

Workshop

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11/5/2019

8-fields Music Development Workshop

The workshop was organized by SoundCzech following the instructions of the Consultant. Because of organizational difficulties, the workshop was postponed by 6 weeks, and most of the recommendations of the Consultant how to administer the workshop were not strictly followed. However, the location of the workshop was very suitable, and generally the workshop, with the following limitations, was successful.

The significant changes from the planned workshop, which was also contracted, were the following:

The original workshop was supposed to be a 2-day workshop, allowing enough time for most participants to record the problems (first 4 steps) and on the second they with a limited number of stakeholders to design indicators. Instead of the week 26-31 August, October, 8-9 October, then eventually after a further change, 9-10 October was selected. The first day, 9 October coincided with the OSA 100 anniversary gala, and the collective management societies were not present. The 2nd day was cancelled by SoundCzech.

On the first day of the workshop, only very limited amount of documentation was made. The reason for this was that while the Consultant suggested 3-4 pre-trained co-moderators with a bilingual working capacity in Czech and English, only limited help was available. Compared to the sample documentation of the similar Hungarian workshop, which resulted in more than 10 pages of raw memorandum, sound recordings, and many table, only a short, English language table was prepared by SoundCzech. Therefore, the workshop was moderated by the Consultant alone in the English language, which, on the one hand, made the workshop somewhat faster, and on the other hand, made participation more difficult for some stakeholders. Nevertheless, the English language skills of the people present were generally good, and the participants were very constructive and helped at all tables colleagues who were not confident in speaking English.

Program breakdown	
Steps	Examples
1 Problem/Challenge	Too few people attend concerts, and they go infrequently, which forces many venues to close down -> we should increase the audience and visiting frequency of concerts
2 Change	It will be less risky and more profitable to promote concerts. We hope to have longer domestic tours, which are easier to manage.
3 Program	1. Normative support for concerts, 2. Live shows equipment, 3. Small venue technological upgrades
4 Action	We suggested various changes in granting aims.

Note:
Example based on Hungarian workshop, 2015.

To compensate for the lost 2nd day, the absence of the collective management societies, and limited

documentation, it was agreed on 10 October between SoundCzech and the Consultant to add a one-week written consultation round, based on a filled up text that contains examples and elements based on the Hungarian workshop documentation [antal_javaslatok_2015]. The Consultant offered to hire a local assistant to call participants and individually help with emails and calls to get structured feedback, comments from the participants, but this was rejected by SoundCzech who preferred to do this part of the work without the Consultant.

Program breakdown		Controlling	
Steps	Examples	Steps	Examples
1 Problem/Challenge	Too few people attend concerts, and they go infrequently, which forces many venues to close down -> we should increase the audience and visiting frequency of concerts	5 Evaluation	Annual music industry report key indicators: number of municipalities with active venue, estimated # of concert visitors per year, visiting frequency per year
2 Change	It will be less risky and more profitable to promote concerts. We hope to have longer domestic tours, which are easier to manage.	6 Effect indicators	1. Increased reported concerts measured by OSA or survey, 2. More licensed venues, 3. Longer tours reported in survey, 4. Increase in live music performance royalties
3 Program	1. Normative support for concerts, 2. Live shows equipment, 3. Small venue technological upgrades	7 Result Indicators	Successful grant applications, etc.
4 Action	We suggested various changes in granting aims.	8 Progress Indicators	Simple indicators, or checkpoints for to do list.

Note:
Example based on Hungarian workshop, 2015.

The aim of the written consultation part was to clarify exactly what changes the stakeholders in various artistic, technical and managerial roles expect in their own professional environment, i.e. in their own freelance or microentrepreneurial working situation from the recommended changes. The other aim of this round was to identify suitable indicators and data sources to measure the change. It was also expected that some participants, especially who found the workshop very useful, will give testimonies for the grant application necessary for the Phase II of the project.

Because the Consultant did not receive any feedback, expectations, comments, and data sources, or indicators, the Consultant included proposed indicators, whenever possible, with starting indicator values in the final version of the documentation, which is also part of the Final Study.

Music Education & Advocacy

Participants in the workshop agreed on the priority of a music education program.

We would like to see the incorporation of new music education pedagogy and curriculum in primary, secondary school and specialist music education, because this is the only long-term solution to increasing active participation in the Czech music life. Czech people should have a better understanding of the work of composers, producers, performers and the large technical team behind them that creates the music experience, because currently the prestige of the profession and the valuation of the music is too low. This would not only help the music industry and other creative industry, but it would help the next generation require better skills for a highly automated, highly robotized economy where human skills are getting more and more important.

Program Considerations

Our analysis shows that participation in the Czech music scene, and especially in concerts is less frequent and less likely than the EU average. Because on average Czech people are not poor by European standards, our analysis also reveals that material factors do not explain the difference. This is why the industry feels that education is starting point of any music development program.

All over the world, music participation peaks in the early 20s and diminishes over time with age. Those countries where the loss of visiting probability or frequency is smaller in among middle-aged people have far stronger audiences, because that is the age when people can spend the most on recreation and culture. The reason of the relatively weak demand for music in Czechia is explained by the fact that the loss with age is stronger than the EU average, and very similar to the loss of Slovak and Hungarian audiences.

*Subtitle needs to be corrected**

There are two proven and one very likely cause of less loss (or, in some Nordic countries, gain) with age:

1. A higher level of general education compared to Czechia, as represented in a high music leaving age, above 20 years;
2. A higher level of music educations, and likelihood of playing an instrument or singing as an amateur;
3. A likely stronger general music education in primary and secondary school classrooms.

Overall, in Czechia, less people pay for shows and far less people pay for music services than in Germany or Austria, and the spending level is like Hungary, Slovakia and Poland.

The study offers a lot more background on these issues.

