

## 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 dance school, performance school, or are an instructor of either, you're likely to be paying a licence fee to organisations like APRA, PPCA and AMCOS/ARIA, who are 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 business. However, we realise it can be confusing to have to pay music licence fees to multiple organisations. So late this 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, PPCA and AMCOS/ARIA 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 are keeping with a **user-pays structure** linked to the different ways you might use music.
- **For classes, lessons and rehearsals** - we propose a fee per instructor (for individuals) or for location (for schools) scaled according to the number of classes per week. Starting at \$175 per year (and capped at \$700), we think that the number of classes is a better measure of usage than the current per-day rate.
- **For dance events, recitals and performances** – you can now buy this under your licence with no requirement for you to make a separate application. The simple to budget and administer annual fee is \$300.
- **For copying music/making recordings for lessons and events etc** - we're proposing a continuation of the current AMCOS/ARIA 'per-student' structure and price.
- If you are **using music on your website** – you can also buy this under your licence for an additional \$550 per year.
- To calculate the number of classes and students, we propose to take the average from the first full week in February and August of each year, meaning there's no need for you to keep a weekly log

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

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

- The average number of weekly classes using music;
- The average number of students;
- Whether you have music on your website and/or put on events, Christmas or end of year concerts and the like; and
- Which licences you currently have for your premises – cost comparisons will only be valid if you currently hold a licence with APRA, PPCA and AMCOS/ARIA.

### 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 29 January 2018.

**DATE:** 3 November 2017

# ONE MUSIC AND ARIA DANCE AND PERFORMANCE INSTRUCTORS AND SCHOOLS MUSIC LICENSING 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.

ARIA is the Australian Recording Industry Association Ltd. ARIA represents the rights of its licensors in certain circumstances, including for the purpose of reproducing sound recordings for use by dance & performance instructors & dance schools (hereafter 'dance schools'). ARIA licensors include record labels and performing 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 dance schools' music licence needs and remove the requirement to obtain multiple licences separately from different organisations.

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 dance schools have access to the correct licences, allowing easy account management with OneMusic Australia. We believe that this new licensing structure will be of great value to dance schools by making compliance, reporting, budgeting and administration easier.

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 for dance schools 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 and ARIA intend to review the way in which dance schools are licensed to use music with a view to implementing a simplified scheme. This paper is not for the purpose of consultation on the individual distribution processes undertaken by APRA AMCOS, ARIA and PPCA.

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

## CONSULTATION TIMELINE

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

- a) Circulation of this first consultation paper for public 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

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

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

Almost by definition, a dance school simply cannot operate without music; it is a fundamentally important and major input into dance schools as they need easy access to the widest choice of music to support their business.

In developing this proposal, OneMusic Australia and ARIA primarily considered the existing five different licence agreements that dance schools may require to cover their use of music:

- APRA Dance Classes Licence: To cover dance schools to play music during classes and rehearsals.
- PPCA Dance Studios, Dance and Line Dance Instructors Licence: To cover dance schools to play sound recordings during classes and rehearsals.
- AMCOS/ARIA Dance Classes Licence: To cover dance schools to copy music and sound recordings to use in rehearsals, concerts and events or for the purpose of supplying to students for their personal and domestic use.
- APRA Event Licence: To cover dance schools to use music during events such as end of year concerts, events or recitals.
- PPCA General Licence: To cover dance schools to use music which is in the format of a sound recording during events.

The licence fee payable under each of these licence agreements is calculated using different metrics:

- APRA Dance Classes Licence and PPCA Dance Studios, Dance and Line Dance Instructors Licence: Rate based on the number of classes run per week.
- AMCOS ARIA Dance Schools Licence: Rate per student.
- APRA Event Licence: Flat fee, or a percentage of revenue derived from ticket sales.
- PPCA General Licence: Flat fee either annually for all concerts, or per event.

OneMusic Australia also notes that many dance schools, as an adjunct to their main business, operate websites to provide an online presence for their school. OneMusic Australia also understands that many of those businesses use their website to not only provide information to pupils and parents but also to showcase the dance school including uploading videos of performances by the school

or in classes, which require appropriate music licences.

