

Economic contribution of the New Zealand music industry in 2023

A report for Recorded Music New Zealand

December 2024





Jo Oliver
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6 December 2024

Economic contribution of the New Zealand music industry in 2023

Dear Jo,

We are pleased to provide our report on the economic contribution of the New Zealand music industry in 2023.

This report is provided in accordance with the terms of our letter of engagement dated 18 April 2024 and is subject to the restrictions set out in Appendix C.

If you have any queries please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M Robinson', with a horizontal line underneath.

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Executive summary

Executive summary

2023 was the best year for the New Zealand music industry, in terms of economic contribution, since we began our annual analysis in 2013.

In 2023, gross domestic product (GDP) and employment contributions both increased relative to 2022. This was primarily driven by live performance revenues, which had easily its strongest year since we began this report series.

2023 economic contribution estimate

We estimate that, in 2023, the New Zealand music industry directly contributed \$451m to the national GDP, and \$901m in total (after accounting for multiplier effects).

We also estimate the industry contributed around 2,750 direct full-time equivalent (FTE) jobs, and around 5,600 FTEs in total (once indirect and induced jobs are included).

Table 1: Estimate of the overall economic contribution of the music industry, 2023

Subsector	Total sales (\$m)	Value added (GDP, \$m)			Employment (FTEs)		
		Direct	Indirect & induced	Total impact	Direct	Indirect & induced	Total impact
Retail	214	137	36	174	306	215	521
Streaming	189	119	28	147	220	165	385
Downloads	3	2	0	2	3	3	6
Physical music	22	17	8	25	82	48	130
Public performance (non-radio)	57	20	23	42	165	123	288
Radio broadcasting	220	69	164	233	427	1,043	1,469
Live performance	329	186	213	400	1,836	1,375	3,211
Synchronisation	4	2	2	5	19	14	33
Overseas earnings	36	36	11	48	0	81	81
Total	860	451	450	901	2,753	2,851	5,604

Source: Industry-provided data, PwC analysis

Notes: (1) 'Public performance (non-radio)' includes both public performance in premises and non-radio broadcasting via TV and SVOD. (2) Overseas earnings are an average over 2021-23.

Figure 1: Estimate of the overall GDP contribution, 2023

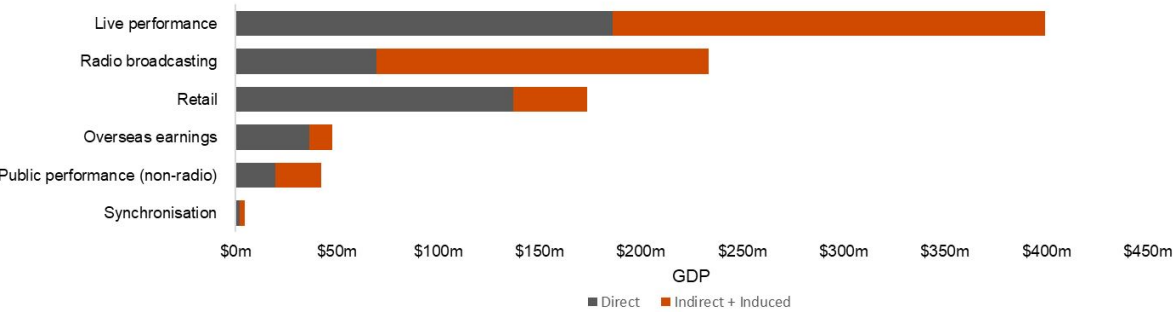
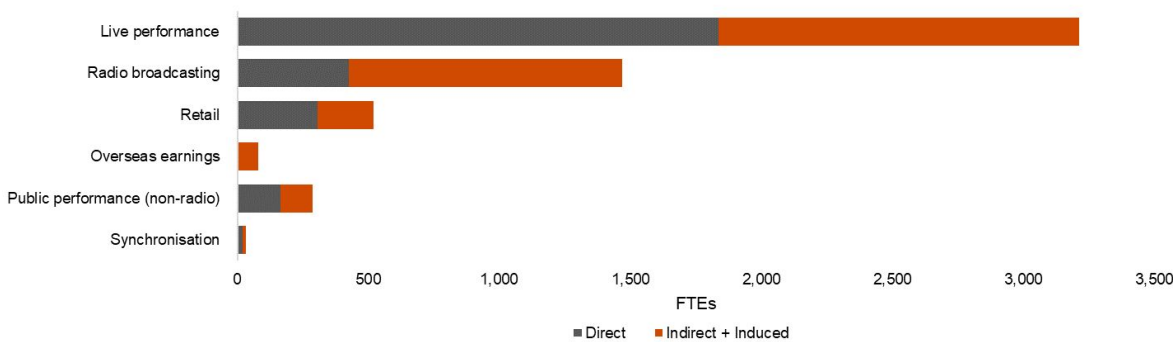


Figure 2: Estimate of the overall FTE contribution, 2023



Source: Industry-provided data, PwC analysis

Notes: (1) 'Public performance (non-radio)' includes both public performance in premises and non-radio broadcasting via TV and SVOD. (2) Overseas earnings are an average over 2021-23.

Live performance is the largest subsector by total GDP and FTE contribution, with 44% of the total GDP impact and 57% of the total employment impact in 2023. Radio broadcasting is the next largest sector by GDP and employment.

Executive summary (cont)

Trends over time

Live performance earnings were the primary driver of the large increase in economic contribution in 2023. 2023 was the strongest ever recorded year for live performance revenue in New Zealand.

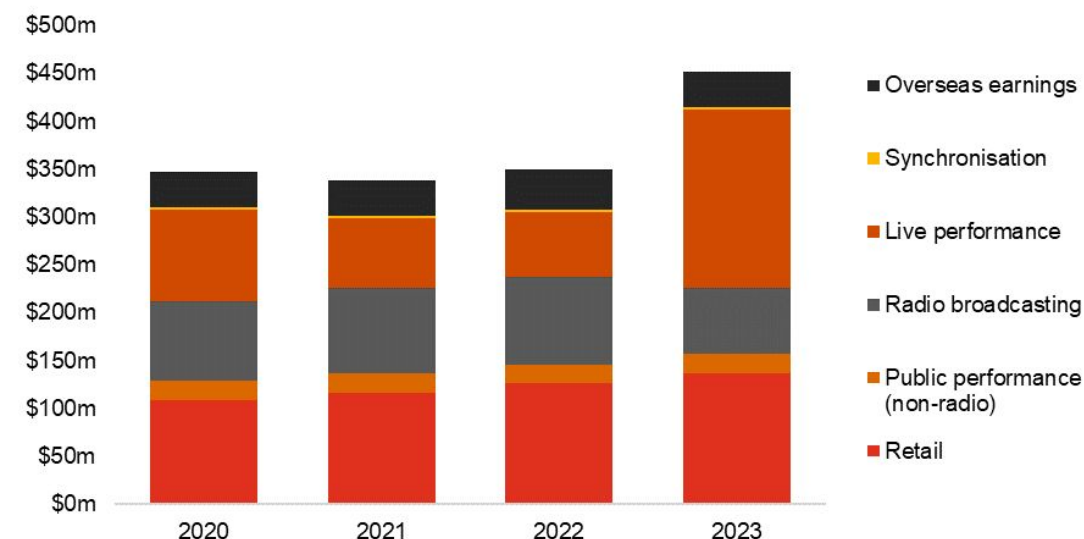
- Between 2020 and 2022, live performance revenues were particularly negatively affected by COVID-19, as this subsector was significantly impacted by domestic gathering and border restrictions. The 2023 result shows that the live performance sector has been able to put the COVID-19 period behind it. Live performance revenues in 2023 were more than 150% higher than in 2022.
- The sector has done more than return to pre-COVID-19 levels. Live performance revenues in 2023 were almost 70% higher than in 2019, the previous largest year, with the majority of growth in arena and stadium sized tours.

The retail subsector continued the annual growth in economic contribution that it has experienced since 2014. While this was largely driven by continued growth in streaming, 2023 also saw relatively significant growth in physical music sales.

Public performance contributions, both radio and non-radio, decreased in 2023. Underlying this, traditional radio and linear TV contributions have reduced recently, but pay TV and streaming service contributions have increased.

Employment contributions did not increase as quickly as GDP in 2023, despite the increase in labour-intensive live performance revenues. This is largely because revenue and GDP impacts increase with inflation but employment requirements do not.

Figure 3: Composition of direct GDP contribution 2020-23



Source: Industry-provided data, PwC analysis

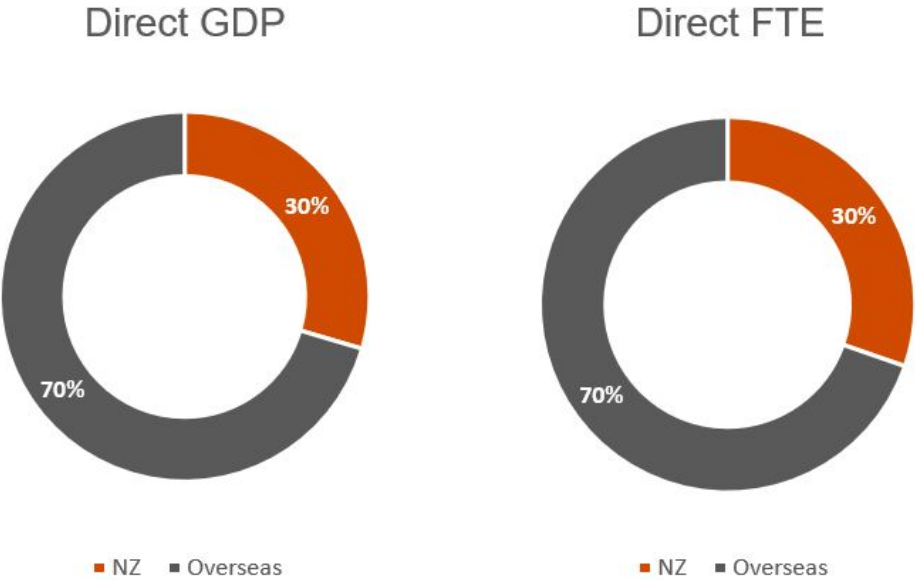
Notes: (1) 'Public performance (non-radio)' includes both public performance in premises and non-radio broadcasting via TV and SVOD. (2) Overseas earnings for 2023 are an average over 2021-23, and for 2020-22 are an average over 2018-20.

Executive summary (cont)

New Zealand generated content

New Zealand generated content accounts for around 30% of the economic contribution of the New Zealand music industry.

Figure 4: Share of direct GDP and employment from New Zealand generated content, 2023



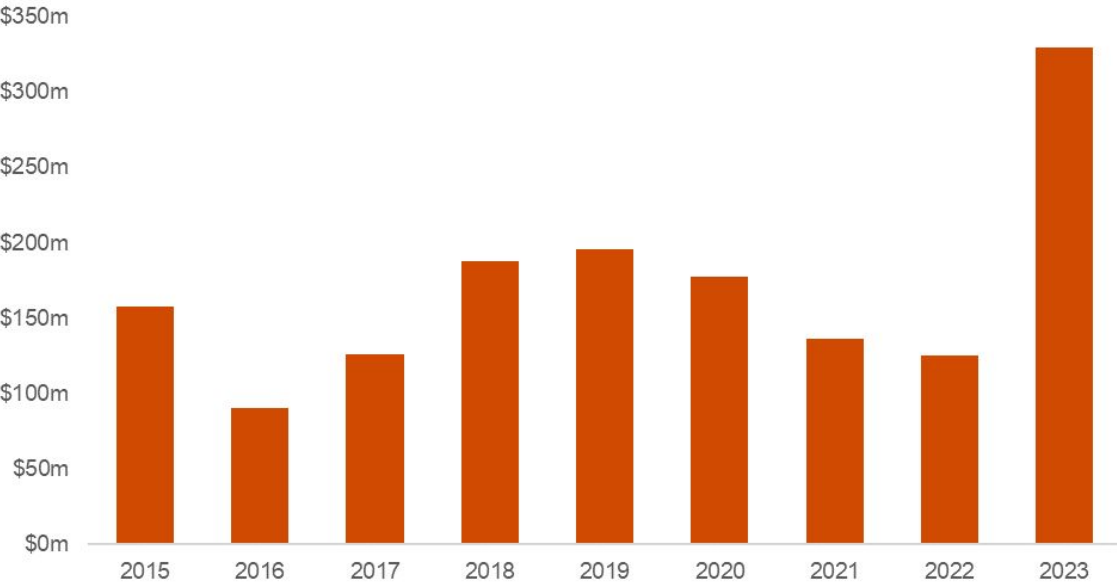
Source: Industry-provided data, PwC analysis

Live performance trends

Revenues from live performance fluctuate from one year to the next based on different touring schedules. 2023 was the strongest ever recorded year for live performance revenue in New Zealand, with a substantial return to large concerts following the COVID-19 period. Revenue was almost 70% higher than in 2019, the previous largest year, with the majority of growth in arena and stadium sized tours.

