement

Challenges and issues in the Malaysian music industry (cont'd)



Funding & Financing

Issue	Details
Economic downturn	<ul style="list-style-type: none"> In recent years, the amount of sponsorship for live music events from public and corporate organisations have deteriorated due to uncertainties in the global economy. Live music events typically depend on sponsorship to offset the significant costs of organising and running a concert. Due to deteriorating sponsorship, spending on music events has been scaled down, in particular marketing and promotion. For live music events featuring international artists, a high percentage of the costs goes to securing the artist (usually about 50% of total costs of organising the event). This international artist fees has increased considerably in recent years because of the weakening Ringgit, leading to a gradual shift from Malaysia to Singapore and other countries as a location for the artist performance tour.
Uncertain financial support from the Government	<ul style="list-style-type: none"> No programme currently in place to provide financial assistance exclusively to the music industry. From 2012 to 2014, RM200 million of funding for the creative industries was disbursed through Dasar Industri Kreatif Negara (DIKN), of which RM6.5 million was specifically for the music industry. However, since 2014, there has been no programme to serve the same purpose, with no information on future programmes for funding. Funds available from Content Malaysia Pitching Centre (CMPC), but there has been a low number of fund receivers. Funding from Ministry of Tourism and Culture (MOTAC) is principally granted for events with substantial cultural elements, but not for music festivals or live music events in general.
Ineffective dissemination of information, unclear guidelines	<ul style="list-style-type: none"> Ineffective structure in channelling financial support to the industry, as some companies in the music industry are not aware of the existence of available financial assistance. For instance, CMPC (an agency under FINAS) offers financial assistance up to RM200 thousand (per song) for music recording and music video production. In addition, no clear guidelines are given for the funding application process, and reasons are not explained for rejection of funding application. Stakeholder engagement has indicated that there are few recipients of this grant.

Source: Stakeholder engagement

Case study: South Korea

South Korea is one of the fastest growing music markets due to strong government support, a conducive legislative environment and adequate infrastructure

Strengths

- ‘Korean wave’ and ‘K-Pop’ phenomena refer to the **‘manufactured’ character** of singers and artists. The result is a **polished image** that **appeals** to audiences across the globe. K-Pop combines choreographed dance routines, vivid visual backdrops, synthesised music and performers’ high fashion attire.
- **Talent training, production and marketing** are carried out by **entertainment production companies** (rather than record labels or music companies) which has shaped the overall music industry.
- Since 2007, South Korea has **improved its copyright landscape** by introducing rigorous copyright legislation and has significantly counteracted digital recording piracy.

Weaknesses

- K-Pop receives criticism for producing artists according to **‘production line’** techniques.
- Growing concern over **labour conditions** in the industry on employment of minors, unfair distribution of profits between performers and management, and excessive sexualisation.



USD833 mil in total revenue (2015)

... live music revenue = USD403 mil

... recorded music revenue = USD430 mil

... digital music revenue = USD283 mil

... physical music revenue = USD148 mil



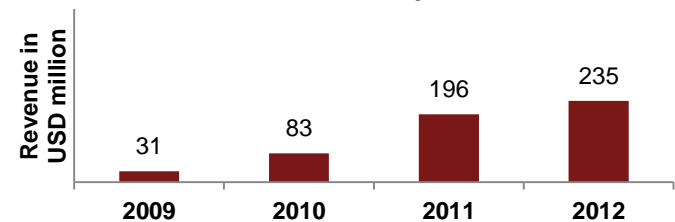
9.91% CAGR (2016-2020)



611,437 jobs created (2012)

... supported over 37,116 businesses

Sales of Korean music exports 2009-2012



Source: Korea Creative Content Agency (KOCCA), CREATE, IFPI, Statista

Case study: South Korea (cont'd)



Support ecosystem

Initiatives and programmes

Recording Industry Association of Korea (RIAK)

- Prevent distribution of illegal songs and protect intellectual property of music companies.