OneMusic Australia is of the view that this current requirement to obtain separate licences for this range of associated music uses can be complicated, however also understands that not all dance schools require all five licences.

OneMusic Australia is therefore proposing in this document a new “user-pays” licence scheme. Under this single scheme multiple rights will be available to dance schools and instructors for the use of music according to a “tick box” solution where dance schools only need obtain the specific package(s) covering the uses they actually utilise during each licence year.

## RIGHTS

The rights that the proposed scheme would cover are split into four separate packages within the structure of the scheme.

### *Package One – Performing/playing Music in Classes, Lessons and Rehearsals*

Those dance schools that use music – both live and recorded – during lessons, classes and rehearsals (including private lessons held by the dance school) would require this type of licence coverage.

### *Package Two – Performing/playing Music at Events, Recitals and Other Performances*

This package will cover the use of music – live and recorded – at events organised or authorised by the dance school. This includes recitals, end of year concerts and events, Christmas concerts and events, showcases, open days and public appearances (for example at the local plaza).

### *Package Three – Copying Music for Students’ Domestic Use and Practice*

This package, subject to certain limitations, will permit dance schools to:

- a) copy legally obtained sound recordings for the purpose of playing during classes, lessons and rehearsals;
- b) copy legally obtained sound recordings for the purpose of providing them to students for their personal practice outside dance school classes, lessons and rehearsals; and
- c) making video recordings of dances – rehearsals or performances – for the purpose of providing to students for their own personal use or practice.

### *Package Four – Website Use*

The rights that OneMusic Australia is able to provide under its licence for online uses are limited, partly due to restrictions on the use of music in advertisements. Due to the limited rights OneMusic Australia is able to provide under this part of the scheme, dance schools must:

- limit music use to audio-only content;
- only use music where it is incidental and where the primary purpose of the website is not the streaming or sharing of musical content;
- use no fewer than 5 and no more than 15 tracks playing in a random linear, non-interactive loop;
- not derive any revenue from the playing of music; and
- only stream music from their website (e.g. does not include use on a dance school’s social media, including but not limited to Facebook and YouTube).

In circumstances where one or more of these criteria are not met, separate licensing will be required, possibly including source licensing from content owners.

OneMusic Australia believes that the scope of this licence will cover the overwhelming majority of needs of dance schools. Those clients that require a wider scope (including for example online audio-visual or synchronisation rights) should seek advice from APRA AMCOS, ARIA and PPCA on additional licensing options.

## STRUCTURE

Each package under the proposed scheme will be structured to best fit the way in which music is used under that package. OneMusic Australia did consider and test other tariff structures whereby each package was priced according to the same metric – that is, tiered licence fees for all packages based on the number of days operating per week, the number of students enrolled or the number of classes held per week. In the end, however, OneMusic Australia considered that this approach lacked the fairness and equity of the proposed model, for example it appears incongruous to base the licence fee for the playing of music at events on the number of days the dance school opens per week.

The proposed structure for the four packages is as follows, noting that all figures are inclusive of GST and will increase annually in line with the weighted average of eight capital cities Consumer Price Index (CPI).

	PACKAGE ONE (PERFORMANCE)	PACKAGE TWO (EVENTS)	PACKAGE THREE (COPYING)	PACKAGE FOUR (WEBSITE)
Average Classes Per Week, Per Location	Annual Fee Per Location	Annual Fee Per Location	Annual Fee Per Student, Per Location	Annual Fee Per Website
1 – 5	\$175.00	\$300.00	\$6.05 (Annual Minimum Fee = \$90.75)	\$550.00
6 – 20	\$350.00			
21 – 40	\$525.00			
41+	\$700.00			

**Package One** – covering the use of music in classes, lessons and rehearsals – is a tiered rate structure with the licence fee payable dependent on the total number of classes timetabled per week. OneMusic Australia considered that the current per day of operation structure that applies under the relevant APRA and PPCA licences does not take into account the number of classes, and that this, not days of operation, is a more accurate measurement of the use of music by schools. OneMusic Australia is aware that different terms may have a different number of classes timetabled throughout the week and proposes to use an average figure of the number of classes from the first full week of February and the first full week of August in each year.