This followed a significant decrease in live performance revenues from 2019 to 2022, primarily as a result of COVID-19, and the associated gathering restrictions and border closures which prevented overseas artists from touring.

Figure 5: Total sales from live performance, 2015-23



Source: Industry-provided data, PwC analysis

December 2024

Introduction

Introduction

This report presents estimates of the contribution of the music industry to the New Zealand economy. It provides a snapshot of the industry using data for the 2023 calendar year.

In addition, the report provides some broad insights on the trends occurring in New Zealand's music industry that are affecting the impact of the industry on New Zealand's economy.

This report has been commissioned by Recorded Music New Zealand (Recorded Music NZ) supported by funding from its project partners, the Australasian Performing Right Association Australasian Mechanical Copyright Owners Society (APRA AMCOS) and the New Zealand Music Commission.

This report presents estimates of the industry's overall contribution to New Zealand's GDP and employment, as well as estimates across the five main subsectors of the industry:

- retail
- public performance (non-radio)
- radio broadcasting
- live performance
- synchronisation.

We also report estimated overseas earnings as a separate subsector, comprising income from overseas live performance, and recordings and publishing.



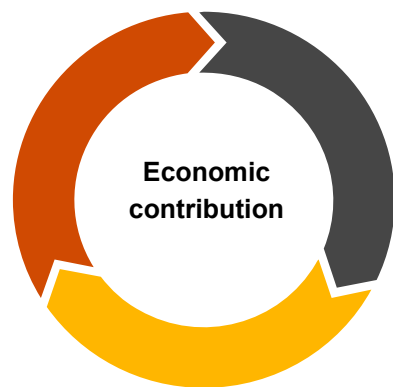
Approach

Purpose and scope

This report examines some ‘bottom-line’ measures of the music industry’s impact on the national economy. In this respect, it differs from other reporting that focuses on the total revenue earned by the industry, a ‘top-line’ measure that does not account for factors such as intermediate inputs purchased from other industries or imported from overseas.

By estimating bottom-line measures, this report enables comparisons between the music industry, other industries, and the economy as a whole. It is intended to provide industry participants and policymakers with a robust basis for understanding the importance of the industry to the New Zealand economy.

We have estimated three measures of the New Zealand music industry’s economic contribution:



- **total revenues/sales** – the gross output of all music industry participants, provided by industry bodies
- **value added** – the industry’s contribution to New Zealand’s GDP, which is calculated as the total returns to labour and capital in the industry
- **employment** – the number of FTEs employed as a result of music industry activity.

In addition to its direct economic impacts, an industry will have multiplier effects elsewhere in the economy. In order to do business, firms must purchase inputs from other industries, while the wages and salaries that they pay will subsequently be spent elsewhere in the economy.

These effects fall into two categories:

- **Indirect (or upstream) impacts** occur when businesses in the music industry purchase goods and services from other industries in order to record and produce a song, market an album, or put on a concert.
- **Induced impacts** are generated when the wages and salaries paid out by the music industry are spent on goods and services, stimulating further economic activity.

The total economic impact of the industry is equal to the sum of its direct, indirect, and induced impacts. In order to estimate the direct and total economic impacts of the music industry in New Zealand, we have used multiplier analysis based on national input-output tables. We have described our application of multiplier analysis in Appendix B.

We note that economic impact, and GDP contribution, are not the same thing as ‘benefit’ that would be used in a cost-benefit analysis. While there are methodological similarities, there are a number of differences.

Although this report focuses on estimating the contribution of the music industry in New Zealand to employment and GDP, we emphasise that the industry has a broader cultural and social role to play. Music contributes to New Zealand in a number of other ways that are not measured by GDP. These include the enjoyment that New Zealanders derive from consuming and producing music, the value to New Zealand’s international brand from the success of New Zealand artists and music, and opportunities to foster aspirations and for talent development amongst New Zealanders.

There are other New Zealand businesses whose success in part relies on music and the sale of copyright/intellectual property rights – for example, Les Mills Music, DJ software company Serato, and technology and gaming businesses. The economic impact of the creation and distribution of the music used by these businesses is included in this report, however the broader contribution of these businesses to New Zealand’s economy is not.

Defining the music industry

Industry basis

The music industry incorporates a number of distinct activities and related revenue streams. This report seeks to account for this complexity and report conclusions in a usable and accessible format. One way to define the music industry is presented in Figure 6 overleaf.

This report examines the main revenue streams accruing to the industry. These include both revenues from the sale of music and royalty payments for the use of music:

- Revenues earned from digital and physical retail sales of music, including revenues received from on-demand music streaming, and traditional retail sales of CDs and vinyl. We refer to this subsector as **retail**.
- Revenue from communication of music played on radio, television, and the internet, and for the public performance of recorded music in premises such as retailers, hospitality outlets (bars and cafes), educational institutions and gyms. We refer to this subsector as **public performance**. Given the size of the radio component of communication and public performance, we have included that component separately in our reported tables as **radio broadcasting**.
- Live performances of music, whether in concerts, festivals, or music venues. We refer to this subsector as **live performance**.
- Royalties earned by individual rights holders from licensing music for use in advertisements, games, films, and television programmes. We refer to this subsector as **synchronisation**.
- We also include the export revenue earned by New Zealand musicians. This is revenue earned outside New Zealand for live performances overseas, and recordings and publishing overseas. We refer to this subsector as **overseas earnings**.

These revenue streams are all associated with the consumption of music in different forms or through different channels. But before music can be brought to the consumer, it must be created, manufactured, commercialised and distributed. Some of these activities are considered to be part of the core music industry, while others are defined as intermediate inputs purchased from other industries.

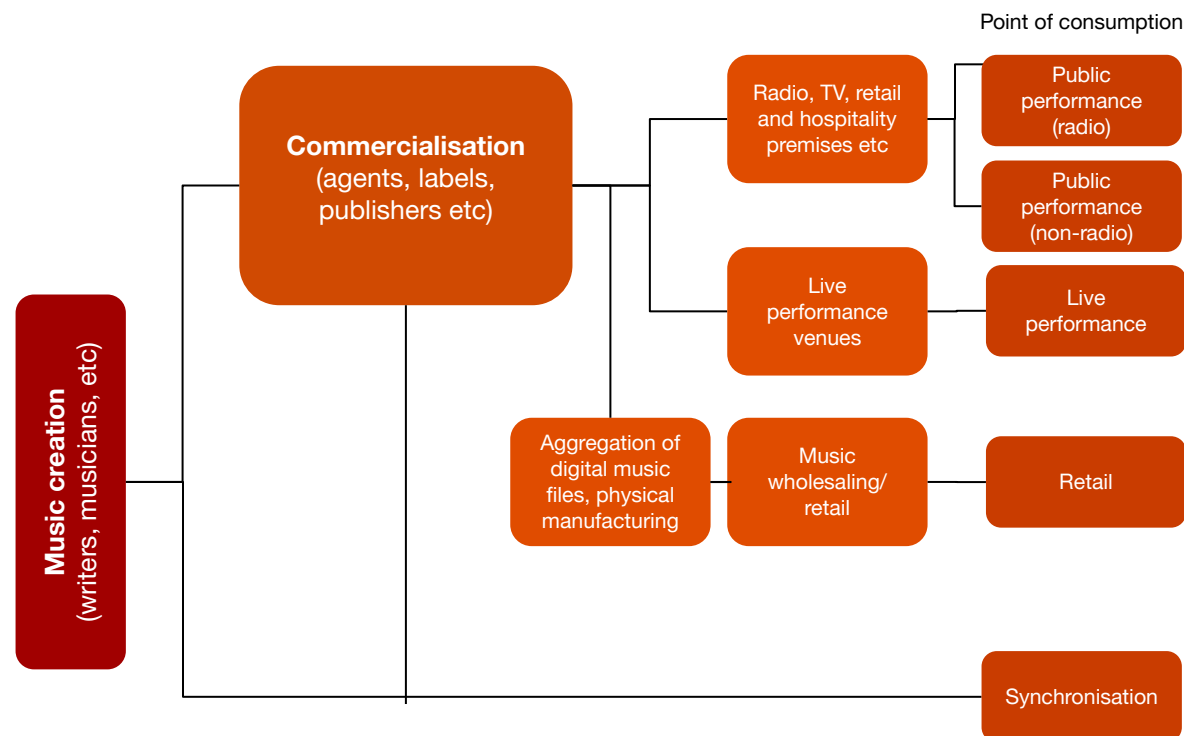
The following upstream activities are included in our definition of the music industry:

- music creation, including songwriters, musicians, recording studios, etc
- the activities of record companies and music publishing companies, including the recording and commercialisation of music
- the aggregation of digital music files for retail and the manufacture of physical carriers of music (eg CDs, DVDs)
- venue operation for live performances.

Our definition of the core music industry excludes some related industries, such as instrument manufacture and retailing, and music teaching. Where activities in these industries support the production or consumption of music in New Zealand, we are likely to capture the multiplier effects (as discussed below).

Defining the music industry (cont)

Figure 6: Music industry in this report



Music expenditures also have an economic impact on other industries. As we have described above, businesses in the music industry must purchase inputs from other industries, while the wages and salaries that they pay will subsequently be spent elsewhere in the economy. Consequently, the total impact of the music industry will include:

- purchases of intermediate inputs from sectors that are not directly linked to music, such as advertising and marketing, transport services, plastics manufacturing (eg for DVDs), accounting and legal services, sound and lighting, and equipment hire
- additional consumer spending in other industries, such as food and beverage retailing, housing, and recreation, resulting from employment within the music industry and supplier industries.

Bottom-line measures of economic impact

We use a GDP measure, rather than revenue or an alternative measure, for two reasons.

- GDP impact is the most commonly used measure of total economic impact. It is used by Statistics New Zealand when reporting on the size of the New Zealand economy and in many other economic impact studies.
- It eliminates the impact of double counting, which is particularly problematic in industries where there are multiple steps before a good is purchased for final consumption.

Approach

Geographic boundary

This report aims to account for all economic impacts that take place in New Zealand. In order to do this, we have adopted an approach that is consistent with the national accounts statistics produced by Statistics New Zealand. As we discuss in more detail in Appendix B, this approach measures the total value of goods and services produced in New Zealand, rather than the net income of all businesses and individuals located within New Zealand.