Music Education In Primary Schools

Modernization of music education in primary schools (**ME 1**). At least one element of music education, *music appreciation*, generally starts in early primary school, but often some basic *music and singing* is included in the curriculum.

The best place to include music education in the general school system is the secondary school. Secondary school students usually have the interest and the maturity to play, record and compose music, visit concerts or even organize them. They are in an advanced stage of career organization, and because of their more mature age require less special pedagogy to engage. Furthermore, because the number of secondary schools and secondary school students is lower than the number of primary school and pupils, when teacher and funding capacity is limited, a more concentrated effort can be made on this easier level.

Nevertheless, participants in the workshop expressed a desire to include primary schools in the proposed program. Ideally the program elements that we introduce for secondary schools should be introduced in an age-appropriate way for primary schools. However, this requires more organization and more preparation. Young people in secondary schools often allowed to make many choices about their activities without parental consent (though may be subject to parental control.) In the case of primary school pupils, organizing parental and teacher control is more difficult.

Music Education in Secondary Schools

ME2 Modernization of music education in secondary schools. Modern popular music education usually targets secondary school students in the Western countries. Informal learning practices typical for popular music are more suitable for the 14-18 years old cohort.

Music enjoyment is mainly formed by the family and the school, and the peer group has a very strong influence. In the secondary school age, schooling is compulsory and the entire cohort can be found in a few hundred schools - later these young people will spread out in hundreds of thousands of enterprises, organizations or universities.

Further considerations are given in the Study.

Enjoyment of Music Education

- **Finding teachers:** systematic effort should be made to find qualified teachers who have an interest in popular music, or they themselves are able to play music. Depending on their specialization, they may be able to introduce new music in the classrooms, or oversee extracurricular activities (such as supervising school rehearsal studios, school radios, school recording equipment.)
- **Training teachers:** Equipping qualified teachers with the modern pedagogy of classical music and the informal learning pedagogy of popular music, and technical skills to oversee equipment and installations. See also @ref(GR2-2) Grants for introducing new pedagogy

- **Introducing music enjoyment in classrooms:** following the regulatory requirements, introducing new classroom pedagogy elements and new music enjoyment into the classroom.
- **Extracurricular activities:** it is extremely important to organize concert, studio, backstage, etc visits from schools to festivals, venues, concert halls, because our research shows that people who never visit concerts in young age will almost never take up the habit later. If schools do not offer such activities to all students, the risk is high that only highly educated, and middle-class parents will take and allow their children to concerts, thus significantly reducing the future concert audience.
- **Safe programs for teenagers:** festivals and venues should offer programs targeted for teenagers that provide a safer environment to overcome resistance from parents and teachers to allow their children to programs. This is critically important in families where teachers do not have the habit to visit festival or concerts and may be afraid to send their kids to an environment where they may be exposed to excessive drinking, drugs or underage sex.
- **Grants for Music Participation:** see @ref(GR2-1) Grants for introducing new music into the classrooms

Active Participation in Music

Modern popular music pedagogy usually involves the active forms music participation, i.e. learning to sing, play an instrument, create a recording, a video recording and to compose a song or lyrics. Our research shows that people who themselves play music or sing tend to buy far more music products than people who do not have these skills.

- Training qualified teachers: Related to @ref(ME2-1) Enjoyment of Music Education the volunteers from the qualified teacher pool should be trained to oversee a school recording equipment and a rehearsal studio in the school. Teachers already involved in music education should be trained in the field of recordings and composition. Interested literature teachers should be given training and classroom pedagogy for lyrics.
- Grants and other sources should be made available for introducing recording and rehearsal studios into schools. Existing capacities should be monitored. Music instrument merchants should be encouraged to donate at least a few model studios and actively lobby for public and donor funds.
- Talent competition for teenage performers, composers and lyricists should offer motivation for teachers, students to continue their efforts and inspire new schools, educators and children to join them.

Introducing Music as a Profession

An important part of our assessment that the general public, policymakers and politicians know very little about the music and the way music is created. This leads to poor understanding, low appreciation and difficulty in spotting and attracting talent.

Because there was little time in the workshop to dwell into details, we included some proposals from the Hungarian workshop and offered it for e-mail and telephone consultation.

- Stakeholders should form volunteer groups and take turns to participate in career orientation classroom and school programs and educate children about the artistic, technical, and managerial roles in music. Foreign experience shows that in the lack of such activities, mainly children whose parents are creative or highly educated orient themselves toward creative industries. Furthermore, girls, who tend to have as much interest, if not more, in these professions, are often discouraged to learn professions that had been dominated by the previous (parent) generations by men. Only a few hundred occasion would provide a 100% coverage of the secondary schools per year, and even a couple of dozen visits could significantly increase the visibility of the music industry in the next generation that is choosing a career path.
- Such visits, which can include a classroom conversation with an artist, a manager, and a light/stage/sound technician, can be ideally combined with a concert/backstage visit. It is important

to show that more people work behind the stage than on the stage, and children who do not have the personality traits to go to the stage find interesting work around music.

Music Education in Music Schools

ME 3 Better incorporation of popular music in the music school system. In many European countries, including Czechia, a specialized, extra-curricular music school system teaches vocal and instrumental music for pupils and students. These schools are mainly focusing on training future professional musicians in the field of classical music. They are less likely to teach folk and popular music, and they often discourage children who do not aim to be, or do not seem to have the talent for becoming professional music performers.

It is questionable that music schools should appropriately force children at very early age, starting from age of 6, to choose an adult career path. Music schools should be encouraged to offer tuition for children or parents who explicitly aim to become amateur musicians, or for parents who want to leave this important choice to a later age.