Korea Creative Content Agency (KOCCA)

- Support the search for new musicians, hosting of domestic/overseas showcases and participate in various music festivals.

Ministry of Culture, Sports and Technology

- Establish a technology division which works on cultural technology to improve the concert-going experience, through innovations like holograms.

Benefit to music industry

- Ensure proper compensation to phonogram producers of Korea, including at the overseas market.
- Support participation of Korean music companies in global music events.
- Keep track of the latest trends of the global music industry and global copyright issue to support music talents in Korea.



Infrastructure

Music-related facilities

- Construction of concert hall: USD134 million allocated to build an arena-type concert hall in Seoul.
- Government invested to renovate a gymnastic stadium in Jamsil into a K-pop concert hall.
- Recording room for music production at Content Korea Lab (an initiative under KOCCA).

- Provide platforms for more live events to promote Korean music.
- Create ecosystem to help Korean citizens with talent and new ideas to venture into the music industry.

Case study: United Kingdom (UK)

The UK music industry is a significant contributor to the UK economy, backed by its strong performance in music exports and vibrant live music scene

Strengths

- **5 out of the top 10** selling global artists in 2015 were British: Adele, Ed Sheeran, Coldplay, One Direction and Sam Smith.
- Physical music sales, which typically produce higher royalties for artists and labels, still dominates UK market.
- UK has **various music attractions** including festivals, concert venues and musical heritage sites.
- Total **number of audience attending live music events** in the UK in 2015 was **27.7 million**; 24 million attended concerts and 3.7 went to music festivals.
- Live music events also leads to influx of music tourists, including **767,000 international visitors** in 2015.

Weaknesses

- **Impact of Brexit** on trade and copyright is **uncertain**, and potentially harmful to the UK music industry.

 **USD5.13 bil** in total GVA* contribution (2015)

... live music GVA = USD1.12 bil

... recorded music GVA = USD758 mil

... total export revenue accounts for almost 50% of the total GVA in the industry

 **17%** growth in GVA contribution (2012-2015)

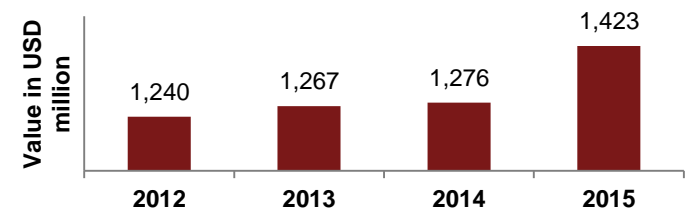
... growth in exports (2012-2015) = 11%

 **119,020** jobs sustained (2015)

... growth in employment (2012-2015) = 11%

... supported over 7,480 businesses

Value of UK music exports 2012-2015



*GVA = Gross Value Added

Case study: United Kingdom (cont'd)



Funding scheme

Initiatives and programmes

Music Export Growth Scheme (MEGS)

- Provide grants to small and medium-sized music companies to support international marketing efforts and promotion of artist releases.
- The grant will cover up to 70% of total eligible costs (i.e. tour support, international travel and international promotion costs).

Benefit to music industry

- Offered grants to 89 independent music companies from 2013 to mid-2015.
- Increases the number of music record labels, managers and artists with successful international experience.



Legislation

The Live Music Act

- The new act officially came into effect October 2012. It exempts live music in small venues from local authority licensing requirement.

- The act allows for a greater number of live music performances in pubs and other small venues, and also encourages amateur performers to gain more experience.



Music education

Music Skills Academy

- The Academy is a private-public joint venture between UK Music and Creative & Cultural Skills (a UK Government skills council).
- It offers infrastructure, apprenticeships and mentoring to improve skills and training in the music industry.

- Help students to be equipped with relevant mix of skills and experience required in the music industry.
- Reap the wider benefits of a partnership between the music industry and academic institutions (i.e. high-quality music education, and industry-relevant career advice).