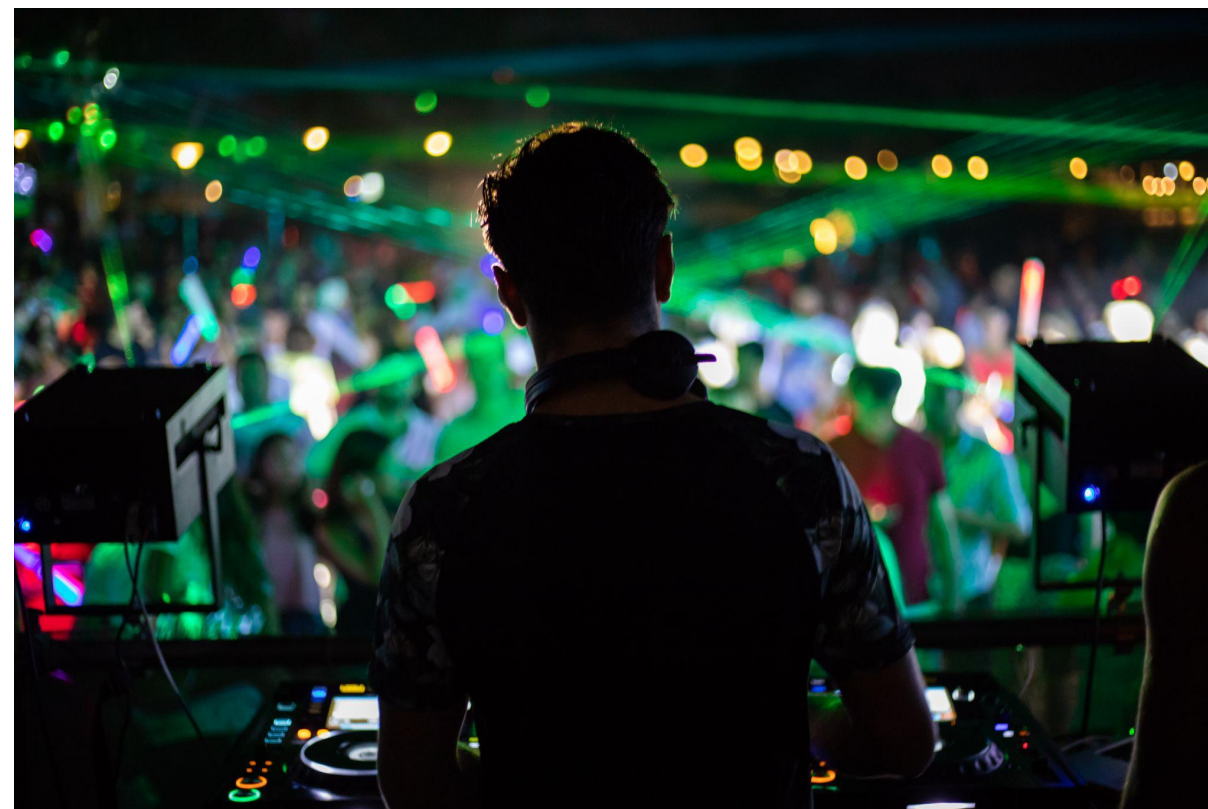
In other words, we account for the domestic consumption of music of any origin from New Zealand-based channels. For instance, our measures of economic impact will include:

- activities related to the physical sale of overseas-originated music to a consumer in New Zealand, but exclude the (relatively minor) cost of importing the physical product
- income earned by overseas musicians touring New Zealand, as it was earned in New Zealand regardless of whether it is ultimately repatriated elsewhere.

We include payments made to New Zealand recording artists and songwriters from overseas sources. Statistics New Zealand's approach to calculating GDP means that royalties are treated as export revenue, and for the purposes of this report are pure value-add in our analysis.

Treatment of the economic effects of illegal music use

The illegal use of music is beyond the scope of this report. This report is intended to provide a snapshot of the industry's actual economic impact at a point in time and as a result does not discuss revenue foregone due to the illegal use of music.



Economic contribution

Overall industry

This section summarises the estimates of the music industry's overall contribution to New Zealand's GDP and employment, including an allocation of economic impacts between the five main subsectors of the industry - retail, communication and public performance, music radio broadcasting, live performance, synchronisation - as well as overseas earnings.

The subsequent sections provide further detail on each subsector. The methodology that underpins these estimates is outlined in Appendix B.

Overall industry economic contribution estimates

The tables to the right summarise our estimates of the overall economic impact of the music industry in New Zealand in 2023.

Key findings

- We estimate that the music industry in New Zealand in 2023 directly added \$451m to national GDP and provided the equivalent of approximately 2,750 FTEs.
- Including direct, indirect and induced impacts, we estimate that the New Zealand music industry in 2023 contributed \$901m to national GDP and supported around 5,600 FTEs.
- Live performance was the largest subsector by total GDP and employment contribution, with 44% of the total GDP impact and 57% of the total employment impact in 2023. Radio broadcasting was the next largest sector by GDP and employment.
- Total sales, GDP and employment contributions in 2023 were all above 2022 levels in real terms.

Table 2: Estimate of economic contribution of the music industry in New Zealand, 2023

Subsector	Total sales (\$m)	Value added (GDP, \$m)			Employment (FTEs)		
		Direct	Indirect & induced	Total impact	Direct	Indirect & induced	Total impact
Retail	214	137	36	174	306	215	521
Streaming	189	119	28	147	220	165	385
Downloads	3	2	0	2	3	3	6
Physical music	22	17	8	25	82	48	130
Public performance (non-radio)	57	20	23	42	165	123	288
Radio broadcasting	220	69	164	233	427	1,043	1,469
Live performance	329	186	213	400	1,836	1,375	3,211
Synchronisation	4	2	2	5	19	14	33
Overseas earnings	36	36	11	48	0	81	81
Total	860	451	450	901	2,753	2,851	5,604

Source: Industry-provided data, PwC analysis

Note: Overseas earnings are an average over 2021-23.

Table 3: Percentage impacts by sub-sector, 2023

Subsector	Total sales	Value added (GDP)		Employment (FTEs)	
		Direct impact	Total impact	Direct impact	Total impact
Retail	25%	30%	19%	11%	9%
Public performance (non-radio)	7%	4%	5%	6%	5%
Radio broadcasting	26%	15%	26%	16%	26%
Live performance	38%	41%	44%	67%	57%
Synchronisation	0%	0%	1%	1%	1%
Overseas earnings	4%	8%	5%	0%	1%
Total	100%	100%	100%	100%	100%

Source: Industry-provided data, PwC analysis

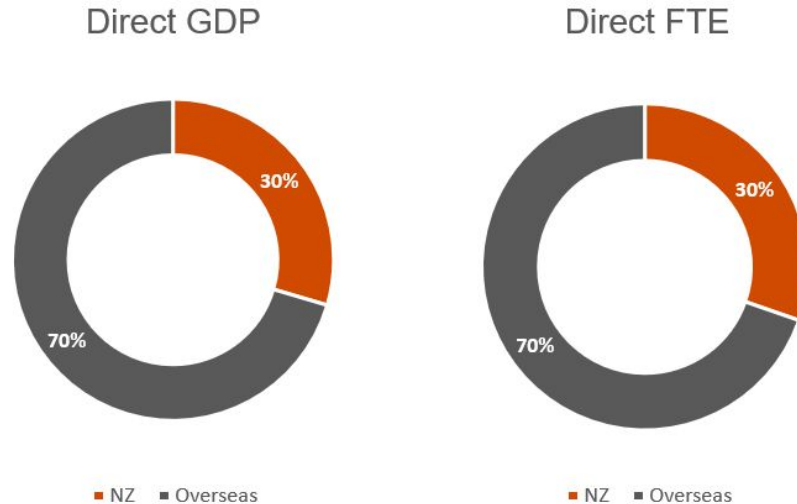
Note: Overseas earnings for 2023 are an average over 2021-23, and for 2020-22 are an average over 2018-20.

Overall industry (cont)

Split between New Zealand and offshore generated content

- Around 30% of the direct contribution to New Zealand's GDP and 30% of the direct contribution to employment was derived from New Zealand generated content.
- In 2023 this was equivalent to a direct impact of \$133m GDP and 834 FTEs from New Zealand generated content. After taking into account indirect and induced impacts, New Zealand content contributed an estimated \$274m to national GDP and supported 1,705 FTEs.

Figure 7: Share of GDP and employment from New Zealand generated content, 2023



Source: Industry-provided data, PwC analysis

Table 4: Estimated contribution from New Zealand generated content, 2023

Subsector	Total sales (\$m)	Value added (GDP, \$m)			Employment (FTEs)		
		Direct	Indirect & induced	Total impact	Direct	Indirect & induced	Total impact
Retail	19	12	13	26	93	68	162
Streaming	17	10	12	22	83	62	145
Downloads	0	0	0	0	1	1	2
Physical music	2	2	1	3	9	5	14
Public performance (non-radio)	16	15	17	32	116	87	202
Radio broadcasting	51	16	38	54	98	240	338
Live performance	92	52	60	112	514	385	899
Synchronisation	2	2	2	3	13	10	23
Overseas earnings	36	36	11	48	0	81	81
Total	216	133	141	274	834	870	1,705

Source: Industry-provided data, PwC analysis

Note: Overseas earnings are an average over 2021-23.

Table 5: Estimated contribution from overseas generated content, 2023

Subsector	Total sales (\$m)	Value added (GDP, \$m)			Employment (FTEs)		
		Direct	Indirect & induced	Total impact	Direct	Indirect & induced	Total impact
Retail	195	125	23	148	213	147	360
Streaming	173	108	16	124	137	103	240
Downloads	3	2	0	2	2	2	4
Physical music	19	15	7	22	73	43	116
Public performance (non-radio)	41	5	6	11	49	37	86
Radio broadcasting	170	53	126	180	329	803	1,131
Live performance	237	134	154	288	1,322	990	2,312
Synchronisation	2	1	1	1	6	4	10
Overseas earnings	0	0	0	0	0	0	0
Total	644	318	309	627	1,918	1,981	3,899

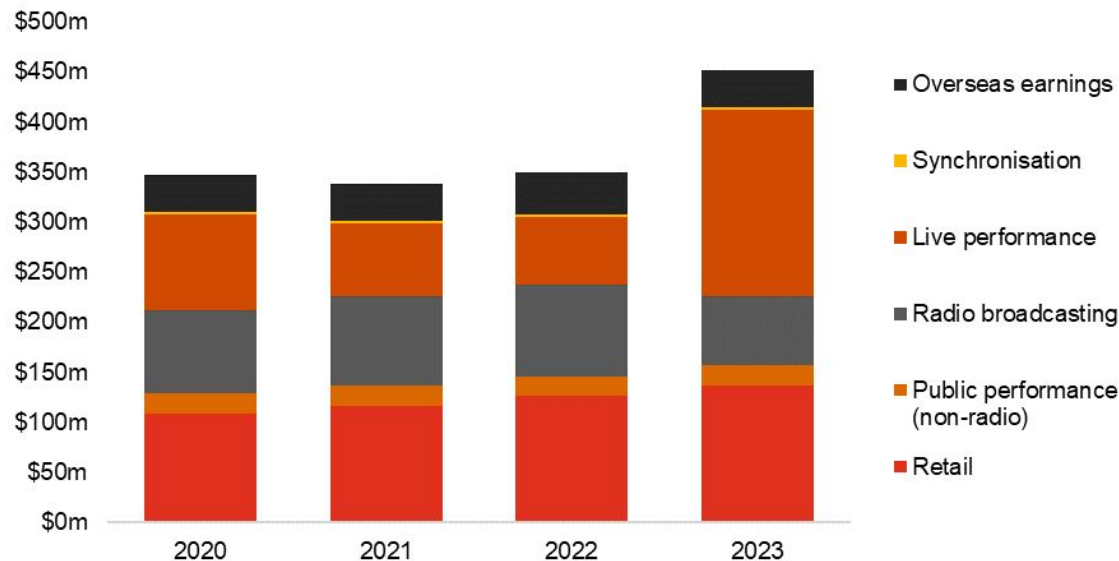
Source: Industry-provided data, PwC analysis

Overall industry (cont)

Trends over time

The charts and tables below and overleaf set out how the 2023 economic contribution estimates compare to the 2020, 2021 and 2022 values.