Music schools could be more equipped to teach some elements of popular music, and some instruments that are more likely to be used in popular music than secondary schools or primary schools. The music industry should encourage the expansion of these activities after a consultation with a wide array of music school headmasters, teachers, and parents, children or already professional musicians with a music school experience.

Educating the Public - Advocacy

Because there was little time in the workshop to dwell into details, these proposals were made by the Consultant, partly on the basis of the consultation with the stakeholders, and offered it for e-mail and telephone consultation.

Constructive Dialogue With the Pirates

ME4-3 Dialogue between the Czech music sector workers, fans and the Pirate Party. The emergence of the Pirate Party in Czech politics put musicians into a very awkward position, because the populist party is popular among young people who dominate their audiences. The Pirate Party is aiming to destroy the most important intellectual property of an artist, the copyright and its various royalties, and potentially creates a division between musicians and fans.

Cynical large tech-corporations are reinforcing the message of the Pirates, and contrary to reality, make the impression that the music industry is 'big business' and they are protecting 'small tech startups', whereas destroying copyright value is the interest of 'big tech interests' and almost all music businesses in Europe are micro- and small enterprises. This problem requires a deeper understanding of the young people's beliefs and targeted messaging.

Indicators to Measure Progress & Keep Direction in Music Education

The expected change could be measured already within 3-4 years, because the music consumption is very much concentrated in the 16-23 years old cohorts, and music education usually targets the secondary school student in the age of 14-18 years. This means that over 3 school years already half of the most relevant cohort can receive engaging music education that has an immediate effect on national concert attendance statistics. This effect is very strong over 10-20 years, because people who learned popular music are expected to visit more concerts lifelong.

Strategic indicators

- Percentage change of the population who went to a concert, dance, ballet in the last 12 month by cohorts, (standard CAP question, to be measured by a CAP survey, see @ref(#researchdev) Market Research & Collaborative R&D, particularly @ref(#RD-CAP).)

Impact indicators

- Percentage of the population who played an instrument in the last 12 month
- Percentage of the population who sang in the last 12 month (standard CAP question, to be measured by CAP survey)

Effect indicators

- Number of teachers capable overseeing school rehearsal studios and informal learning practices
- Number of teachers passed pedagogy programs
- Number of school visits on concerts & backstage
- Number of visits to career orientation talks in schools

Market Building

Most of the workshop was devoted to various aspects of low level of income and professionalism in the Czech music industry. These were organized largely into three program elements: market building; professionalization and HR; market research and R&D.

We would like to see that the Czech music industry is growing out quickly from its infant stage. We would like to see music businesses focused on value growth and the professionalization of the currently part-time, only informally trained working force. Artists should be proud of their work and should not be shy to demand adequate payment for it. We would like to see a market development in place within the next years that starts to give a more visible shape for the live and recording parts of the music industry and bring out the publishing sector from its current state.

Markets are institutions that take years, decades to build and nurture to help allocating good services and work. Cultural and creative industries are suffering from over-fragmentation. In the film industry and television, 30 years ago, people worked in large companies that had HR, market research, R&D and legal functions to support the work of artists, technicians and managers. Most people in the film and TV industry do not have this luxury any more, and people in popular music, jazz and folk usually never had them. Increasingly the art/classical music scene is subject to more and more fragmentation.

Tackling ‘Free’ Music

Free music uses should be adequately remunerated and eventually channelled towards paid uses. There is a general consensus that ‘free festivals’ organized and paid by municipalities contribute to the low valuation of Czech music.

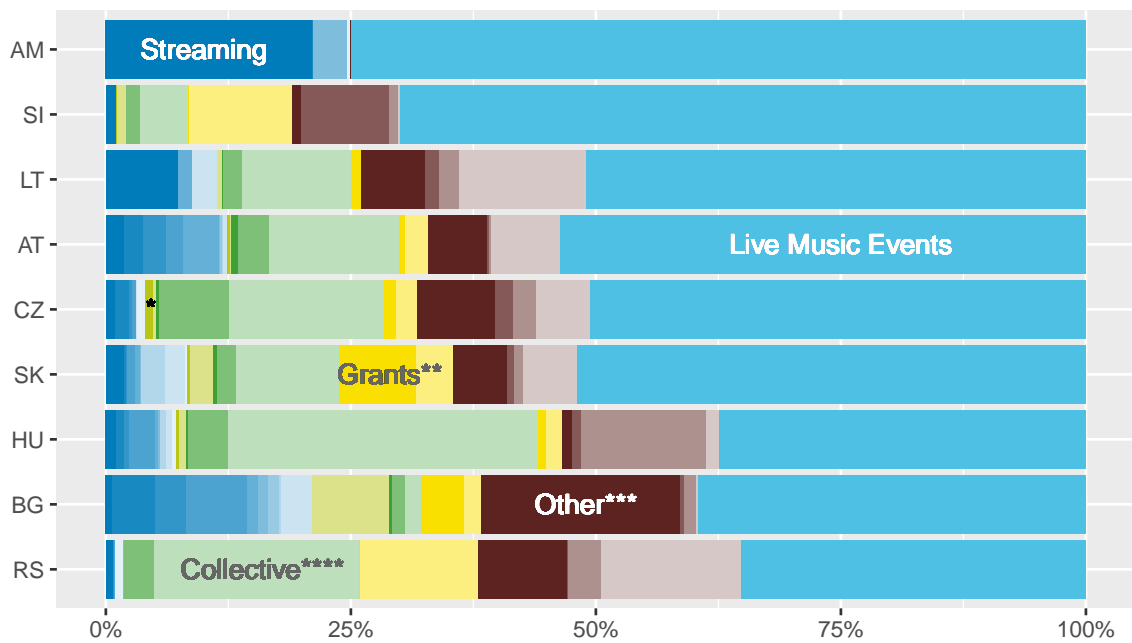
Value Growth - Free Festivals

From ‘free’ festivals to ‘paid’ festivals (MB1-1). There is a general consensus that ‘free festivals’ organized and paid by municipalities contribute to the low valuation of Czech music. However, politicians often like the idea of free festivals, and artists, who are struggling to get paid gigs, often participate in these events that in the long run are destroying the value perception of music and undermining efforts to increase ticket sales revenue. A best practice guide should be developed by experimenting with novel forms of hybrid events, where the audience should pay some contribution, or should be encouraged to offer other forms of compensation, for example, buying tickets or offering voluntary compensation. Whenever possible, it should be encouraged that municipalities are aiming at low-price, affordable local events and not free events.