Case study: Canada


The Canadian music industry produces a large number of best-selling artists and highly rated music festivals

Strengths

- In 2015, **3 out of the top 10** global recording artists were Canadian.
- **Revenue** earned in the **US accounts for 19%** of the total music industry revenue for Canada.
- Ontario is home to numerous first-rate music festivals. There are over **550 festivals** across the Ontario Province such as Ottawa Bluefest, Boots & Hearts and Mariposa Folk Festival.
- Even with the presence of major record labels, Canada still has a strong independent music sector.

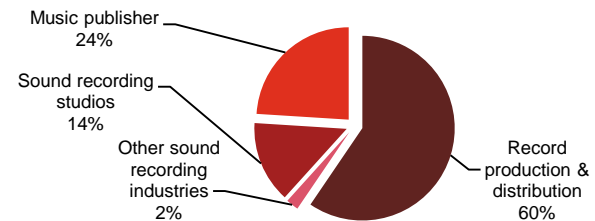
Weaknesses

- Nevertheless, the market is **dominated by the large foreign-owned record** and publishing companies.
- Migration of Canadian talent to the US

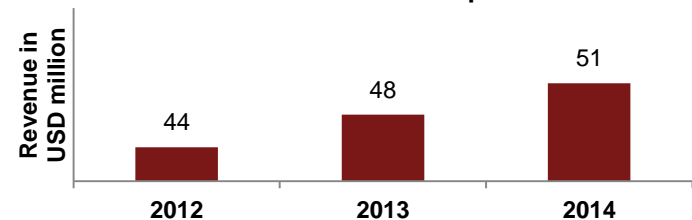
 **USD1.11 bil** in total revenue (2015)
... live music revenue = USD692 mil
... recorded music revenue = USD422 mil

 **Over 13,400 jobs created**

Sound recording and music publishing in Canada, operating revenue by industry sub-category, 2013



Revenue of Canadian music exports 2012-2014



Source: Music Canada, International Federation of the Phonographic Industry (IFPI)

Case study: Canada (cont'd)



Funding scheme

Initiatives and programmes

Canada Music Fund (CMF)

- Offer financial resources of CAD25 million per year.
- Major tool in implementing *Canadian Sound Recording Policy, From Creators to Audience*.
- Made up of 5 complementary components:
 - New Musical Works
 - Collective Initiatives
 - Music Entrepreneur
 - Creator's Assistance
 - Canadian Music Memories

Benefit to music industry

- Primary beneficiary of the CMF is record labels.
- CMF also supports the Foundation Assisting Canadian Talent on Recordings (FACTOR) programme, which has a focus on talent development.



Tax credit scheme

Ontario Sound Recording Tax Credit (OSRTC)

- Tax refund to eligible sound recording companies in Ontario for up to 20% of production and marketing expenditures incurred for the promotion of 'emerging Canadian artists'.

- Since 2010, OSRTC issued over 3000 tax credit certificates to 1142 sound recordings.
- In 2011, OSRTC support generated:
 - Global revenues of CAD30 million
 - Increase in Ontario's GDP by CAD22 million

Case study: Singapore

Singapore's music industry is currently experiencing a rise in quality and quantity of indie music, as well as a vibrant live music scene

Strengths

- Singapore is regarded as a **ripe market for live concerts**.
- Total live music revenue was about **USD50 million** in 2015.
- Annual live music events in Singapore include:
 - **Baybeats**
 - **St. Jerome's Laneway Festival**
 - **Music Matters**
 - **Neon Lights Festival**
- Increasing demand of music festivals that feature **indie gigs**.
- Singapore effected an **amendment to its Copyright Act** in December 2014 to enable right holders to obtain website blocking orders.

Weaknesses

- Singapore has a very small recorded music market, but nevertheless identified as a market with **strong growth** by IFPI.



