

## OUR CONSULTATION PROCESS WITH YOU

OneMusic Australia is consulting with you and would like to hear what you think.

If you use music in your community hall, you're likely to be paying a licence fee to organisations like APRA AMCOS and PPCA, the caretakers of the copyright of the music you use. That way, you know the correct legal permission has been granted to use that music in your hall.

We realise it can be confusing to have to pay music licence fees to two organisations. Late next year, OneMusic Australia will be the one organisation for all your music licensing needs, and you'll be able to pay for your licence online.

Because APRA AMCOS and PPCA have been operating separately for a long time, existing music licences have different fees and terms. It's not an easy job to build a single licence scheme that suits everyone, so we've come up with a proposal for you to look at and then provide us with your feedback. Remember, this is just a proposal, and may not be the final scheme.

### The basics of the proposal

- We propose to retain the same structure as exists under your current APRA AMCOS and PPCA licences - a fee based on how many days the hall is hired out with music use and how many people it can accommodate (its capacity), phased in over four years and starting from \$7 per 100 people.
- Halls will also have an annual base fee to pay once a year, starting from \$50 (which is less than the current combined APRA AMCOS and PPCA minimum fee).
- Separate rates starting at \$12 per event will apply where expenditure on performing artists is greater than \$4,000, an increase on the current limit which is \$2,500.
- Halls will be able to report days of operation against the capacity of each separate space being used, to save money.
- All music use at the hall will be included except for exercise and fitness classes, and nightclub or dance party events.

For community halls that are owned and operated by Local Government Areas (LGAs), the proposed [OneMusic Australia scheme for LGAs](#) is applicable.

After feedback has been received, OneMusic Australia intends to develop and launch the new licence scheme in late 2018.

### To see how the proposed OneMusic Australia scheme will apply to your specific circumstances, check:

- The patron capacity of each separate hireable space in the hall.
- How many days the hall operates annually, on average.
- Which licences you currently have for your hall – cost comparisons will only be valid if you currently hold a licence with both APRA AMCOS and PPCA.

### What should I do next?

If you have any questions about OneMusic Australia during this consultation, feel free to ask them at [questions@onemusic.com.au](mailto:questions@onemusic.com.au)

If you'd like to take part in the consultation process, we'd love to hear your thoughts at [consultations@onemusic.com.au](mailto:consultations@onemusic.com.au) by 26 January 2018.

**DATE:** 15 December 2017

## COMMUNITY HALLS SCHEME CONSULTATION

OneMusic Australia is a joint venture initiative of APRA AMCOS and PPCA.

APRA AMCOS is the trading name of the Australasian Performing Right Association and the Australasian Mechanical Copyright Owners Society. APRA AMCOS grants licences for the live performance, broadcast, communication, public playing or reproduction of its members' and affiliates' musical works. APRA AMCOS then distributes the licence fees collected to its 95,000 songwriter, composer and music publisher members, and affiliated societies worldwide.

PPCA is the Phonographic Performance Company of Australia Ltd. PPCA grants licences for the broadcast, communication or public playing of recorded music (such as CDs, records and digital downloads or streams) and music videos. PPCA then distributes the net licence fees collected to its licensors (generally record labels) and registered Australian recording artists.

In the second half of 2018, APRA AMCOS and PPCA intend to launch the OneMusic Australia partnership to provide a one-stop shop for community halls' music licence needs and remove the requirement to obtain multiple licences separately from APRA AMCOS and PPCA.

OneMusic Australia aims to harmonise existing tariffs, simplify music licensing, reduce administrative burden for our customers and counter market confusion around the difference between APRA AMCOS and PPCA. An eCommerce facility for the purchase and maintenance of music licences will ensure that community halls have access to the correct licences, allowing easy account management with OneMusic Australia.

In association with Recorded Music New Zealand, APRA AMCOS has been operating OneMusic in New Zealand for more than three years, where it has been a huge success. It has simplified the process of music licensing in New Zealand, increased awareness of copyright and compliance but also ensured that music remains an important, valuable and legal input to businesses everywhere.

APRA AMCOS and PPCA, trading as OneMusic Australia, are parties to the Code of Conduct for Collecting Societies and have a policy to consult, where appropriate, with relevant industry bodies or licensees when developing and implementing new or revised licence schemes for the use of music. We believe that receiving input from music users allows us to better understand how music is used across different industries. Consultation also ensures that our clients have a better understanding of how royalty payments flow and the purpose of such licences, which in turn leads to improved ongoing relationships.

This document serves as notification that OneMusic Australia intends to review the way in which community halls are licensed to use music with a view to implementing a new, wide-ranging and simplified music licensing scheme.

For community halls that are owned and operated by Local Government Areas (LGAs), the proposed OneMusic Australia scheme for LGAs is applicable. Additionally, for venues which use music in ways other than those discussed in this paper, for example venues with bar or dining areas, our proposed schemes for Hotels, Pubs, Taverns and Bars and for Dining might be more relevant to your music use, and consultation documents for these schemes can be found on our website [here](#). Please note also that this paper is not for the purpose of consultation on the individual distribution processes to members, licensors and affiliates undertaken by APRA AMCOS and PPCA, which are a matter for those organisations' respective Boards.