Figure 8: Composition of direct GDP contribution, 2020-23



Source: Industry-provided data, PwC analysis

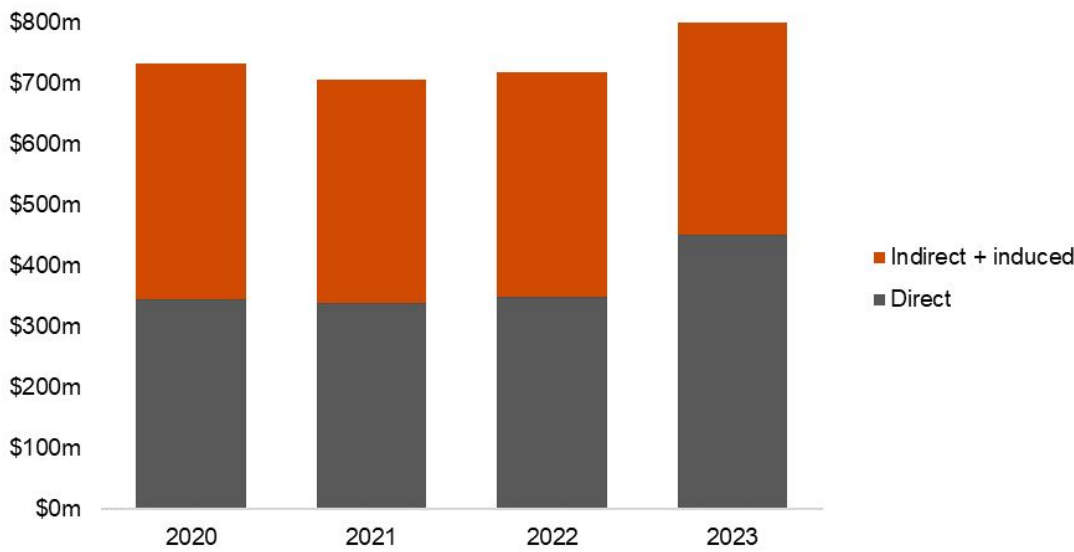
Note: Overseas earnings for 2023 are an average over 2021-23, and for 2020-22 are an average over 2018-20.

Key findings

- 2023 was the best year for the New Zealand music industry, in terms of economic contribution, since we began our annual analysis in 2013.
- Live performance earnings were the primary driver of the large increase in economic contribution. 2023 was the strongest ever recorded year for live performance revenue in New Zealand.
 - Between 2020 and 2022, live performance revenues were negatively affected by COVID-19, as this subsector was significantly impacted by domestic gathering restrictions and border restrictions. The 2023 result shows that the live performance sector has been able to put the COVID-19 period behind it. Live performance revenues in 2023 were more than 150% higher than in 2022.
 - The sector has done more than return to pre-COVID-19 level. Live performance revenues in 2023 were almost 70% higher than in 2019, the previous largest year, with the majority of growth in arena and stadium sized tours.
- The retail subsector continued the annual growth in economic contribution that it has experienced since 2014. While this was largely driven by continued growth in streaming, 2023 also saw relatively significant growth in physical music sales.
- Public performance contributions, both radio and non-radio, decreased in 2023. Underlying this, traditional radio and linear TV contributions have reduced recently, but pay TV and streaming service contributions have increased.
- Employment contributions have not increased as quickly as GDP has in 2023, despite the increase in labour-intensive live performance revenues. This is largely because revenue and GDP impacts increase with inflation but employment requirements do not.

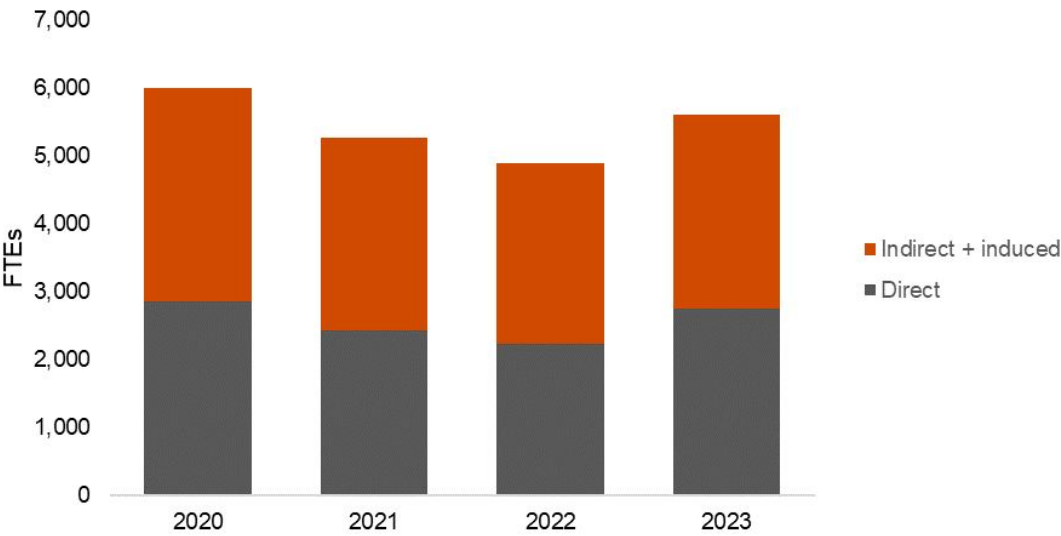
Overall industry (cont)

Figure 9: Composition of total GDP impact, 2020-23



Source: Industry-provided data, PwC analysis

Figure 10: Composition of total employment impact, 2020-23



Source: Industry-provided data, PwC analysis

Overall industry (cont)

Table 6: Estimated economic contribution, 2020-23

Subsector	Direct impacts				Total impacts			
	2020	2021	2022	2023	2020	2021	2022	2023
Retail								
Value added (GDP)	\$109m	\$117m	\$126m	\$137m	\$148m	\$158m	\$170m	\$174m
Employment (FTEs)	352	356	361	306	631	638	647	521
Public performance (non-radio)								
Value added (GDP)	\$19m	\$19m	\$20m	\$20m	\$48m	\$48m	\$49m	\$42m
Employment (FTEs)	219	211	200	165	397	382	362	288
Radio broadcasting								
Value added (GDP)	\$84m	\$89m	\$92m	\$69m	\$244m	\$260m	\$266m	\$233m
Employment (FTEs)	739	744	712	427	2,059	2,073	1,982	1,469
Live performance								
Value added (GDP)	\$96m	\$73m	\$68m	\$186m	\$236m	\$182m	\$167m	\$400m
Employment (FTEs)	1,510	1,094	941	1,836	2,733	1,981	1,703	3,211
Synchronisation								
Value added (GDP)	\$2m	\$2m	\$2m	\$2m	\$5m	\$5m	\$5m	\$5m
Employment (FTEs)	27	25	24	19	48	46	43	33
Overseas earnings								
Value added (GDP)	\$36m	\$38m	\$43m	\$36m	\$52m	\$54m	\$62m	\$48m
Employment (FTEs)	0	0	0	0	135	139	159	81
Total								
Value added (GDP)	\$347m	\$339m	\$350m	\$451m	\$732m	\$706m	\$720m	\$901m
Employment (FTEs)	2,848	2,431	2,237	2,753	6,003	5,258	4,895	5,604

Source: Industry-provided data, PwC analysis

Note: Overseas earnings for 2023 are an average over 2021-23, and for 2020-22 are an average over 2018-20.

Comparison to other sectors

To help shed light on the relative size of the music sector in New Zealand, we compare it to selected other sectors, where similar recent studies have been undertaken. Table 7 presents direct GDP and employment estimates for a number of other New Zealand sectors.

Table 7: Estimated GDP and employment contributions for other sectors

Sector	Direct GDP	Direct FTEs	Study
Music	\$451m	2,753	PwC, 2024
Screen production	\$300m	6,451	NZ Film, 2021
Commercial fishing	\$818m	6,314	BERL, 2022
Alcohol	\$1,920m	10,210	NZIER, 2022
Hospitality	\$6,800m	137,000	Infometrics, 2021
Tourism	\$10,000m	145,000	MBIE, 2022
Dairy	\$11,300m	54,787	Sense Partners, 2023
Agriculture	\$13,600m	84,700	Statista, 2023
Building and construction	\$18,100m	295,300	MBIE, 2022

Music retail

The New Zealand retail music sector posted its ninth consecutive year of growth in 2023, earning an estimated \$214m in retail revenues.

We estimate that these gross revenues resulted in a direct impact on the New Zealand economy of \$137m in GDP and 306 FTEs within the music industry. After accounting for multiplier effects, the retail subsector had an estimated total economic impact of \$174m and 521 FTEs.

New Zealand music contributed a small share of total value within the retail subsector, accounting for approximately 9% of total sales.

Definition of the retail subsector

This subsector includes all activities related to music retail and on-demand streaming, whether they take place in a digital or physical format. This category encompasses a range of different consumption points, including on-demand streaming, online music stores, and physical retailers. In all cases these represent the industry’s channels to market for the personal use or sale of recorded content.

Digital retail includes all revenues generated by the legal consumption of music through online and mobile channels, including:

- on-demand music streaming services such as Spotify, Apple Music and YouTube
- online retail services such as iTunes
- video or other music content available from licensed channels such as Facebook, Instagram and TikTok.

Physical retail includes activities directly related to the sale of albums, vinyl, concert DVDs, and other forms of recorded music in physical formats – whether they are purchased in store or via online delivery.

Table 8: Estimated economic contribution through retail channels, 2023

Channel	Total sales (\$m)	Value added (GDP, \$m)		Employment (FTEs)	
		Direct impact	Total impact	Direct impact	Total impact
Streaming	189	119	147	220	385
Downloads	3	2	2	3	6
Physical music	22	17	25	82	130
Total retail	214	137	174	306	521

Source: Industry-provided data, PwC analysis



Music retail (cont)

Split between New Zealand and offshore generated content

- Around 9% of New Zealand retail revenue is earned by New Zealand musicians.
- New Zealand generated content is responsible for around 9% of the retail subsector's contribution to GDP and 30% of its contribution to employment. We estimate that in 2023 this was equivalent to a direct GDP contribution of \$12m and 93 FTEs.
- The difference between GDP and employment impacts is the result of differing employment effects for domestic and overseas sales. Streaming of New Zealand content generates more local employment than the streaming of overseas content.

Table 9: Estimated contribution through retail channels for New Zealand generated content, 2023

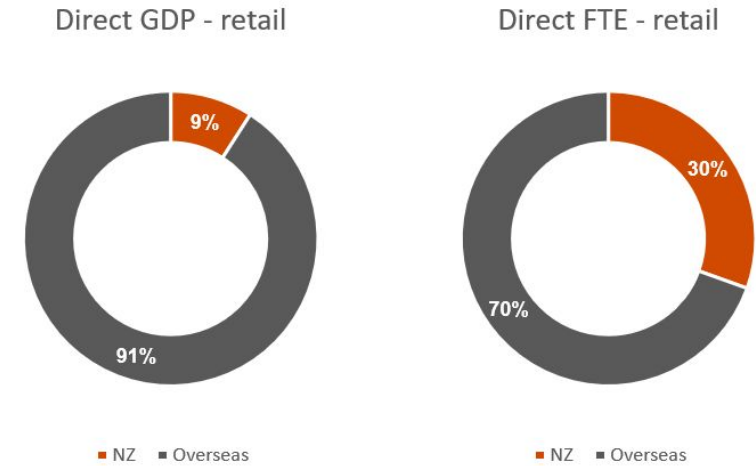
Channel	Total sales (\$m)	Value added (GDP, \$m)		Employment (FTEs)	
		Direct impact	Total impact	Direct impact	Total impact
Streaming	17	10	22	83	145
Downloads	0	0	0	1	2
Physical music	2	2	3	9	14
Total retail	19	12	26	93	162

Table 10: Estimated contribution through retail channels for overseas generated content, 2023

Channel	Total sales (\$m)	Value added (GDP, \$m)		Employment (FTEs)	
		Direct impact	Total impact	Direct impact	Total impact
Streaming	173	108	124	137	240
Downloads	3	2	2	2	4
Physical music	19	15	22	73	116
Total retail	195	125	148	213	360