Understanding the value proposition of live music events

Similarly to the movie theatres, concert venues should be able to modernize and re-position their offering to new audiences in order to increase the value of concerts. The CAP survey is particularly good form to empirically segment the audiences and start to understand the value drivers and costs of various audiences.

Income Composition By Country



* Labels & Publishers [no text on chart], **includes corporate sponsors, ***music related non-artists work, **** collective management, Music Professionals Survey, artists only. © CEEMID, 2019.

Figure 1: Musician Income Composition By Country

It should be noted that in the absence of many modern venues, countryside audiences often must spend more on travelling to music events than the cost of the event itself.

Because music enterprises are micro- or small enterprises, they do not have market research or R&D capabilities. The joint research efforts should equip market participants and public concert venues with easy-to-follow guidance and collective actions that can reposition concerts as a high-value social activity.

Private Copying Remuneration, Blank Media Levies

Again, because even collective management societies are small enterprises with limited market research or R&D capabilities. The joint research efforts should the very least equip OSA, Intergram and Dilia with the ability to measure home copying, and preferably with the know-how to calculate the economic value of home copying and the calculation of equitable remuneration of home copying as required by EU and Czech law.

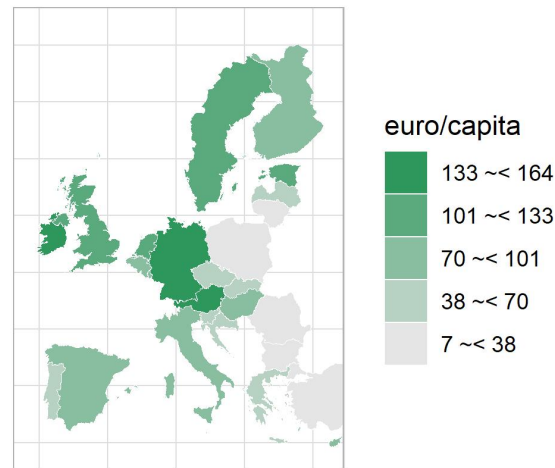
Measuring the Effect of Value Growth Measures

- PCR Revenue per Capita: this simple indicator is measured every 1-2 years by WIPO and de ThuisKopie, the Dutch collective management society and international competence center for private copying remuneration.
- Number of free music events / number of paid music events: this indicator could be produced by OSA, which is licensing all music events in the country.

Increasing the Value of Live Music

Live music revenues should be increased by increasing the sale quantity (ticket sales) and the value (ticket price). Apart from the segment provided by international promoters with some international top artists, ticket prices are generally very low in Czechia. Combating free shows requires special attention.

Private Expenditure: Concert, Cinema, Theatre Demand Driver for Music Subscriptions & Downloads



Based on Eurostat national accounts data,
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Figure 2: Private Expenditure on Concert, Cinema and Theatre in Europe

Increasing Ticket Sales in Live Music

In the long run, we believe that the best program to increase ticket sales is with the Music Education Program.

However, ticket sales should be professionalized regardless of the music education efforts. Generally, tickets sales should aim to decrease the high seasonality of concert demand, and increase pre-sales, which is probably the best risk management tool for the extreme high-risk concert and festival promotion business.

Increasing the Value of Live Music

Participants in the workshop said that they believe that medium-sized venues are missing from the country, which may be the case, but currently the medium-sized concerts are also very rare - 90% of the concerts have less than 200 visitors. There are currently very few concerts that do not fit on a small venue (which is typically defined as venue with less than a capacity of 500.)

The Hungarian CAP survey measured the various travelling costs (in time and money) associated with concert visits in the countryside, and other aspects of non-visiting or not frequent visiting. This is the recommended next step, because there is no clear pathway to increase either ticket prices or audience sizes.

Measuring the Effect of Revenue Growth Actions

Because the cheapest way to collect market information, when such information is not already published in a correct format from a reliable data source, such as collective management or ministry comprehensive source, the best way to collect data is to ask the musicians, technicians, managers themselves. The CEEMID Music Professional Survey was introduced in Czechia as an experiment the first time in 2019, but in Hungary, it has already a history of 6 years. This comparative survey is already offered in 12 languages and allows the cheap measurement of the fragmented live music scene.

Increasing the Participation in Music

Participation in music is measured by cultural access and participation surveys, which is a standardized way to measure market-oriented (commercial concerts), non-market oriented (free and liturgical events) passive activities and active participation activities (professional and amateur singing, music playing).

The EU-wide CAP surveys usually measure only the top priority indicators, for example, the frequency of concert attendance in each EU country / region. The ESSNet Guide contains guidance on how to measure more in-depth indicators that remain comparable among countries that follow the guidelines. CEEMID has created so far 7 CEE CAP surveys that contain in-depth information about the live music participation, and the use of the CEEMID questions would immediately make Czech participation levels comparable and understandable. The use of other questions will allow to make judgement on relative levels after 2-3 repeated surveying.

Increasing the Participation in Live Music

In the long run, the best action to increase activity is **Music Education in Secondary Schools**. Because visiting probability and visiting frequency is usually diminishing after 21-23 years of age, it is critically important to introduce all students to enjoyment of concerts, singing and playing music.