USD70 mil in total revenue (2015)

... live music revenue = USD50 mil

... recorded music revenue = USD19 mil

... digital music streaming revenue = USD7 mil



4.7% CAGR (2016-2020)



USD22 mil in 2020 is projected for digital music streaming revenue

... accounting for 82% of the total digital recorded music revenue

Case study: Singapore (cont'd)



Funding scheme



Support in Indie Music scene

Initiatives and programmes

Presentation and Participation Grant

- Grant ranges from SGD1,000 to SGD30,000 per project.
- Supports production of music EP, full-length album, publishing, performance and music festivals.

Market and Audience Development Scheme

- The grant covers market research, branding, marketing and publicity for the arts group.
- Also covers international touring and participation in international art platforms.

Benefit to music industry

- Presentation and Participation Grant awards around 350 grants a year.
- Apart from music practitioners, Market and Audience Development Scheme also recognises music intermediaries' role in bringing artists and music to new audiences and markets.

Baybeats at Esplanade

- Baybeats Budding: four months mentorship programme for young musicians and bands.

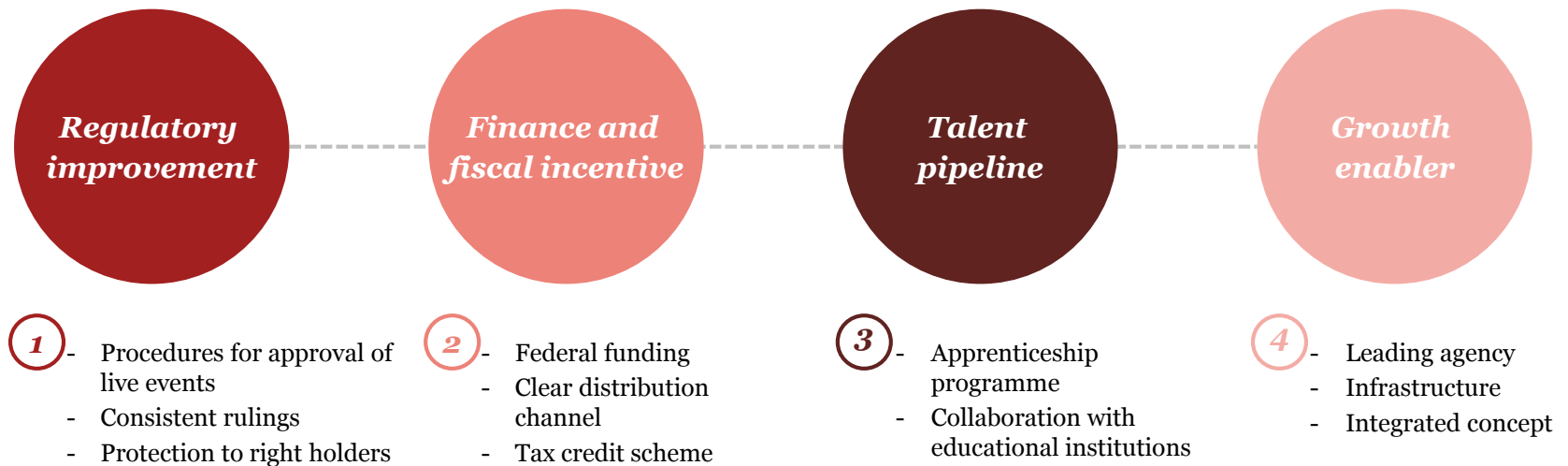
SGMUSO Live Showcase

- Initiative led by the Music Society Singapore (SGMUSO) and Singapore Tourism Board.
- Singaporean artists and musicians are introduced and invited as line-ups in series of overseas shows such as in New York, Beijing and London

- Help indie music acts with the business side of music performance/show.
- Provide shared platforms with more established, international acts.
- Provide cash injections and development programmes to indie acts.

Potential options to facilitate the growth of the Malaysian music industry

Based on issues highlighted by stakeholder engagements and case studies, the study identifies potential options to facilitate the growth of the music industry. These options fall under four key areas:



Potential options to facilitate the growth of the Malaysian music industry (cont'd)

There is growing recognition that a vibrant music ecosystem creates significant economic, cultural and social benefits. In order to spur growth, supportive structures and systems should be in place to allow for the development of the music industry.