**Package Two** – covering the use of music at events, recitals and performances – is a flat fee per year, irrespective of the number of events held and provided that the ticket price charged is not greater than \$40. This structure has its roots in the current PPCA licensing structure which is a flat fee for one event, or a flat fee for all events per year where more than one is held. We believe this is the easiest mechanism for dance schools to budget and administer, as it removes the need to report each individual concert or event at the end of the licence year.

**Package Three** – covering the copying and making of recordings – is the same as the current AMCOS & ARIA Dance Schools Licence, with the rate increased only to take into account likely CPI increases between now and the anticipated OneMusic Australia launch date. Similar to Package One, the relevant number of students will be the average number of those enrolled at the end of the first full week of February and the first full week of August in each year.

**Package Four** – covering website use (subject to the limitations set out above) is a flat fee per year. In order to also ensure that schools are covered for the use of sound recordings, this proposed rate is double the existing APRA AMCOS standalone ‘online mini’ licence fee that APRA AMCOS has made available to licensees for several years.

OneMusic Australia notes that those relevant dance schools in the first year of the new scheme will need to provide a forward estimate of class and student numbers in the immediately following February and August, or August and February as the case may be, in order to calculate the relevant provisional licence fee.

**Worked Example:** A dance school has 300 students enrolled at one location as at the end of the first full week in February and has 42 classes timetabled during that week. In August the relevant numbers are 320 and 45, producing an average of 310 students and

43.5 classes. The dance school also holds four recitals throughout the year, one showcase and multiple public exhibitions at the local shopping centre on Sundays. Lastly, while the dance school has its own website, it hosts no audio content. Their licence fee for the year would be:

	LICENCE FEE
Package One	\$700.00 (for 41+ classes)
Package Two	\$300
Package Three	\$1,875.50 (310 x \$6.05)
Package Four	Nil
<b>TOTAL ANNUAL FEE (incl GST)</b>	<b>\$2,875.50</b>

OneMusic Australia is of the view that this proposed structure is easy for dance schools to budget and administer, and offers reduced transaction and associated administration costs.

### REPORTING

OneMusic Australia proposes that, as occurs currently for APRA AMCOS and PPCA, licensees would be invoiced annually in advance subject to a reassessment against a declaration of timetabled classes and student numbers with their annual renewal. Should the annual licence fee be greater than \$500, payments may be made on a quarterly basis for no additional cost.

OneMusic Australia is of the view that the proposed reporting structure, coupled with our easy to use eCommerce system, will enable clients to be properly licensed for the different ways they use music.

### TRANSITIONAL ARRANGEMENTS

Our analysis shows that there are a number of dance schools that are currently licensed only by APRA AMCOS, ARIA or PPCA but actually require licences for the rights offered by all four organisations. For this reason it has been difficult to assess the average impact across the industry when comparing the proposed licence scheme with the existing ones. Nonetheless, subject to the changed metrics (most particularly the movement from the per-day to per-class rate for public performance) OneMusic Australia has sought to introduce a solution that is generally licence-fee neutral for those schools that are fully compliant with the current schemes. APRA AMCOS, ARIA and PPCA recommend that dance schools 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.

### ALIGNING LICENCE YEARS

Dance schools may currently have three different annual anniversary/renewal dates between the APRA Dance Schools Licence, the PPCA Dance Studios, Dance and Line Dance Instructors Licence and the AMCOS/ ARIA Dance Schools Licence. The anniversary dates for the APRA and PPCA schemes are linked to the date those licences were first taken out, and the anniversary date for the AMCOS & ARIA scheme is fixed as at 31 December. OneMusic Australia proposes to generally align all three licences to the APRA anniversary date and schools will receive correspondence in due course enabling this to occur.



### 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 **29 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.