Increasing the Participation in Live Music

The Consultant thinks that this is an area where venue operators, NGOs could really start to show good examples with almost no investment and earn credits. Please suggest ideas and make pledges.

This program element overlaps with the **Music Education: Active Participation in Music** program element, but has market building aspects, too. It is very important to cooperate with educators and make sure that all teenagers, even from disadvantaged families, do get access to live music events. Teenagers, and people in their early twenties often cannot afford to spend a lot on concerts, but if they do not learn to appreciate live music, they will never come back to the music clubs and festivals when they start earning normal salaries.

Concert and festival promoters should work with educators to promote music in these target groups as an investment, outside their usual concert promoting and sales initiatives.

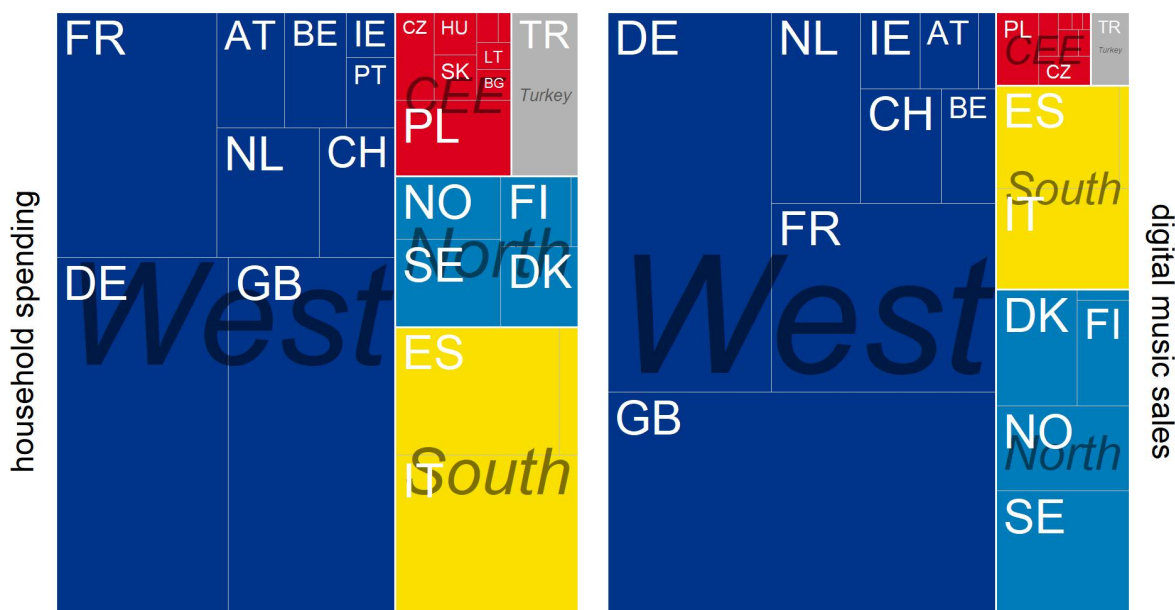
Increasing Active Participation in Music

While active participation in the form of singing, playing and instrument, or becoming a DJ can be best increased in secondary schools and in primary schools (see: **Music Education In Primary Schools**, **Music Education in Secondary Schools**), music education programs take a longer time to implement. Stakeholders should be encouraged to initiate further action that would encourage people to take out their disused instruments, or start to learn music at any age.

The Consultant thinks that this is an area where venue operators, NGOs could really start to show good examples with almost no investment and earn credits. Please suggest ideas and make pledges.

As a market building activity, rehearsal studios, instrument manufacturers and merchants, and other stakeholders are encouraged to cooperate with educators to make sure that teenagers throughout the country, but at least in all municipalities which have secondary schools and secondary school dormitories offer opportunities to play contemporary music.

Increasing the Value of Recorded Music



Source: Eurostat, CEEMID, 2019.

Source: IFPI, 2019.

Figure 3: The digital royalty gap between large regions of Europe

- The interest of the music industry and the radio and television industry should be aligned in terms of regulation and taxation, and there should be a joint program that would increase the value of their services and their ability to pay higher royalties via OSA and Intergram to the composers, producers and performers.

This effort goes hand in hand with the **Alliance With Creative Industries**, because broadcasting, advertising, film production, and other creative professions suffer from the same economic policies, and at the same time they are the biggest business users of music. Their ability to pay royalties depends on the success of **Better Regulation & Taxation Of Music**, because their business is impacted by the same tax issues. Furthermore, their business models and ability to pay royalties were undermined by the value transfer to

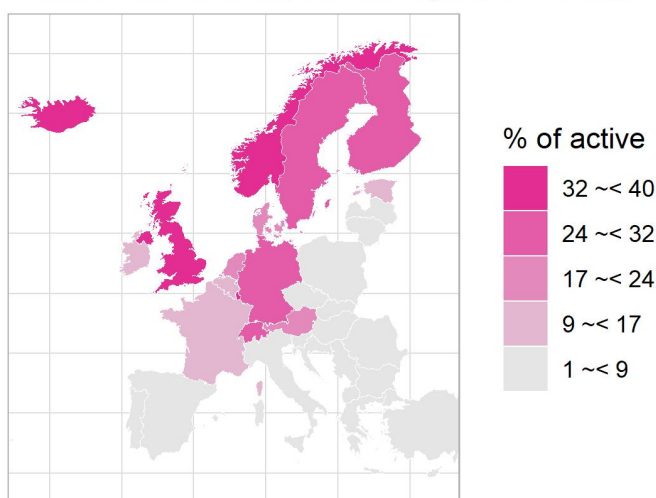
media platforms, and the successful adoption of the *Digital Single Market Directive*. They would also have a material interest in supporting the research elements related to the successful transposition of the **Digital Single Market Directive**.

