

## KARAOKE VENUES

### OUR CONSULTATION PROCESS WITH YOU

OneMusic Australia is consulting with karaoke venues and would like to hear your views. If you have already provided us with comment, thank you – but as we've made a number of changes in this updated proposal your further feedback is welcome and encouraged.

In your venue, you're likely to be paying licence fees to APRA AMCOS and PPCA, the caretakers of the copyright in the music you use. These fees ensure you're legally entitled to use music in your venue, and with your support music creators are paid for their contribution to your business.

This is the second consultation paper we've released on the proposed OneMusic Australia rate for Karaoke Venues. We've made some adjustments to our original proposal based on the feedback we've received so far – thank you. We'd like you to take a look, and let us know if you have any additional feedback. Remember, this is just a proposal, and may not become the final scheme.

#### What's different in the second consultation paper:

- We've proposed separate rates for venues that use both APRA AMCOS and PPCA rights, and those that only use APRA AMCOS rights, to make rates more accurately reflect the rights being used by venues.
- We've removed the 'bundling' of the rates for telephone music on hold for more than two lines with the rate for karaoke use, to make the scheme fairer for venues that do not use music in both ways.
- For venues that take out the Joint Right Licence, we've included background music at no extra cost.
- We've added an additional capacity tier to more closely align the per-day rates to venue size.
- We're proposing to phase in the new rates over four years rather than the originally-proposed three years, to make it easier for venues to adjust to the new scheme.

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

- The capacity of your venue each night of the week.
- How many days your venue operates per year.
- Using the above two pieces of information (capacity and nights of operation) you can determine what capacity tier(s) you fall into and what the annual fees for your venue would be under this proposal compared to your current total licence fees for APRA AMCOS and PPCA. Remember – these cost comparisons will only be valid if you currently hold a licence with APRA AMCOS and, where relevant, 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 and provide some feedback, we'd love to hear your thoughts at [consultations@onemusic.com.au](mailto:consultations@onemusic.com.au)

## YOUR PROPOSED NEW ONEMUSIC LICENCE FEES

The proposed fee structure for the use of music in karaoke venues (inclusive of GST) is illustrated in the tables below. The rest of this consultation paper contains information about why and how we developed and amended these proposed fees in response to your feedback, and lets you know how to further take part in the consultation process.

**Table 1 - Joint Right Licence** (for those venues using APRA works and PCCA sound recordings and/or music videos):

VENUE CAPACITY	YEAR ONE PER-NIGHT RATE	YEAR TWO PER-NIGHT RATE	YEAR THREE PER-NIGHT RATE	YEAR FOUR PER-NIGHT RATE
	2019/2020	2020/2021	2021/2022	2022/2023
1 – 50	\$32	\$37	\$41	\$48
51 – 100	\$43	\$50	\$56	\$65
101 – 200	\$48	\$56	\$63	\$74
201 – 400	\$53	\$62	\$69	\$82
401 – 800	\$62	\$73	\$81	\$95
800+	\$75	\$88	\$98	\$115

**Table 2 - Single Right Licence** (for those venues using only APRA works and no PCCA sound recordings and/or music videos):

VENUE CAPACITY	YEAR ONE PER-NIGHT RATE	YEAR TWO PER-NIGHT RATE	YEAR THREE PER-NIGHT RATE	YEAR FOUR PER-NIGHT RATE
	2019/2020	2020/2021	2021/2022	2022/2023
1 – 50	\$17	\$19	\$21	\$25
51 – 100	\$22	\$26	\$29	\$34
101 – 200	\$25	\$29	\$33	\$38
201 – 400	\$27	\$32	\$36	\$42
401 – 800	\$32	\$38	\$42	\$49
800+	\$39	\$46	\$51	\$60

**Table 3 – Background Music** (for those venues with a Single Right Licence that play background music as well as music for karaoke)