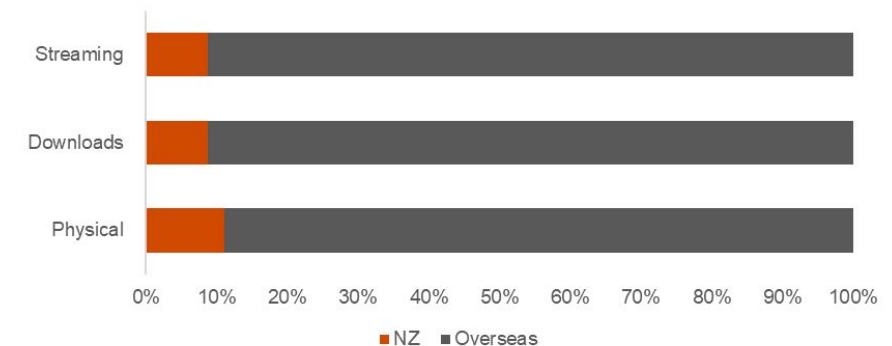
Source: Industry-provided data, PwC analysis

Figure 11: Share of the retail economic impact from New Zealand generated content, 2023



Source: Industry-provided data, PwC analysis

Figure 12: Share of total retail sales earned by New Zealand generated content, 2023



Source: Industry-provided data, PwC analysis

Music retail (cont)

Trends over time

- Streaming is the main retail channel for consumers, accounting for 87% of retail output in 2023.
- Streaming has grown rapidly over the past ten years. In 2012, streaming made up only 2% of total retail gross output, compared to 60% for physical retail and 38% for downloads.
- While well below historical levels, physical retail sales have increased over each of the last four years, mainly driven by increasing vinyl sales. While revenues from all three retail channels increased in 2023, physical retail had the largest relative increase, such that its proportion of total retail sales increased from 9% to 12%.
- Digital consumption initially included a substantial illegal download component, which negatively impacted total revenues from retail for a number of years. But the New Zealand music industry is now able to successfully monetise online music through streaming, and this has led to an increasing trend in total revenues from retail.

* The definitions of streaming and downloads were refined following the 2021 report.

Figure 13: Retail direct GDP contribution, by retail channel, 2020-23*

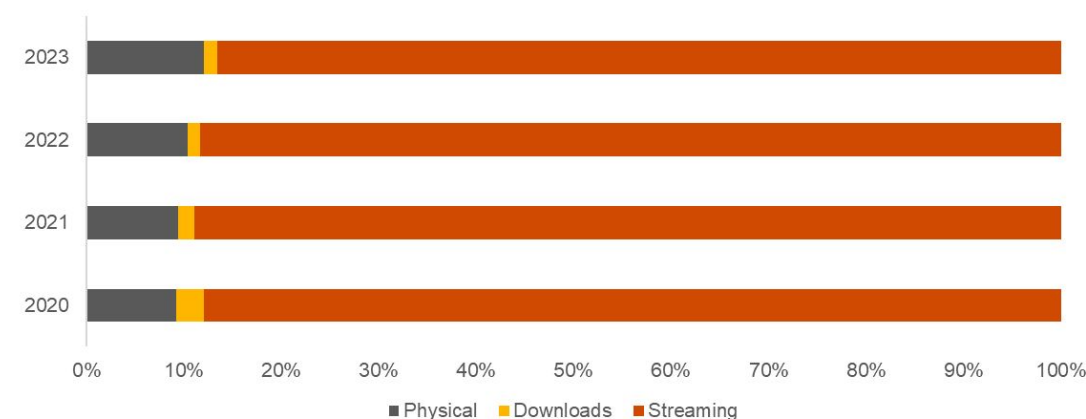
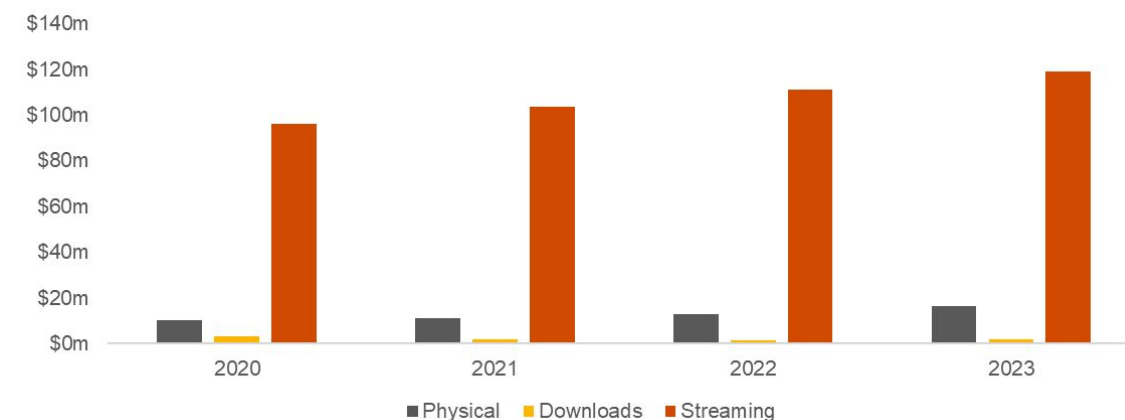


Figure 14: Retail direct GDP contribution, by retail channel, 2020-23



Source: Industry-provided data, PwC analysis

Public performance (non-radio)

In 2023, the music industry in New Zealand earned \$57m in royalties for non-radio public performance.

We estimate that these gross revenues resulted in a direct impact on the New Zealand economy of \$20m in GDP and 165 FTEs within the music industry. After accounting for multiplier effects, non-radio public performance had an estimated total economic impact of \$42m in GDP and 288 FTEs.

Definition of public performance

In this report, the public performance subsector of the music industry includes all instances in which recorded music is communicated to the public or played in a public venue, including:

- communication via radio, television, pay TV, subscription video on demand (SVOD), and internet channels
- public performance in premises such as retailers, hospitality outlets (bars and cafes), educational institutions and gyms.

In our analysis, we have split the public performance subsector into radio (radio broadcasting) and non-radio (public performance (non-radio)). The analysis in Table 11 relates to non-radio channels.

When music is publicly performed, recording artists, record companies, songwriters, and music publishers earn money from royalties paid for this use. These royalties are calculated on a blanket basis and distributed according to the distribution policy of collective management organisations.

The revenue collected through public performance in premises (as described above) is supported by the collective work of OneMusic.

Table 11: Estimated economic contribution from non-radio public performance, 2023

	Direct impacts		Total impacts	
	All music	NZ music	All music	NZ music
Total sales	\$57m	\$16m		
Value added (GDP)	\$20m	\$15m	\$42m	\$32m
Employment (FTEs)	165	116	288	202

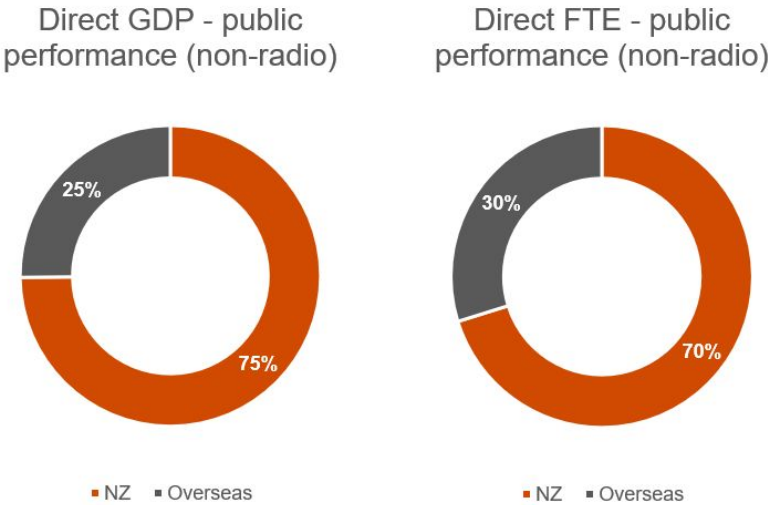
Source: Industry-provided data, PwC analysis

Public performance (non-radio) (cont)

Split between New Zealand and offshore generated content

- New Zealand generated content is responsible for 75% of the non-radio public performance subsector’s direct contribution to GDP and 70% of its direct contribution to employment. We estimate that in 2023 this was equivalent to a direct GDP contribution of \$15m and 116 FTEs.
- New Zealand music is responsible for a relatively large share of the economic impact of this subsector due to the significant role of royalties earned for New Zealand music.

Figure 15: Share of the non-radio public performance economic impact from New Zealand generated content, 2023



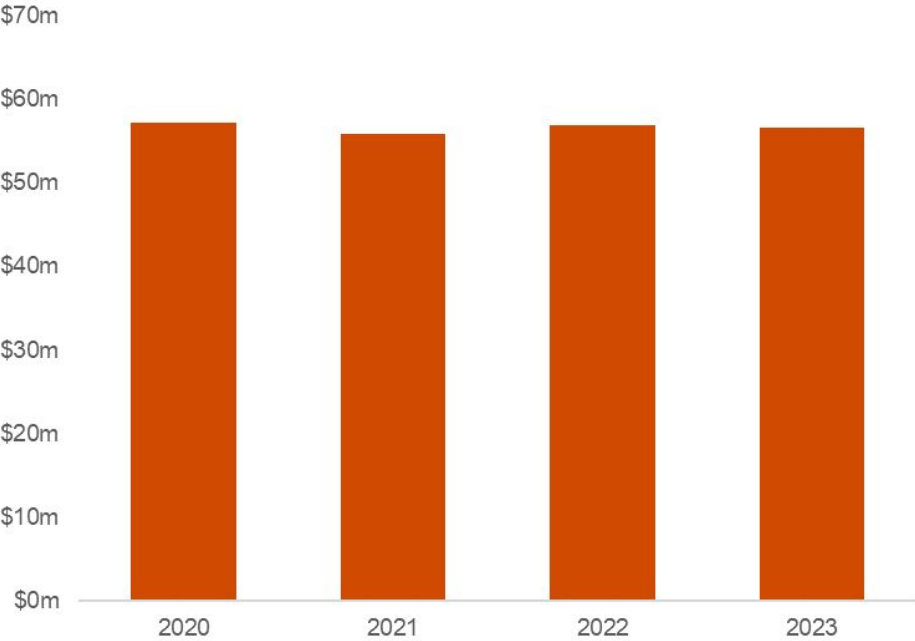
Source: Industry-provided data, PwC analysis

Trends over time

Sales and GDP contributions, in the non-radio public performance subsector, have been broadly flat between 2020 and 2023. The employment contribution has decreased over this period.

Underlying this, traditional radio and linear TV contributions have reduced recently, but pay TV and streaming service contributions have increased.

Figure 16: Total sales from non-radio public performance, 2020-23



Source: Industry-provided data, PwC analysis

Radio broadcasting

In addition to the impacts of non-radio public performance, we have analysed music radio broadcasting as a separate category because of its size and impact.

In 2023, the radio broadcasting subsector earned revenue of \$220m. We estimate that these gross revenues resulted in a direct impact on the New Zealand economy of \$69m in GDP and 427 FTEs within the music industry. After accounting for multiplier effects, music radio broadcasting had an estimated total economic impact of \$233 million in GDP and 1,469 FTEs.