Increasing the Sale of Recorded Music at Home

- A constructive dialogue should start with the DSP providers of streaming services, because it is likely that both the price and the marketing efforts to roll out their services, for example, Spotify's family plan, is mispriced. Some stakeholders believe that the current subscription price, which determines streaming royalties paid for composers, producers and performers is too low in Czechia.

Comprehensive guidebook of the Czech Music Industry

Mobile Internet Users Who Pay For Music And Film Demand Driver for Music Subscriptions & Downloads, Private Copying



Based on standardized European survey data,
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Figure 4: Mobile INternet Users Who Pay For Music And Film in Europe, percentage of active population

The aim of the first Hungarian music industry report [antal_proart_2015] and the first Slovak Music Industry Report [antal_slovenskom_hudobnom_2019] was to create a fully documented, common guidebook of the structure, players, and facts, problems and development goals of the national industry.

Indicators to Measure Progress & Keep Direction in Market Building

Strategic indicators

- Number of people visited a concert in the last 12 years - this is a standard CAP metric and we have data only for 2007 and 2013.
- Total public performance royalties [This indicator will be reported only for neighbouring rights, unless OSA reports the indicator for composers]
- Total mechanical royalties [Could be reported by OSA]

Impact indicators

- Ticket presales rate: tickets sold before the gig / festival day reduce the risk, increase planning, and usually show a higher level of business organization.

- Based on your comments, further suggestions will be made.

Effect indicators

- Average ticket price in Prague, the countryside. The current median (typical) values are 200 korunas in Prauge and 181.2 korunas in the countryside. The average values are 216 korunas in Prague and 181 korunas in the countryside.
- The typical concert audience size is 100-200 visitor in Czechia, and on average (with few larger concerts it is approximately 350.)
- Median streaming quantity [This indicator will be reported here in the final version from CEEMID Music Professional Survey]
- Median streaming value [This indicator will be reported here in the final version from CEEMID Music Professional Survey]

Music Export

Because of the limited time and the reduced workshop format, we did not go into much detail in this area, as SoundCzech and its direct partners had access to the writing consultation.

We would like to increase our audience and revenues abroad and increase our competitiveness of the domestic music in the global competition for the Czech market. From 2020 artists, technicians, managers, and the supporting organizations of collective management and granting authorities make a joint effort to increase the quantity of music sales and the value of music sales.

It was clear in the workshop that some promoters and publishers have a very strong, healthy, export-oriented mindset, and they are seeking tools to increase their exporting capacity. They would like to see better organized tours, that will eventually allow better calendar management and leave more time for other activities.

Participants would like to see a constructive dialogue with OSA about the possibilities of further developing the composer royalty stream with a better cooperation between the collective management society and publishers. This should be a good opportunity to review OSA's role in the publishing market.

Professionalisation & Collaborative Human Resource Management

We would like to see that music professionals are better equipped with hard knowledge to fulfil their jobs employers have less difficulty to recruit or retain skilled workforce in the Music Industry. Within three years, employers should have the ability to train better trained workforce, or to retain highly qualified personnel from the more competitive film industry. These necessary changes go hand in hand with **Market Building**.

We would like to make sure that musicians, technicians and managers are well represented on both the employer and employee side of the Czech social dialogue, and actively seek help from EU-level partners. In Europe work-related legislation, funds for life-long learning and vocational training programs are increasingly managed in a social dialogue between employers, trade unions and the government. The problem of the creative industries is that because of the dominant freelancer and microenterprise structure, they are not well present in this dialogue. Musicians typically do not have a clear employer, and especially young composers and performers do not see the merits of unionisation. Supporting professions, such as engineers, stage crew are not represented by anybody. This is very problematic, because there are really large funds available for increasing the quality and quantity of professional training, but the demands of the music industry never surface. The necessary changes go hand in hand with **Better Regulation & Taxation Of Music**.

The participants of the workshop could mainly relate to the beneficial changes in their organization to this program. They feel that they are overwhelmed, they are not able to recruit or train well-trained people for different tasks, and some people are forced to fulfil too many professional roles.

Some professional qualifications and skills are shared with other creative industries, particularly with the film industry and broadcasting. Because of the higher competitiveness of the Czech film industry, music enterprises find it difficult to retain staff in technical positions.

Strategic indicators

- Number of qualifications certified for formal training
- Number of learners in certified formal training
- Difficulty of paying bills: this is a standard relative wage indicator that is used across Europe.

Impact indicators

Impact indicators in this field could only be developed with the cooperation of employers. This may be a suitable task for the **Working Group on Music Business Professionalisation**

Effect indicators

- number of musicians represented in the Czech social dialogue
- number of enterprises represented in the Czech social dialogue

Market Research, Collaborative Research & Development

we would like to create a strong, national, internationally open collaborative research consortium that supports the market research and R&D needs of microenterprises, small enterprises, associations and small public institutions in Czechia. Building on best practices from Europe, we would like to pool data assets, research material, analytics tools, research capacities and find funding for them in national and EU grants.

As a starting point of this development program, SoundCzech, CEEMID and the state⁵¹ music group formed an open Research Consortium. The workshop was facilitated with information resulting from this cooperation. The invitation to be involved was extended to all participants, including young researchers present.

The special problem of the creative and cultural industries is that very small enterprise size and the complexity of economic activities in a small enterprise. These small enterprises do not have their own market research and R&D capacities, which makes them less competitive against large global players or competitors from EU countries where national stakeholders have already formed collaborative research functions.

Because partners were invited to participate in the creation of the research program in detail, we did not spend much time on this topic in the workshop.