Further information about OneMusic Australia can be found [here](#).

## CONSULTATION TIMELINE

OneMusic Australia expects that the consultation on the proposed licence scheme will progress as follows:

- a) Circulation of this first consultation paper for response;
- b) Consolidation of responses;
- c) Depending on the initial feedback, the circulation of a second consultation paper if required, taking into account submissions made at part b) above;
- d) Final submissions accepted and integrated where appropriate; and
- e) Written documentation provided to businesses serving as at least three months' notification of the commencement of the new scheme.

## THE PROPOSED SCHEME

Community Halls currently require multiple licences from APRA AMCOS and PPCA for their varied use of musical works and sound recordings. The proposed OneMusic Australia scheme, which is detailed below, is structured as far as possible to consolidate these licences into one simple to administer scheme, which covers the majority of music use across the sector.

The goals of the proposed scheme and the OneMusic Australia joint venture in general are:

- a) To simplify licensees' initial and ongoing reporting and administration requirements (in particular through the development of an eCommerce platform);
- b) To develop future-proofed schemes in preparation for the evolution of audio and audio-visual delivery platforms; and
- c) To develop simple and industry-relevant structures that are fair and equitable across venue types and locations and, insofar as possible, to be licence fee neutral when considered across the industry as a whole.

## CONSIDERATIONS AND RIGHTS

In order to develop the proposed licence OneMusic Australia looked at the existing APRA AMCOS and PPCA schemes covering community halls. The two schemes are similar in their rate structure – that is, the licence fee is calculated at a rate per 100 people of capacity, per function (for APRA AMCOS) and per day of operation (for PPCA) where music is used.

The current fees that are applied by PPCA and APRA AMCOS respectively are:

- \$3.47 per day of operation for each 100 persons (or part thereof) of the hall's capacity subject to a minimum annual fee of \$87.72; and
- \$3.54 per function for each 100 persons (or part thereof) of the hall's capacity subject to a minimum annual fee of \$70.47.

On face value it appears that the PPCA scheme would apply to a more limited range of halls than the APRA AMCOS scheme. The PPCA scheme – Tariff H – only covers performances at “church, council, scout, town or other community halls”. However, the APRA AMCOS licence essentially seeks to also make a distinction between commercial and non-commercial ventures through other means by limiting performances to those that:

- are not held by an event promoter;
- are not held by the applicant of the licence; or
- do not have a gross expenditure on live performing artists of more than \$2,500.

These same exclusions to the APRA AMCOS licence effectively operate to mirror the PPCA exclusion of the performance of music where it is the predominant means of entertaining patrons.

OneMusic Australia has formed the view that the scope of the licence (i.e. what kinds of businesses can take out the licence) should be as clear as possible and the rights granted under the licence should be as broad as possible. We believe this is best achieved through:

- the adoption of PPCA’s definition that limits the scheme to church, scout, town or other community halls;
- permitting all performances of music at functions/events held in those halls, including events put on by the licence holder, except where the hirer of the hall is providing fitness/exercise classes or recorded music for the purpose of dancing in order to effectively operate as a nightclub or dance party (as opposed to a social dance or community under age disco, for example). Separate licensing from OneMusic Australia will be required for functions and events which are excluded from this scheme; and
- including within the scheme an additional day rate for functions and events where expenditure is over a particular threshold (noting that currently, a hall would need to make separate application for each such event).

To this end, OneMusic Australia notes that the typical expenditure on artists has risen since the schemes were last reviewed and proposes to increase the current \$2,500 APRA AMCOS expenditure threshold to \$4,000 to avoid inadvertently excluding certain events. For functions or events where expenditure on artists exceeds \$4,000, a per-event fee will apply, tiered according to the capacity of the area in which the function or event is held. In line with the increased threshold for expenditure on artists and the consequential inclusion of additional performances under this licence compared to the existing arrangements, the per-day rate has been reviewed and a small increase applied. This increase will be phased in over four years.

As is currently the case under APRA AMCOS and PPCA licences, using capacity as the basis of the proposed OneMusic licence fee is a way to provide a convenient and transparent indication of a hall’s size and use. Other indicators might be things such as revenue from hire fees, however capacity represents a much simpler, clearer metric to base fees on. OneMusic Australia acknowledges that halls are not always at capacity when they are hired, does not say that the rates have been established on a full capacity basis and has taken these factors into account when setting what we believe is a fair and equitable licence fee. Proposed fees for other industry sectors have also been based on metrics tailored to deliver the simplest and most accurate indicators of size and use, such as a metric based on the number of members of a gym, the size of a retail premises, or the number of seats in a restaurant.