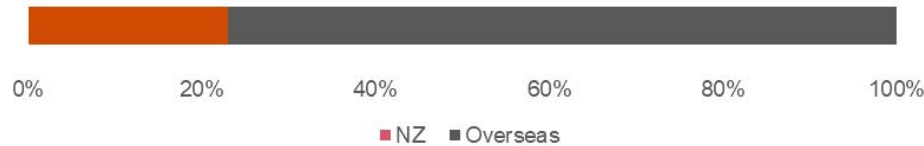
Table 12: Estimated economic contribution from radio broadcasting, 2023

	Direct impacts		Total impacts	
	All music	NZ music	All music	NZ music
Total sales	\$220m	\$51m		
Value added (GDP)	\$69m	\$16m	\$233m	\$54m
Employment (FTEs)	427	98	1,469	338

Source: Industry-provided data, PwC analysis

Split between New Zealand and offshore generated content

Figure 17: New Zealand share of total radio plays, 2023

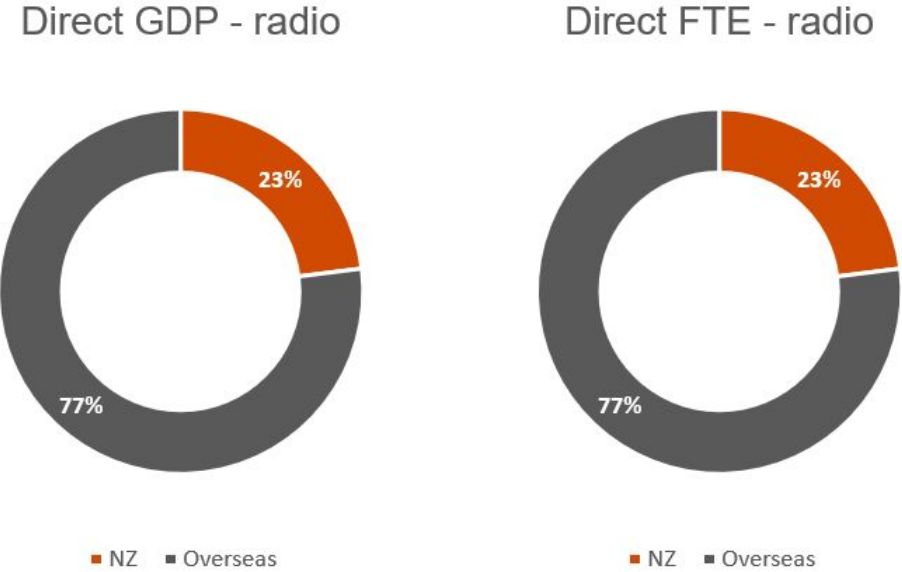


Source: Radioscope

- Around 23% of total radio plays are New Zealand music. This figure is based on RadioScope figures for all radio, including commercial radio, student radio, iwi radio and Pacific Community radio, but does not include Radio New Zealand.
- In 2023 the 23% share of total radio plays was equivalent to \$16m of total GDP contribution and 98 total FTEs.
- As with non-radio public performance, New Zealand music is responsible for a relatively large share of the economic impact of this subsector. This is partly because of the voluntary NZ Music Code agreement between the Radio Broadcasters Association (on behalf of its commercial radio members) and the Minister of Broadcasting, which has been in place since 2002, and partly because of the efforts of NZ On Air promoting New Zealand music on radio.

Radio broadcasting (cont)

Figure 18: Share of the radio economic impact from New Zealand generated content, 2023

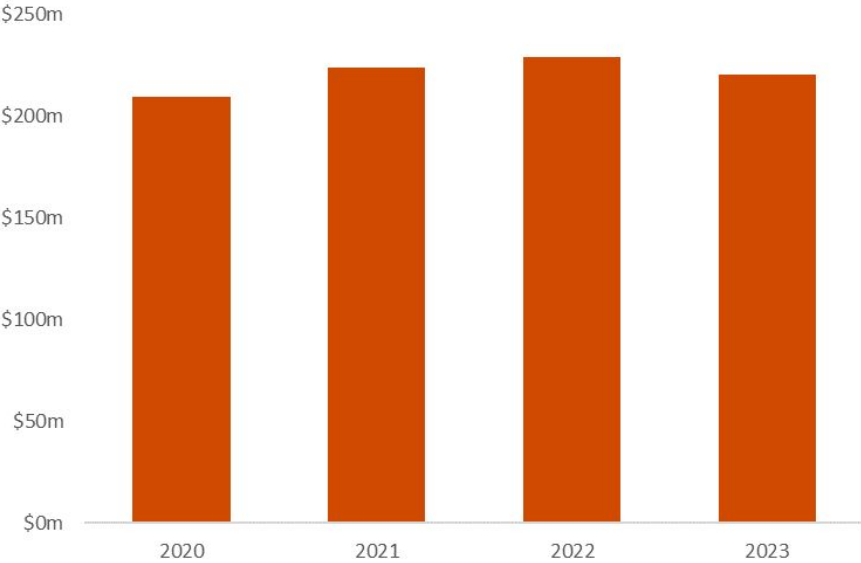


Source: Industry-provided data, PwC analysis

Trends over time

- Revenues in the radio broadcasting subsector decreased in 2023. This followed two years of revenue increases as the subsector recovered from COVID-19 levels.

Figure 19: Total revenues from music radio broadcasting, 2020-23



Source: Industry-provided data, PwC analysis

Live performance

In 2023, the music industry in New Zealand earned an estimated \$329m in live performance revenues, based on live performance royalties collected by APRA AMCOS.

This was the easily the largest revenue-earning year since we began our economic contribution analysis over a decade ago.

We estimate that these gross revenues resulted in a direct impact on the New Zealand economy of \$186m in GDP and 1,836 FTEs within the music industry. After accounting for multiplier effects, the live performance subsector had an estimated total economic impact of \$400m and 3,211 FTEs.

New Zealand content was responsible for contributing just over a quarter of these impacts.

Definition of live performance

The live performance subsector of the music industry in New Zealand includes all types of live music played in New Zealand by local and overseas artists. These include:

- concerts and music festivals
- live music at music venues (eg door sales)
- orchestras
- music in theatre (excluding grand right musical plays).

Table 13: Estimated economic contribution from live performance, 2023

	Direct impacts		Total impacts	
	All music	NZ music	All music	NZ music
Total sales	\$329m	\$92m		
Value added (GDP)	\$186m	\$52m	\$400m	\$112m
Employment (FTEs)	1,836	514	3,211	889

Source: Industry-provided data, PwC analysis

Table 14: Percentage split of live music impacts, by revenue channel, 2023

Subsector	Total sales	Value added (GDP)		Employment (FTEs)	
		Direct impact	Total impact	Direct impact	Total impact
Retail	25%	30%	19%	11%	9%
Public performance (non-radio)	7%	4%	5%	6%	5%
Radio broadcasting	26%	15%	26%	16%	26%
Live performance	38%	41%	44%	67%	57%
Synchronisation	0%	0%	1%	1%	1%
Overseas earnings	4%	8%	5%	0%	1%
Total	100%	100%	100%	100%	100%

Source: Industry-provided data, PwC analysis

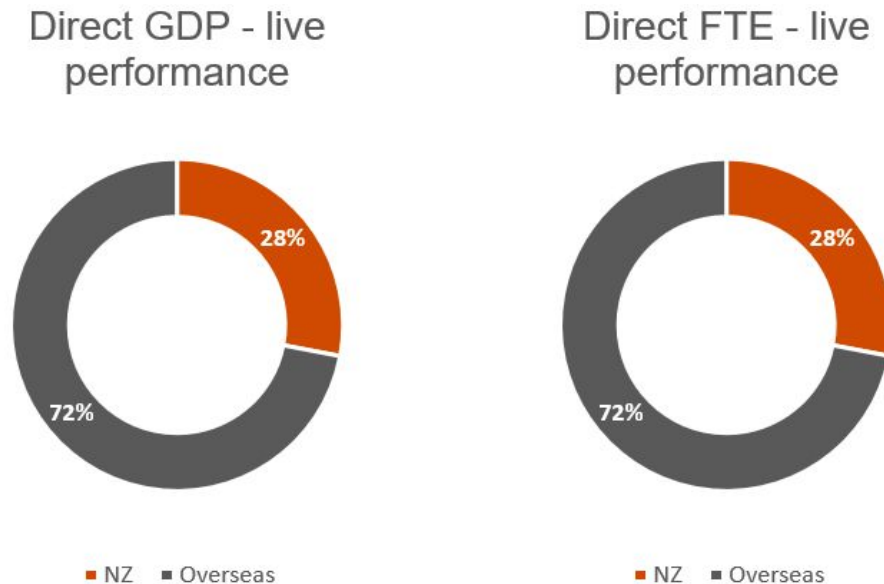
Note: Overseas earnings are an average based on 2021-23.

Live performance (cont)

Split between New Zealand and offshore generated content

- Approximately 28% of the subsector's direct contribution to both GDP and employment is derived from New Zealand generated content. We estimate that in 2023 this was equivalent to \$52m of total GDP contribution and 514 FTEs.

Figure 20: Share of the live performance economic impact from New Zealand generated content, 2023

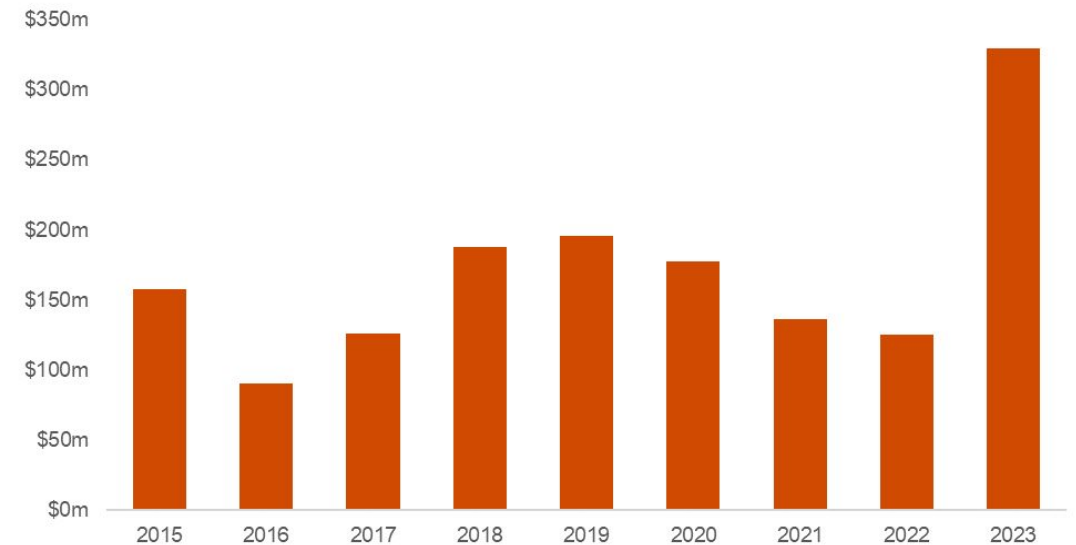


Source: Industry-provided data, PwC analysis

Trends over time

- Revenues from live performance fluctuate from one year to the next based on different touring schedules (even aside from COVID-19 impacts).
- 2023 was the strongest ever recorded year for live performance revenue in New Zealand, with a substantial return to large concerts following the COVID-19 period. Revenue was almost 70% higher than in 2019, the previous largest year, with the majority of growth in arena and stadium sized tours.
- This followed a significant decrease in live performance revenues from 2019 to 2023, primarily as a result of COVID-19, and the associated gathering restrictions and border closures which prevented overseas artists from touring.

Figure 21: Total sales from live performance, 2015-23



Source: Industry-provided data, PwC analysis

Synchronisation

In 2023, the music industry in New Zealand earned an estimated \$4m in annual synchronisation fee revenue.

We estimate that these gross revenues resulted in a direct impact on the New Zealand economy of \$2m in GDP and 19 FTEs. After accounting for multiplier effects, synchronisation had an estimated total economic impact of \$5m and 33 FTEs.

Definition of the synchronisation subsector

The synchronisation subsector of the music industry in New Zealand includes all royalties earned when rights holders licence music for use in advertisements, games, films, and television programmes.