1 Regulatory improvement

Strong, supportive regulation helps facilitate a healthy music ecosystem, enabling it to function optimally. The following have been identified as potential areas of improvement:

- Review and improve multi-step permit application process for live music events. Set consistent rulings, particularly in censorship regulation across entertainment.
- Review and streamline approval process for music videos and documentation required, to increase efficiency and avoid delays in approval.
- Reinforce existing regulation to combat end-user music piracy - Copyright Act of 1987 (Act 332).
- Intensify joint effort with PPM to educate the public on responsible music consumption. A potential option is to partner with universities and colleges in enforcing measures to combat music piracy among students.
- Review blanket policies such as standard licensing fee for events regardless of number of attendees.

2 Finance and fiscal incentive

A vibrant music production sector vis-à-vis the recording industry generates large downstream impacts on the rest of the music community. However, there is significant disruption occurring in the music industry due to global trends, i.e. the shift from physical to digital.

In these challenging times, there may be value in Government financial support to help the industry through this transitional phase. Benefits include continued growth and development of the music industry, and economic value creation in various associated industries.

- Maintain Government support for effective existing programmes - e.g. Production Fund via CMPC, business financing via My Creative Venture (DIKN initiative).
- Streamline distribution channel for public funds and disseminate information to relevant stakeholders.
- Replicate tax credit incentive such as the Ontario Sound Recording Tax Credit (OSRTC) to promote local talents in both local and international markets. The incentive also stimulates the production of sound recordings, generating revenues across the music value chain.

Potential options to facilitate the growth of the Malaysian music industry (cont'd)

3 Talent pipeline

The music industry requires innovation and new talent to continue driving the local music industry. Hence, generating sufficient interest among the young generation and providing adequate avenues to develop relevant skills are fundamental to the future of the music industry.

- Review and revise restrictions imposed on higher education music instructors vis-à-vis prohibition on part-time employment in music performance.
- Strengthen support for effective schemes that assist apprenticeships in the music industry and collaboration with schools, colleges and universities to provide relevant information and tools to develop careers in the music industry.

4 Growth enabler

A conducive ecosystem and adequate supporting infrastructure is needed to enable the continued growth of the core and associated music industries.

- Review current mandate for the Creative Content Association Malaysia (CCAM) and include music as one of the key focus areas of the organisation. CCAM may look into functions undertaken by KOCCA in South Korea. KOCCA's roles include advancing industry through production support, global expansion strategies and training for content creators.
- Build more infrastructure appropriate for the different requirements of live music events, including varying audience capacity.
- Adopt strategies to cultivate a vibrant music economy within the local community, such as the 'Music City' concept. A successful Music City will leverage on various components in the industry such as artists and musicians, music-related businesses, spaces and facilities for music and receptive audience.

Concluding remarks

5

Concluding remarks

This section provides the key conclusions of the study:

- 1** *Music is a key input with large value creation for various associated industries*
- 2** *The Malaysian music industry has been negatively affected by global trends*
- 3** *There are issues and challenges in the music industry impeding growth*
- 4** *Nevertheless, there are opportunities for the development of the Malaysian music industry*

Concluding remarks (cont'd)

1 Music helps create significant economic value for various associated industries

The music industry conventionally refers to music production, which comprises recording and live music. However, music is also an input into various other industries. This consumption of music helps create significant economic value for associated industries. The study thus proposes that a broader definition of core and associated music industries is adopted.

Taking into account all core and associated industries as defined in the Study, the Malaysian music industry generated an average of RM5.5 - RM6.1 billion of GDP impact per year for the period 2011 - 2015.

On average, the Malaysian music industry supported 75,198 jobs - 83,113 jobs per year, and generated tax impacts of RM228 - RM247 million per year. Overall, every Ringgit spent in the music industry generates RM2.19 - RM2.20 of output for the Malaysian economy.