Alliance With Creative Industries

We would like to align the interests of the music industry with other creative and cultural industries to have a better impact on economic policy formulation business development in the Czech economy. We would like to improve particularly the relationship with creative and cultural industries that are big commercial users of music, particularly radio and television broadcasting. We would like to see more Czech music being used in Czech regional, local, and national broadcasting.

This topic was a very often mentioned one in the workshop, though the discussions were not very productive because there were no participant presents who had a lot of experience in joint creation with television and radio.

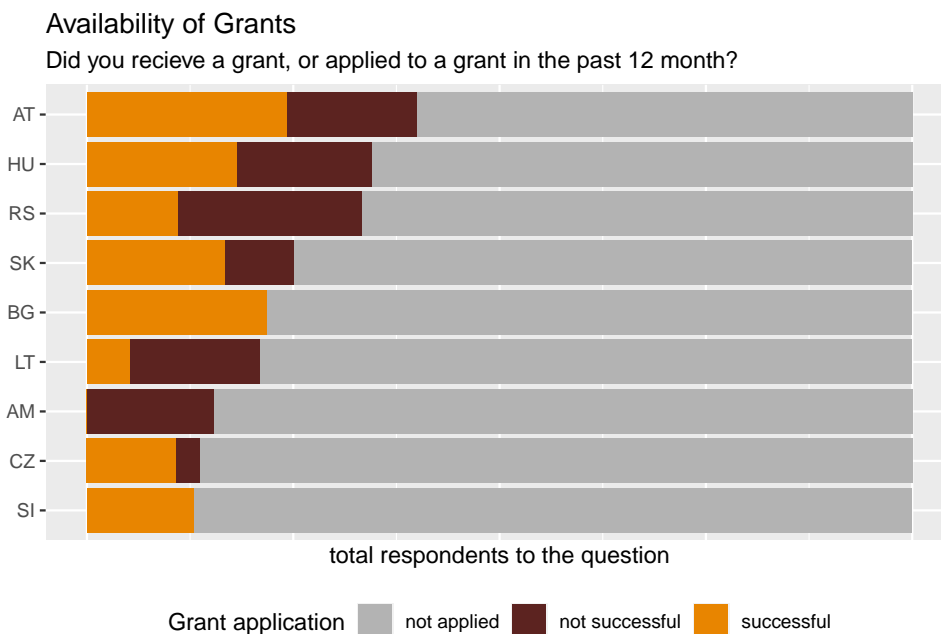
Most of the considerations discussed here are almost identical to the problems of the radio, television, film, video games and advertising industries. The music industry will be only more successful, if it find a joint policy and advocacy platform with these industries. Particularly the film and television industry has a bigger impact on forming the national agenda.

Most of the suggestions in the study will be based on Hungarian and Polish examples from the Consultants and offered for e-mail consultation to all participants.

Better Granting

We would like to see that grants available for musicians on national, regional and municipal level and grants available for the creative enterprises of the industry are supported with more suitable and more available grants. Because Czech cultural spending is not very low, but very few musicians and music businesses are granted, we would like to initiate a review of the current granting system, a better coordination among different levels of the government, and the introduction of better practices.

The CEEMID Music Professional Survey 2019 has shown a very low level of grant availability for Czech musicians in comparison with the region. Because of the small sample size, it is difficult to judge suitability, but the our data does not support a negative view on suitability.



CEEMID Music Professional Survey. © CEEMID, 2019.

Figure 5: Musician Grant Availability in the CEE

Indicators to Measure Progress & Keep Direction in Granting

Strategic indicators

- Percentage of music professional who received a grant in the last 12 month [see chart above]
- Percentage of grant income in the income of music professionals
- Number of *ex ante* and *ex post* grant evaluations

Impact indicators

- Accepted / rejected grant applications per granting agency
- Anonymous survey evaluation of grants
- Due to *ex ante* evaluation, the grants are more suitable and more appropriate for the individual development goals of artists and music SMEs, startups.

Effect indicators

- Number operational programs for the 2021-2027 period that are suitable for music enterprises
- Number of music enterprises and professionals who were asked about their development priorities, existing resources and additional needs.
- Number of grants in total subject to quantitative *ex post* evaluation for the period 2014-2020, including EU-funded, national, regional and municipal grants.

Better Regulation & Taxation Of Music

In the workshop, most participants had no experience in the field, but they stressed their effort already made into a Live Music Act. Most of this part of the Study will be filled up with Hungarian and British examples.

Music Industry Stakeholders would like to see the passage of a Live Events Act that addresses the particular problems of applying laws and lower level regulation for music businesses. Such regulation may take the form of a broader legislation that is not only concerning concerts, festivals, and music recordings, but also the very similar problems of performing arts and sports events. Joining forces with these creative and cultural industries increases the chances of success and can lead to further cooperation on more creative-friendly economic policies, including tax policies.

The Music Industry would like to see a more creative activity friendly tax administration and tax policy, because creative industries have a bigger potential to create jobs and contribute to public expenses than other, more favoured industries. This effort goes hand in hand with **Alliance With Creative Industries**, because broadcasting, advertising, film production, and other creative professions suffer from the same economic policies. In Europe work-related legislation and taxation, similarly to funds for life-long learning and vocational training programs are increasingly managed in a social dialogue between employers, trade unions and the government. The problem of the creative industries is that because of the dominant freelancer and microenterprise structure, they are not well present in this dialogue. Musicians typically do not have a clear employer, and especially young composers and performers do not see the merits of unionisation. Supporting professions, such as engineers, stage crew are not represented by anybody.

No wonder that the music industry is usually taxed more than most professions, and there are no clear procedures to avoid double taxation on foreign tours - not even within the EU.

The live music industry is subject to a vast array of regulation because it is working with dangerous technology, temporary installation and large crowds. Fire, safety, noise, building and technical regulations, as well as certifications and tax administrations affect artists and event promoters, venue operators in a rather special way, and the stakeholders would like to see a legislative act that clarifies such regulation for the music sector and potentially for other performing arts and sports events.