Table 15: Estimated economic contribution from synchronisation, 2023

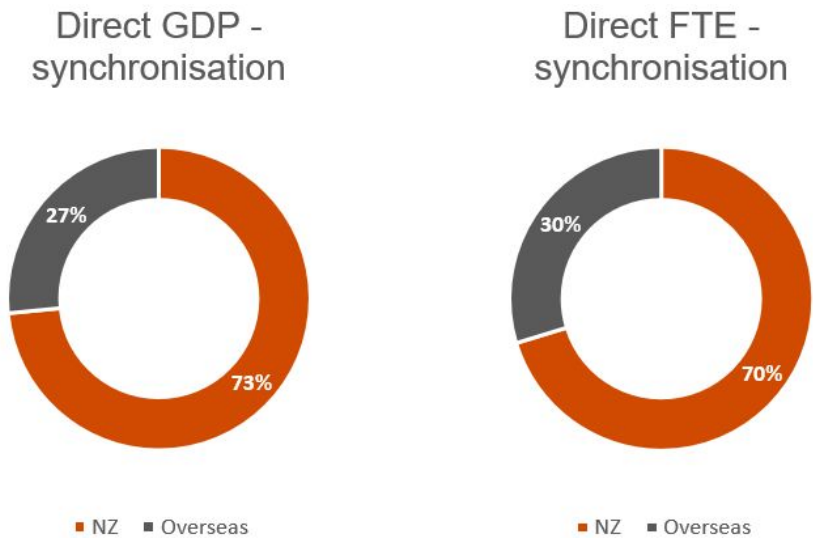
	Direct impacts		Total impacts	
	All music	NZ music	All music	NZ music
Total sales	\$4m	\$2m		
Value added (GDP)	\$2m	\$2m	\$5m	\$3m
Employment (FTEs)	19	13	33	23

Source: Industry-provided data, PwC analysis

Split between New Zealand and offshore generated content

Approximately 73% of the subsector’s direct GDP contribution is derived from New Zealand generated content and 70% of the subsector’s direct employment. This is equivalent to around \$1.57m of GDP and 13 FTEs.

Figure 22: Share of the synchronisation economic impact from New Zealand generated content, 2023



Source: Industry-provided data, PwC analysis

Overseas earnings

New Zealand music income earned overseas represents funds that flow back into the economy and contribute to gross national income. For official purposes, overseas royalties are considered direct contributions to GDP.

There is no required reporting or official statistics for exports relating to the New Zealand music industry. However, in 2023, 2020, 2018 and 2016 PwC and Recorded Music NZ prepared estimates of the total overseas earnings, based on a combination of industry data sources related to earnings from international sales, live performances and any government grants received for international purposes.

An estimate of the GDP impact from overseas earnings was included for the first time in the 2016 version of this report series.

Overseas income is earned for the music industry in the form of:

- royalties received from the sale of physical music overseas
- royalties received from online sales and streams, that are purchased overseas
- radio royalties received as a result of airplay overseas
- synchronisation royalties from countries other than New Zealand
- earnings from live performances overseas
- earnings from other endorsements and appearances.

Earnings estimate

Due to the relatively small number of artists with significant offshore earnings, the lumpy nature of earnings, the potentially significant impacts associated with individual artists and the fact that some artists may have been underreported or missed completely, we utilise a multi-year average of overseas earnings data to derive our annual estimate. We have elected to use a three-year average (2021-23) to derive this year’s estimate, which matches the approach used in previous reports. This is the three most recent years of data we have.

These estimates have been used to calculate overseas earnings results shown below in Table 16. The 2021-23 average shown below is in \$2023.

Table 16: New Zealand music industry overseas earnings estimate, 2023 (in \$2023)

Sector	2021-23 average
Royalties	\$25m
Live performances and appearances	\$11m
Total	\$36m

Source: Industry-provided data, PwC analysis

Overseas earnings (cont)

Trends over time

Figure 23 (right) shows how the 2023 estimate compares to the corresponding values for 2020-2022. Each of the values in this chart are three-year trailing averages, consistent with our general approach to overseas earnings as discussed on the previous page.

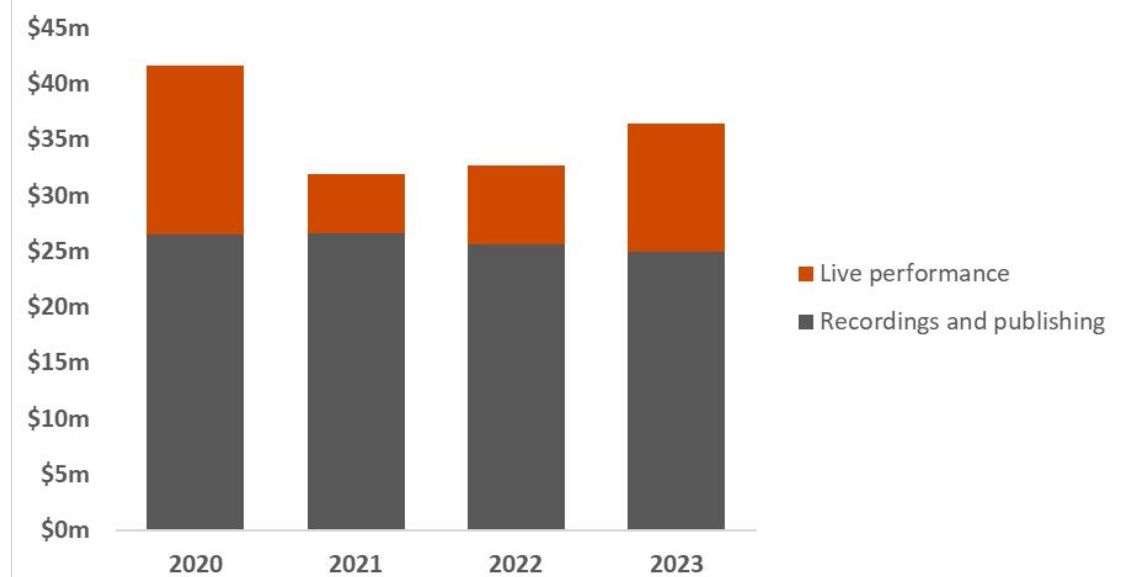
The 2020-2022 values shown in this chart differ to those shown in Figures 3 and 8-10 and Table 6, due to the fact that the overseas earnings data is not updated every year for our reports. The values in Figures 3 and 8-10 and Table 6 reflect the estimates contained in our reports from those years. The values in Figure 23 use the most up-to-date data for each year.

For example, the 2022 value shown in Figure 23 reflects an average over 2020-22. But the 2022 value in Figures 3 and 8-10 and Table 6 reflect an average over 2018-20, because that was the most recent available data we had when that report was prepared.

Figure 23 shows that:

- there was a reduction in overseas earnings during the COVID-19 period
- overseas earnings has been increasing in the most recent years.

Figure 23: Overseas earnings estimate, 3-year trailing average, 2020-2023, using up-to-date data for each year, real 2023 \$



Source: Industry-provided data, PwC analysis

Appendices

Appendix A: Glossary

The table below provides a glossary of music industry terms, industry associations, and commonly used acronyms.

Term	Definition
APRA AMCOS	The Australasian Performing Right Association The Australasian Mechanical Copyright Owners Society. The New Zealand branch licenses music users, on behalf of its members, and collects fees where music is used for communication or public performance. APRA licenses businesses such as (but not limited to) retailers, streaming services, radio and television broadcasters. These fees are then distributed directly to songwriters or to music publishers to whom songwriters have assigned their rights. Public performing licensing for venues such as hospitality, education and gyms is conducted jointly for both APRA AMCOS and Recorded Music NZ via OneMusic. (www.onemusic.com)
Communication	The transmission of recorded music via mediums including radio, television and the internet.
Music publisher	While music publishers historically made money by reproducing and selling sheet music, today they invest in, promote and represent songwriters (or song catalogues) and are responsible for ensuring payments are made when their songwriters compositions are reproduced.
On-demand	On-demand music services are businesses that provide access to music as opposed to selling digital music files. Examples include Spotify and Apple Music. These services can have different tiers of service: e.g., ad-supported, where the customer has free access but will hear audio advertising; and premium subscription which provides ad-free access via both computers and mobile devices such as handsets and tablets.
Public performance	Public performance refers to two uses of music. First, the playing of recorded music in premises such as retailers, hospitality outlets (bars and cafes), educational institutions, and gyms. Second, the live performance of music in venues. Rights associations representing songwriters and recording artists licence the public performance of recorded and live music. In this report, we use the term ‘public performance’ to also include other revenue streams. For example we refer to “public performance (non radio)” as including all communication income other than radio.
Record company	A business that invests in, promotes, and represents recorded music made by recording artists. Record Companies typically represent a mixture of recorded music in which they own the copyright outright and recorded music in which they hold the copyright under exclusive licence from the owner. Often called a “record label”.

Appendix A: Glossary

Term	Definition
Recorded Music New Zealand	Recorded Music New Zealand represents the interests of New Zealand recording artists, right holders and record companies, via licensing, advocacy, market development and promotion. Recorded Music NZ licenses music users such as radio and television broadcasters and collects revenues on behalf of registered right holders. Revenues are then distributed to the relevant right holders. Public performing licensing for venues such as hospitality, education and gyms is conducted jointly for both APRA AMCOS and Recorded Music NZ via OneMusic. (www.onemusic.com)
Royalty	Royalties are fees paid to songwriters and recording artists that arise from rights under copyright law including sale of recordings and public performance.
Synchronisation right	A music synchronisation licence is required where a piece of recorded music is reproduced with a visual image, for example in a film, game, TV programme or advertisement. Often abbreviated as “synch right”.

Appendix B: Approach and methodology

This section provides a detailed overview of our approach and methodology, including definitions of our main economic impact measures, a discussion of our main data sources, and an explanation of how we calculated direct and total economic impacts. Finally, it discusses some opportunities for improving music industry data collection or undertaking future analysis.

Dollar terms used

Dollar values stated in this report refer to New Zealand dollars in nominal terms. In particular, the time series charts use nominal dollars for each year.

The only exception is the value of overseas earnings, which reflects a three-year average. That average is calculated using real dollars. For example, the value for 2023 is an average over 2021-23 using real dollars, and hence is an average in 2023 dollars.

Measures of economic impact

This report uses three main indicators of economic impact: gross output, value added, and employment. It relies on input-output (multiplier) analysis to estimate the indirect and induced impacts of the music industry.

Gross output

The gross output of an industry is equal to its total sales revenue. This figure incorporates both value created within that industry and the value of intermediate goods (eg raw materials, real estate, equipment and machinery) purchased by the industry from other industries.

Although gross output or sales revenue is commonly used as a measure of the value of an industry, it is an imperfect measure due to its inclusion of inputs purchased from other industries.

Value added

The value added of an industry is equal to the total value created within that industry. It can also be described as the GDP impact of an industry. It measures the contributions of labour (through wages and salaries) and capital (through profits and depreciation) to the output produced by the industry, and the taxes paid by the industry. As a result, it is equivalent to the gross output of an industry, less the value of all inputs purchased from other industries.

When using our value-added estimates, it is important to understand what they include. GDP measures, including those reported in Statistics New Zealand's national accounts and in most economic impact studies, measure the total value of goods and services produced in New Zealand, rather than the net income of all businesses and individuals located within New Zealand. As a consequence, we will:

- include income earned by overseas musicians touring in New Zealand, as it represents production in New Zealand regardless of whether it is ultimately repatriated elsewhere.
- include royalty payments paid to New Zealand musicians by overseas sources, as they represent exports of goods and services produced in New Zealand.

These inclusions should be taken into consideration when using our estimates. The New Zealand music industry is relatively globalised – New Zealand consumers purchase a great deal of overseas-originated music, and New Zealand musicians tour and earn royalties overseas. We have excluded most music imports from our analysis by:

- measuring only economic benefits from New Zealand-originated music in digital retail and broadcasting
- including both New Zealand and overseas music in gross output figures for physical retail in the expectation that output multipliers will correct for any imported content.