Of the 10 industries, the top three industries with the largest impact in terms of both GDP and employment are Entertainment, Telecommunications and Infrastructure, and Food and Beverage. Together, these three industries accounted for about 80% of the music industry's economic impact to GDP and employment.

2 The Malaysian music industry has been negatively affected by global trends

There has been a gradual shift from physical to digital forms of music over the past few years. Within the digital platform, there has also been a shift from music downloads to the music streaming model. However, alongside this shift, the global music industry now suffers from the value gap and an uncertainty in returns.

While this is a global trend, the Malaysian music industry has been negatively affected to a greater extent than other countries in general. This is due to low awareness of responsible music consumption, and a lack of legal action on music piracy.

This digital shift has increased convenience for music consumers, but considerably decreased margins for companies in music production. Globally, record companies invest an estimated USD4.3 billion annually in Artists and Repertoire (A&R) and marketing, which is equivalent to 27% of industry revenue. With decreasing revenues, it has become increasingly challenging to recover this significant investment.

Currently, recording companies generate revenue mainly from digital music instead of physical CD sales. Digital music comprises music streaming, and to a decreasing extent, Caller Ringtones and music downloads.

Concluding remarks (cont'd)

3 There are issues and challenges in the music industry impeding growth

Besides lack of awareness of copyright infringement, the Malaysian music industry has issues and challenges impeding further growth. For example, the general public perception that international content is superior to local content.

A key challenge is the perceived lack of overall national strategy and direction for the music industry, with no single champion ministry driving growth. In the live music sector, there have been inconsistent rulings on event approval. The talent development industry has restrictions in existing labour laws that are uncondusive to higher education music instructors.

The music industry is hindered by a lack of appropriately sized and equipped venues for live music events. The issue of inadequate talent management is partly related to the economic downturn and funding constraints. This has also led to lower spending on sponsorship, marketing and promotion.

While the Government has provided financial support for the music industry, in some cases it is irregular, and future support is uncertain. Certain companies are not aware of available financial support, highlighting ineffective dissemination of information.

4 Nevertheless, there are opportunities for the growth and development of the Malaysian music industry

New consumer trends and changing demand patterns create both challenges and opportunities for further development of the music industry. This ought to be done by leveraging strengths, and improving existing structures and systems in place.

The Malaysian music industry is relatively competitive in the live music sector, especially in terms of the cost of venues as compared to other countries such as Singapore. However, the industry needs to resolve inconsistencies in the approval process. There is also a gap to be addressed in terms of venues for live music events.

Current Government financial support for effective existing programmes should be maintained. Distribution channels for public funds could be streamlined, and information should be effectively disseminated to relevant stakeholders. To this end, it would be prudent to have strong strategic direction at the national level to support the long-term development of the music industry.

For talent development, there is a need to review restrictions on part-time employment in music performance. In addition, efforts should be taken to educate the public on responsible music consumption, and reinforce existing regulations to combat end-user music piracy.

Appendix

6

Scope of work

The Study covers the following scope of work for the assessment of the economic impact of the Malaysian music industry:

Area of study/Deliverables	Information requirement (i.e. analytical parameters)
<p>1 Assess economic impact of the identified industries over five years, 2011-2015 (consisting of direct, indirect and induced impacts) as a contribution to:</p> <ul style="list-style-type: none"> • Value-added (equivalent to Gross Domestic Product (“GDP”)): the additional value (over the cost of inputs) added to all industries of the economy triggered by the music industry. • Employment: the additional jobs created and corresponding wages to meet the additional output demanded in the economy, attributable to expenditures in the music industry. • Tax: the tax impact created for all industries of the economy triggered by the music industry • Foreign investments*: investment flows into all industries triggered by the music industry <p>- Estimate economic output multiplier of the identified industries, in terms of direct, indirect and induced components</p>	<p>Source: Department of Statistics Malaysia (DOSM)</p> <ul style="list-style-type: none"> • Supply and use Table • Services Census • Services Statistics: Information and Communication Statistics • PwC Global Entertainment and Media Outlook (PwC Outlook) <p>Source: Recording Industry Association of Malaysia (RIM)</p> <ul style="list-style-type: none"> • Music industry revenue statistics
<p>Identified industries</p>	
<p>Core industry:</p> <ul style="list-style-type: none"> - Recording industry - Live music - Talent development - Entertainment 	<p>Associated industries:</p> <ul style="list-style-type: none"> - Music tourism - Telecommunications & infrastructure - Food and beverage - Hospitality - Transportation - Technical support