## STRUCTURE

OneMusic Australia proposes to retain the existing structures employed by APRA AMCOS and PPCA under their current separate schemes with the following alterations:

- adopt the PPCA per-day of operation metric instead of the APRA AMCOS per-function metric, which will benefit halls that have multiple functions on single days of operation;
- apply the per-day rate in addition to the annual base fee payable by all licensees as a minimum (but noting that the proposed annual base fee will be less than the current combined minimum APRA AMCOS and PPCA fees);
- adjust the annual base fee and per-day rate to be phased in over time to alleviate any potential financial impact on halls, in line with the aforementioned increase in artist fees; and
- adopt PPCA’s policy of applying the rate separately to multiple areas (rooms/spaces), which would provide a benefit over the current APRA AMCOS scheme where the full capacity for the entire venue must be provided for all events.

All rates in this paper are inclusive of GST. All fees under this scheme and from year five onwards will increase in line with the weighted average of eight capital cities Consumer Price Index annually.

The proposed fees, phased in over the course of four years, are as follows:

YEAR	ANNUAL BASE FEE PER AREA	DAY RATE PER 100 PERSONS OR PART THEREOF OF THE CAPACITY OF THE HALL
1	\$50	\$7
2	\$55	\$8
3	\$60	\$9
4	\$65	\$10

The above fees apply for functions and events where expenditure on artists is under \$4,000 per function. For those where expenditure is over \$4,000, the fees are as follows:

EVENTS OR FUNCTIONS WHERE ARTIST EXPENDITURE EXCEEDS \$4,000	
Capacity of Area	Rate Per Event or Function (Inc GST)
< 100	\$12
101 – 200	\$24
201 – 400	\$48
401 – 600	\$72
601 – 800	\$96
801 – 1,000	\$120
>1,000	\$180

By way of example, in the first year of the licence scheme if a venue had two spaces available for hire or use, and hired the larger space 50 days of the year and the smaller space just 20 days (with one function in each space with artist expenditure over \$4,000), the hall would report and the licence fee would be calculated thus:

AREA NAME	(A) CAPACITY OF THE SPACE	(B) ANNUAL BASE LICENCE FEE	(C) DAYS OF OPERATION*	(D) DAY RATE (ACCORDING TO CAPACITY)	(E) DAYS OF OPERATION LICENCE FEE (CXD)	(F) RATE FOR EVENT WITH ARTIST EXPENDITURE >\$4K	(G) LICENCE FEE PER YEAR (B+E+F)
Main Hall	250	\$50	49	\$21 <sup>#</sup>	\$1,029	\$48	\$1,127
Meeting Room	60	\$50	19	\$7	\$133	\$12	\$195
							<b>\$1,322</b>

\* where music is used and expenditure on artists is <\$4K

<sup>#</sup> at a capacity of 250 = 3 x \$7

OneMusic Australia notes that in the example above, according to the current separate schemes, assuming that there is no day on which multiple events occur, the aggregate fee would be \$1,619.02 representing a saving of \$297.02. At the end of the phase-in the fee would represent a \$230.98 increase on the current separate schemes. CPI has not been applied in this example.

Capacity in the context of this proposal is the number of patrons licensed by the local government, liquor licensing body or fire department as applicable to that venue.

## REPORTING

OneMusic Australia proposes that licensees would be invoiced through a provisional annual invoice in advance and then provide the necessary updated information through retrospective annual reporting to enable an adjustment that would reflect actual usage. Currently APRA AMCOS does not reassess usage annually unless requested by the licensee, which has the possibility to lead to instances of both under and over calculation of licence fees. OneMusic Australia is of the view that the proposed reporting structure, coupled with our easy to use eCommerce system, will ensure that clients are always properly licensed for their actual usage.

Halls are not required to report certain events if those events are already licensed by OneMusic Australia (e.g. OneMusic Australia may have an annual licence with a community music group or a dance school that may hire the hall from time to time), or if the hirer is hosting fitness/exercise classes, or putting on a nightclub or dance party event. OneMusic Australia recommends that halls ask hirers whether they already have an applicable OneMusic Australia licence, whether their artist expenditure will be more than \$4,000, or if they are staging a nightclub or dance party event, (and in the latter case, direct them to OneMusic Australia for a licence).

## TRANSITIONAL ARRANGEMENTS

Our analysis shows that there are a number of halls that are currently licensed only by APRA AMCOS or PPCA but actually require licences for both organisations' rights. APRA AMCOS and PPCA recommend that these organisations revisit their licensing status now, rather than wait for OneMusic Australia to commence, in order to ensure they are fully covered and not unwittingly infringing.



## SUBMITTING YOUR FEEDBACK

OneMusic Australia is committed to developing music licensing schemes that are fair, equitable and relevant to Australian industries. Your feedback on the above proposal is integral to this process.

Please provide your feedback in the form of a submission to [consultation@onemusic.com.au](mailto:consultation@onemusic.com.au) by close of business 26 January 2018. All submissions must be in a Microsoft Word or PDF format.

## FURTHER QUESTIONS

If you have any questions or would like to discuss the proposal further, please email [questions@onemusic.com.au](mailto:questions@onemusic.com.au) and we will be in touch as soon as possible.