Appendix B: Approach and methodology

There are two main reasons to measure value added in terms of GDP:

- GDP impact is the most commonly-used measure of total economic impact. It is used by Statistics New Zealand when reporting on the size of the New Zealand economy and in many other economic impact studies. Although GDP does have some weaknesses, they are not unique to the music industry in New Zealand. Across the whole economy, there is a significant gap between GDP and gross national income (GNI) figures due to the large role of foreign investment and lending in the New Zealand economy. According to World Bank figures, New Zealand's GNI has been three to seven percent lower than GDP in recent years. The same is true for specific industries as well.
- Recent changes to the development of New Zealand's national accounts mean that the treatment of these earnings now contribute to New Zealand's GDP. As such, estimates for the overseas earnings of New Zealand musicians directly contribute to the music industry in New Zealand's GDP.

Employment

We measure employment on the basis of FTEs, rather than total (full-time and part-time) jobs or headcount. Under this measure, part-time jobs are counted as a proportion of a full-time job – so, for example, a job that involved working 20 hours a week would be counted as 0.5 of an FTE. This provides us with the most comparable measure of employment in an industry, as rates of part-time employment can vary between different industries.

Data sources

Our estimates of the economic impact of the music industry in New Zealand are based primarily upon the following sources of data:

- Recorded Music NZ figures on physical and digital sales wholesale revenue
- APRA AMCOS data on songwriter royalties and Recorded Music NZ data on recording royalties
- Statistics New Zealand and other industry-level estimates of economic activity and input-output tables for New Zealand industries.

We used multiple sources of data for the overseas earnings analysis, including data from collection agencies, copyright owners, financial representatives, music managers, other industry organisations and surveyed musicians directly.

In each case, the data obtained related to:

- earnings from international sources from all sales, publishing and synchronisation
- earnings from live performances and touring internationally
- any government grants received for international purposes.

Where possible, other data was used to provide a sense check on estimates derived from these sources.

Our analysis combines the data from all sources. The overall data is comprehensive, and we understand that it covers the majority of the musicians who generate significant overseas earnings. Industry stakeholders believe that combined data will incorporate the bulk of the dollar value of overseas earnings.

The calendar years (year ended December quarter) have been selected as the basis for the economic impact calculations and these are the most recent full set of annual data available. All amounts in this report relate to impacts that occur in this period.

Appendix B: Approach and methodology

Avoiding double counting

In several cases, Recorded Music NZ and APRA AMCOS figures measured different components of the same market subsector. For example, Recorded Music NZ provided data on total wholesale revenues from physical and digital music retail, as reported to it by rights holders, while APRA AMCOS provided data on mechanical royalties (eg royalties paid each time a piece of recorded music is reproduced) paid directly to it from physical and digital music retail. As royalties are paid as a proportion of retail sales, including both of these figures in our analysis would mean double-counting activity in this market subsector.

In order to avoid double-counting, we have examined the definitions of each measure of the market and discussed with data providers where necessary.

Multiplier analysis

Direct, indirect and induced impacts

Like any industry, the music industry has spillover effects on other parts of the New Zealand economy. For our purposes here, these impacts can be divided into two categories:

- indirect (or upstream) impacts
- induced impacts.

Indirect impacts occur as a result of purchases of goods and services from other industries. When a record is made or a concert is put on, businesses within the music industry purchase a range of inputs: advertising and marketing, transportation services, machinery and instruments, rented real estate, etc.

Induced impacts occur as a result of the wages and salaries paid out by the music industry. When a musician collects a royalty check, he or she will then spend some of that money on a range of goods and services, thereby stimulating further economic impact.

Estimating direct economic impacts

We estimate the direct impact of the music industry in terms of its contribution to gross output, value added, and employment as follows:

- For each market subsector, we start with figures on either gross output (eg total digital music sales, total estimated ticket sales) or value added (eg broadcasting royalties).
- We use data from Insight Economics Limited to estimate the ratios of value added (VA) to gross output (GO) and VA (or GO) to employment in these industries. These ratios were then used to estimate direct GO/VA and employment in each market subsector.

Estimating total economic impacts

Spending in the music industry has multiplier effects in other industries as a result of the way in which that spending flows through the economy. Every dollar that is spent directly on music will also stimulate or support other types of economic activity indirect and induced from the industry.

In order to estimate flow-on effects, we applied multipliers calculated using 2020 input-output tables for all New Zealand industries, which are the latest available. Multipliers were available for gross output, value added, and employment in these industries.

- Indirect impacts were estimated using Type 1 multipliers, which account for the first-round and indirect effect of purchases of goods and services by each industry.
- Induced impacts were estimated using Type 2 multipliers, which account for induced effects from wages and salaries paid by each industry.

Appendix B: Approach and methodology

Updated multipliers

We have used updated multipliers to derive the 2023 economic contribution estimates, relative to the multipliers used in prior years.

The updated multipliers are based on updated input-output tables published in 2022 by Statistics New Zealand, reflecting 2020 information.

We have not retrospectively adjusted economic contribution estimates for prior years.

Overseas earnings estimates

As discussed above, our estimates of overseas earnings are an annual average over 2021 to 2023, and are based on multiple datapoints in each year.

For some datapoints, we do not have information for 2021 and 2022. For those datapoints, we have estimated the relevant values by linearly interpolating between 2020 and 2023. We do not expect this to have a material impact on the overall economic contribution estimates.

Approaches followed for individual subsectors

The table below summarises the activities in each subsector of the music industry that are included in our GDP calculations.

Industry subsector	Revenue earned in NZ		Revenue earned overseas
	From NZ artists	From overseas artists	
Retail	Included in GDP	Accounted for in GDP	Included
Public performance and radio	Included in GDP	Songwriter royalties not included, as they are earned offshore Recording artist royalties retained by record companies are accounted for in GDP	Included
Live performance	Included in GDP	Included in GDP, as performance occurred here	Included
Synchronisation	Included in GDP	Synchronisation fee revenues paid out to overseas artists are not included, as they are earned offshore Synchronisation fee revenue accruing to local agents (e.g., record companies, music supervision companies) are accounted for in GDP	Included

The table overleaf summarises the methodology and assumptions used to calculate the economic contribution of individual subsectors of the music industry.

Appendix B: Approach and methodology

Subsector	Information base	Direct value added	Direct FTEs	Total value added and FTEs
Retail – physical music	Wholesale physical sales data provided by Recorded Music NZ	Estimated total retail sales revenue using Statistics NZ Annual Enterprises Survey (AES) data. Estimated split between retailer margin, wholesale (record label) margin, value of rights embodied in physical product, and manufacturing cost using AES data. Estimated value added from the retail margin using the average ratio of value added to gross margin in the “recreational, clothing, footwear, and personal accessory” and “department stores” industries. Estimated value added within record companies by applying the ratio of value added to gross output in the “heritage and artistic” industry and adding the total value of rights embodied in the physical product. Estimated value added from manufacturing using the ratio of value added to gross output in the “printing”, “publishing (except internet and music publishing)” and “polymer product and rubber product manufacturing” industries.	Based on ratios of employment to value added as follows: - retailer margin – the average of the “recreational, clothing, footwear, and personal accessory retailing” and “department stores”, - record company margin - “heritage and artistic” - manufacturing - “printing”, “publishing (except internet and music publishing)” and “polymer product and rubber product manufacturing”. No additional employment impact calculated for the value of rights embodied in the physical product, as this is likely to be repatriated overseas as profit. (Employment in record label activities is captured elsewhere.)	Based on total (direct, indirect, induced) multipliers as follows: - retailer margin – the average of the “recreational, clothing, footwear, and personal accessory retailing” and “department stores” - record company margin - “heritage and artistic” - manufacturing - “printing”, “publishing (except internet and music publishing)” and “polymer product and rubber product manufacturing”. No spillover impacts calculated for the value of rights embodied in the physical product, as this is likely to be repatriated overseas as profit.
Retail – digital music	Wholesale digital sales figures provided by Recorded Music NZ, plus data on songwriter royalties for digital sales provided by APRA AMCOS.	Estimated total retail sales revenue using information provided by APRA AMCOS. Estimated split between retailer margin, record label revenue, and royalty revenue using information provided by APRA AMCOS. Used AES data to estimate the value of the rights embodied in the digital product. Because online retailers primarily based overseas, the retailer margin was assumed to have no value added impact. Estimated value added within record companies by applying the ratio of value added to gross output in the “heritage and artistic activities” industry and adding the total value of rights embodied in the physical product.	Based on ratios of employment to value added for the “heritage and artistic activities” industries. No additional employment impact calculated for the value of rights embodied in the digital product, as this is likely to be repatriated overseas as profit. (Employment in record label activities is captured elsewhere.)	Based on total (direct, indirect, induced) multipliers for the “heritage and artistic activities” industries. No additional employment impact calculated for the value of rights embodied in the digital product, as this is likely to be repatriated overseas as profit.

Appendix B: Approach and methodology

Subsector	Information base	Direct value added	Direct FTEs	Total value added and FTEs
Public performance rights	Data on songwriter royalties provided by APRA AMCOS and recorded music artist royalties provided by Recorded Music NZ for radio and TV broadcasts and public performance of music.	Estimated the share of royalties paid out to New Zealand songwriters and recording artists using Radioscope data on the New Zealand music share of total radio plays. All (songwriter and recording artist) royalties paid for New Zealand artists converted directly to value added as they represent direct income earned locally. Estimated that 50% of recording artist royalties paid for overseas-originated music would be retained by record companies as profits and funding for their New Zealand-based marketing activities, while the remaining 50% would be paid directly to overseas recording artists or repertoire owners. Estimated an economic impact related to the recording artist royalties retained locally by record companies using the ratio of value added to gross output in the “heritage and artistic activities” industry. Songwriter royalties paid for overseas-originated music does not generate any value added in New Zealand.	Based on ratio of employment to value added for the “heritage and artistic activities” industry.	Based on total (direct, indirect, induced) multipliers for the “heritage and artistic activities” industry.
Radio broadcasting	Data on total radio licensing fees and licensing fee rate provided by APRA AMCOS	Estimated the total radio output that is related to the music industry based on the licensing fees as being the proportion of the total evidenced by the licensing rate. Output = Licensing fees/licensing rate	Based on ratio of employment to value added for the “motion picture and sound recording activities” and “broadcasting and internet services” industries.	Based on total (direct, indirect, induced) multipliers for the “motion picture and sound recording activities” and “broadcasting and internet services” industries.
Live performance	Data on songwriter royalties provided by APRA AMCOS for live performance of music and APRA AMCOS information on the royalty rate.	Gross output (eg ticket sales) estimated by dividing the value of songwriter royalties by the royalty rate applied to ticket sales. Value added in live performance estimated by applying the ratio of value added to gross output in the “heritage and artistic activities” industry to estimated gross output.		
Synchronisation rights	Estimated total songwriter and recording artist royalties earned from synchronisation deals in New Zealand provided by Recorded Music NZ.	Estimated the share of royalties paid out to New Zealand songwriters and recording artists using Recorded Music NZ estimate of the New Zealand music share of total synchronization revenues. All (songwriter and recording artist) royalties paid for New Zealand artists converted directly to value added as they represent direct income earned locally. Estimated that 50% of (songwriter and recording artist) royalties paid for overseas-originated music would be retained by negotiating agents as profits and funding for their New Zealand-based activities, while the remaining 50% would be paid directly to overseas rights-holders. Estimated an economic impact related to the recording artist royalties retained locally by record companies using the ratio of value added to gross output in the “heritage and artistic activities” industry.	Based on ratio of employment to value added for the “heritage and artistic activities” industry.	Based on total (direct, indirect, induced) multipliers for the “heritage and artistic activities” industries.

Appendix C: Restrictions

This report has been prepared for Recorded Music NZ to present estimates of the economic contribution of the New Zealand music industry in 2023, based on industry information, to help the industry assess its impact on the New Zealand economy.

This report has been prepared solely for this purpose and should not be relied upon for any other purpose. We accept no liability to any party should it be used for any purpose other than that for which it was prepared.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the “Information”). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of Recorded Music NZ. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report, was not brought to our attention, or subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in our engagement letter dated 18 April 2024.

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