* The impact of foreign investments is highly dependent on data availability (e.g. type of investment that has linkages to the music industry)

Scope of work (cont'd)

Area of study/Deliverables	Information requirement (i.e. analytical parameters)
<p>2 Perform analysis (qualitative) on the music industry in terms of challenges faced and global trends. Analysis is based on the following rationale:</p> <ul style="list-style-type: none">• Challenges faced and global trends impacting local recording companies• Experiences of other governments provide insight on methods to facilitate growth of the music industry	<ul style="list-style-type: none">• Focus interviews* with key stakeholders in core and associated industries• Desk research (case studies)• PwC Global Entertainment and Media Outlook

* The determination of interviewees for the Study was guided by consultation with RIM
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Stakeholders interviewed

The stakeholders interviewed for this Study and their respective associations and companies are listed in the following table:

	Agency/Association/Company	Interviewee
1	Recording Industry Association of Malaysia (RIM)	Dato' Norman Abdul Halim
2	Public Performance Malaysia (PPM)	Mr Darren Choy
3	One Stop Music (OSM) Berhad	Mr Ng Cheong Hock Dr. Asugan Pechi Muthu
4	Spotify	Mr Tan Chee Meng
5	Malaysia Major Events (MME)	Mr Tony Nagamaiah
6	Arts, Live Festivals and Events Association Malaysia (ALIFE)	En Iqbal Ameer
7	Digital Aid Sdn Bhd (D8)	Mr Henry
8	International College of Music (ICOM)	Ms Irene Savaree
9	Astro Talent Development	Mr Prakesh Swaminathan
10	Astro Shaw	Pn Najwa Abu Bakar
11	Malaysia Performing Arts Agency (MyPAA)	Pn Izan Satrina
12	Primeworks Studios Sdn Bhd	En Ahmad Izham Omar
13	Commercial Radio Malaysia	Datuk Dr. Jake Abdullah Mr Mark Heng Aik Leong
14	Tourism & Event Management Consultant & Trainer	Ms "Gracie" Gracis Veronica Geikie

Sources of information

Industry	Activities / components	Methodology	Sources
Recording	Publishing (songwriters/composers) Recording (studio) Manufacturing Marketing & promotion Sales & distribution	Percentage of revenue as expenditure (percentage is average of ratios of expenditure to revenue for 3 major record labels, or from interviews) Proportion of expenditure is based on PwC Canada report on Record Labels	Data from RIM Financial reports for 3 major record labels - Universal Music - Sony Music Entertainment - Warner Music Malaysia Interviews PwC Canada report
Live music	Performers/artists - Make up & wardrobe Backing musicians Sound/light equipment Backstage crew Stage construction Venue hire Security Marketing & promotion Advertising Licensing/permits	Revenues from PwC Outlook for live music: - Ticket sales - Music sponsorship (advertisements) Percentage of revenue as expenditure (percentage is based on ratio from financial report of live events companies) Breakdown for expenditures also based on ratios from financial reports of live events companies Adjusted based on input from interviews	PwC Outlook Financial reports for live event companies Interviews
Talent development	Music schools - Higher education - Other (e.g. Yamaha) Professional training	Value add & employment for Education services statistics, DOSM	DOSM Education Services statistics Music school websites/reports World Education Services Factsheet Interviews

Sources of information (cont'd)