Much of this regulation is national regulation, but a lot of local regulations apply too, which are usually created by less knowledgeable municipal authorities, who sometimes have no experience with live events or festivals at all.

Several countries realized that the live music sector is under a very serious threat. All over the world, in the CEE region, the rest of Europe and globally there the vast majority of the available stages, clubs closed down in the last 15 years, because the increasing regulatory burden and the increasing investment needs into modern stage technology made smaller venues (under 1000 audience capacity) not viable..

Digital Single Market Directive

The Digital Single Market Directive is the single most important legislation that will affect the composers', producers' and performers' royalties in the next decade [[@directive_2019_790](#)].

The DSM Directive was also the most fought ever legislation in the field, because large tech companies, particularly Google, financed an unprecedented PR campaign and gave support to privacy NGOs to fight against increasing royalties from media platforms.

This fight is now in Prague, where the directive must be transposed into national law. It is very problematic that in Czechia through the Pirate Party there is a popular and populist opposition against paying artists' royalties. T

Calculating The Value Transfer To Media Platforms

Measuring the Value Transfer To Media Platforms @ref(RD-CAP-4) is a necessary first step to calculate the value at stake and inform the legislation and the public about how much money Czech composers, producers and performers are losing every year because of this regulatory loophole. Tech companies will create arguments that will claim that the loss is negligible, however, in Hungary and Croatia we have shown that several million euros, about 15-25% of the total copyright and neighboring right royalties are at stake.

Needless to say that the window of opportunity is closing every month, and any bad legislative solution will cap the income of all Czech artists, labels and publishers for at least a decade.

Legislative Proposals to Close the Value Gap

Various international organizations, for example, GESAC are offering a lot of PR and legislative training for this topic, but local evidence and a deep knowledge of the Czech legal system is necessary to make good proposals.

Needless to say that that tech companies have already a very strong lobby in place and they have excellent links to piracy campaigners and Pirates. They usually claim that the DSM Directive support the needs of 'majors', and 'big business', although in Czechia it supports only freelancers and microenterprises.

Live Events Act

Many EU-level, national and local regulation applies to music businesses. The festival organizers have been lobbying for a separate act of parliament for some time. This may be desirable because it would draw attention to music and increase the public reputation of the music industry. Naturally, removing the regulatory barriers and problems in any form would provide similar benefits, and generally the stakeholders should not concentrate on the legislative form but the content of the proposed changes.

International Experiences (**RG1-1**). The United Kingdom pioneered similar legislative proposal with the creation of the cross-party Small Venues Act.

Factfinding guide for Czech Venues (**RG2-1**). It seems that nobody has a comprehensive view on the regulatory problems faced by festivals and various music clubs, culture homes, restaurants with a stage and other small or medium sized venues. These venues often do not have the necessary professional staff.

- We encourage a tour of facilities with inspectors of relevant authorities, and senior technical and managerial staff on at least 20 festival sites, culture homes, café venues, music clubs, and collecting all actual regulatory problems from zoning, crowd management, fire, safety, noise, and other aspects, and list all the unusual parameters for music venues, and all applying regulations (in case of municipal or lower level regulation, also higher level regulation that empowers local authorities to set rules.)
- Based on this factfinding mission a simple technical survey should be created and sent to all known sites, venues, venue operators, and potential other venues, such as culture homes, even they have not staged concert in recent years.

Plugging In Small Venues

RG4 Problem mapping, regulatory proposals for small- and medium sized venues. After considering international experience and actual, hard facts based on case studies, the industry should create a full problem map, i.e. considering every currently functioning and potentially renewable venues, including all problems of crowd management, fire and safety regulation problems, noise and zoning, potential logistics/transport issues.

- Create a database of all venues, with all necessary regulatory and investment interventions.

- Provide venue managers, who often do not have music professionals present (for example, in Culture Houses) with a practical guide on a) giving information on their technical parameters to bands b) receiving information or best value/for/money technical scenarios c) guidance on regulatory compliance d) model contracts to hire bands, stage/light/sound technicians. Standardization of model contracts, data about venues, riders can help designing interventions, re-open venues, prevent closures, and it significantly reduces the costs and risks of domestic touring.

Taxes & Tax Administration

Musicians and their technical and managerial support teams are facing similar problems in tax administration as other creative professions on one hand, and when they are touring, similar problems than ‘travelling professions’, such as stewardesses, pilots, train and boat crews. They are serving their audiences under various tax and social security regulations, and because of their low income, they often struggle to take advantage of double taxation avoidance treaties.

The CEE economic policies and tax rules are generally far more favourable for manufacturing and agricultural activities than for creative services. The Slovak Music Industry Report has shown that touring acts, compared to car manufacturers in the country are subject to proportionally up to 100x more tax burden on 10,000 euro turnover. The Hungarian Music Industry Report also highlighted the unfavourable tax administration as the biggest obstacle to music industry growth.

RG3-1 Reducing Double Taxation. Through the participation in EMES, SoundCzech should import know-how on double taxation issues, and find local tax professional support to translate these into actionable recommendations for legislation.

RG3-2 More creative friendly VAT administration and brackets in Czechia. Similarly to the Slovak and Hungarian Economic Impact Assessments, a Czech impact assessment should be made within the Czech Music Industry Report that shows the disadvantageous tax treatment of the Czech music sector.

The first steps of the general overhaul of the 25-years old EU VAT system are already under way, and the Hungarian, Slovak stakeholders have created economic impact assessments years ago. This problem is more serious in Hungary, Romania, Croatia and Slovakia, but it should not be neglected in Czechia either. The effect of unfavourable taxation is likely to be greater than the lack of good grants.