Industry	Activities / components	Methodology	Sources
Entertainment	Radio TV broadcast KTV entertainment Clubs & jazz lounges	Value add and employment from Information & Communication services statistics, DOSM: - Film, video & TV programme production - Programming & broadcasting	DOSM Information & Communication Services statistics DOSM Food & Beverage Services statistics PwC Outlook Interviews
		Value add and employment from Food & Beverage Services statistics, DOSM (includes clubs, bars, karaoke)	
	Soundtrack - Film/movies - Video games Advertising	PwC Outlook revenue for advertisements - TV, radio, online, cinemas	
		PwC Outlook revenues: - Cinema ticket sales - Video games	
Music tourism	Music tourist spending	Estimate number of music tourists for major music events, by local/foreign Multiply by average spending per diem To be adjusted based on input from interviews	Tourist Satellite Account Domestic Tourism Survey Interviews Festival websites

Sources of information (cont'd)

Industry	Activities / components	Methodology	Sources
Telecommunications & infrastructure	Music instruments Consumer electronics - iPods/mp3 players - Radios - CD/casette players	Value add & employment from Survey of Manufacturing Industries, DOSM	Survey of Manufacturing Industries, DOSM Survey of Distributive Trade, DOSM
	Mobile services Internet services Radio & TV infrastructure	Value add & employment from Information and Communication Services statistics, DOSM: - Telecommunication services - Information services - Programming & broadcasting services	DOSM Information & Communication Services statistics Statista Interviews
Food & beverage	Live music performance - In restaurants/bars	Value add & employment from Arts, Entertainment & Recreation Services statistics, DOSM - Creative, arts and entertainment	DOSM Arts, Entertainment & Recreation Services statistics
	Background music - In restaurants/bars - Catering for events	Value add and employment from Food & Beverage Services statistics, DOSM - Event catering services	DOSM Food & Beverage Services statistics
Hospitality	Accommodation spending: - Music tourists - Performers/artists touring for live events	Value add and employment from Accommodation Services statistics, Creative, Arts & Entertainment statistics, Food & Beverage statistics	DOSM Accommodation Services statistics DOSM Creative, Arts & Entertainment statistics
	Hotel lounge / events with live music		DOSM Food & Beverage statistics Interviews

Sources of information (cont'd)

Industry	Activities / components	Methodology	Sources
Transportation	<p>Music tourist spending on transportation</p> <hr/> <p>Distribution of</p> <ul style="list-style-type: none"> - Music instruments - Consumer electronics 	<p>Estimated number of music tourists based on attendees of music and cultural festivals:</p> <ul style="list-style-type: none"> - Spending on transportation <hr/> <p>Value add & employment from Transportation & Storage Services statistics, DOSM</p>	<p>Tourist Satellite Account</p> <p>Domestic Tourism Survey</p> <p>DOSM Services Statistics: Transportation and Storage</p> <p>DOSM Input-Output Tables (2010)</p> <p>BMI Research: Household spending (2015)</p> <p>Interviews</p>
Technical support	<p>Digital infrastructure</p> <p>Ticketing services</p>	<p>Value add & employment from Information & Communication Services statistics, DOSM:</p> <ul style="list-style-type: none"> - Computer programming, consultancy & related services - Information services 	<p>DOSM Information & Communication Services statistics</p>

Average annual economic impact by industry

The table summarises the average annual economic impact of the core and associated industries. FDI figures were estimated on a best-efforts basis, where information is publicly available, or based on stakeholder engagement input. As such, FDI figures may potentially be larger than reported.

Industry	GDP (RM mil)	Employment	Tax (RM mil)	FDI (RM'000)
Recording industry	138	1,128	10	3
Live music	62	472	3	0
Talent development	92	2,362	9	0
Entertainment	1,786	23,902	139	-
Music tourism	129	1,510	11	0
Telecom & Infrastructure	1,757	25,539	12	12
Food & beverage	1,037	15,665	6	-
Hospitality	134	2,272	12	0
Transportation	230	2,409	24	-
Technical support	479	4,824	19	-
Sum	5,786	79,155	238	16

**Figures shown above are average values of the range as reported in previous slides*

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