TIER	SIZE OF LOCATION WHERE MUSIC IS AUDIBLE	GOLD (PER ANNUM)	SILVER (PER ANNUM)	BRONZE (PER ANNUM)
			All TVs plus Digital Music Service including Streaming Services, Internet Radio, iPods, Smartphones, Tablets, PCs etc	All TVs (including from recorded source and internet) plus CD/Vinyl Player, or Background Music System (where music content is supplied by a Background Music Supplier only)
Tier 1	0 - 150m <sup>2</sup>	\$650	\$250	\$144
Tier 2	151 - 500m <sup>2</sup>	\$775	\$375	\$230
Tier 3	501 - 1,000m <sup>2</sup>	\$1,150	\$750	\$374
Tier 4	1,001 - 2,000m <sup>2</sup>	\$1,400	\$1,000	\$374
Tier 5	2,001 - 5,000m <sup>2</sup> and over	\$2,150	\$1,750	\$374

Note that the size of the location excludes all 'karaoke rooms' and similar areas where the only music performed is karaoke.

*Table 4 – Telephone Music on Hold*

CALLER CAPACITY LINES	RATE PER CALLER CAPACITY LINE COMMUNICATION ONLY	RATE PER CALLER CAPACITY LINE COMMUNICATION AND COPYING
1 – 2	Up to two lines included in Karaoke rates	
3 – 5	\$315	\$390
6 – 10	\$470	\$590
11 – 25	\$780	\$975
26 – 50	\$1,480	\$1,850
51 – 100	\$2,530	\$3,036
100 – 200	\$4,700	\$5,640
201 – 300	\$8,000	\$9,600
301 – 400	\$10,320	\$12,380
Additional Lines Thereafter (Rate Per Line)	\$18	\$22

**DATE:** 22 November 2018

## KARAOKE VENUES SECOND CONSULTATION PAPER

OneMusic Australia is a joint initiative of APRA AMCOS and PPCA. On 4 April 2017, OneMusic Australia released a consultation paper seeking feedback on a proposed music licensing scheme for Karaoke Venues. That paper can be found [here](#).

OneMusic Australia received welcome feedback on that paper from karaoke venues which has been very helpful and has led us to refine the original proposal.

This paper is not for the purpose of consultation on the individual distribution processes undertaken by APRA AMCOS and PPCA.

On current timings, the proposed scheme set out below will commence with the launch of OneMusic Australia in mid 2019.

OneMusic Australia will provide notice to individual venues of the date of migration from their existing licences in due course. It is anticipated that each venue will be provided with at least six months' notice before being impacted by any changes arising from the introduction of the new joint licence scheme.

### FEEDBACK RECEIVED

The first consultation paper proposed a single price structure, tiered according to the venue's capacity, for karaoke venues covering the following uses of music:

- a) Music used for the purpose of accompanying a public performance given by patrons of the venue whether that music is delivered by audio or audio-visual recordings (karaoke);
- b) Any telephone on hold music that may be used by the venue; and
- c) Background music playing at the venue across normal trading hours.

Music in this context includes all works and recordings represented by APRA AMCOS and PPCA respectively. The breadth of repertoire is vast including the worldwide repertoire of hundreds of thousands of musicians and millions of recordings.

The feedback received by OneMusic Australia was straightforward and covered some common themes which are addressed individually below.

### USING A PER PERSON FEE INSTEAD OF A PER DAY FEE

One submission noted a preference for a different rate structure of \$2.40 per person admitted – a reference point that was cited in the original consultation paper. OneMusic Australia has considered this metric in respect of karaoke venues and does not support its use for reasons including because:

- a) across the industry it would cause a greater uplift in total licence fees; and
- b) the reporting obligations would be harder to administer, more complex, and that associated compliance issues could lead to a need to conduct audits.

Accordingly, OneMusic Australia remains of the view that the per day rate calculation proposed is still the most equitable model for licensing karaoke venues.

### MUSIC USAGE PATTERNS

OneMusic Australia's original licence fee proposal was based on the assumption that while venues almost exclusively used APRA AMCOS songs, they used a mix of recordings and videos represented by PPCA and other licensors. Taking this into account, the proposed rates sought to reflect this mix in a 'one size fits all' approach. It has however become apparent through feedback that venues tell us that they will in fact either use PPCA recordings/videos in their karaoke content, or exclusively use other sources (generally re-records of popular songs).

Accordingly, in light of this new information, OneMusic Australia proposes a different model under which the prima facie licence fee for OneMusic Australia's music is premised on a 'full use' model, with a reduced rate for those venues that do not use PPCA recordings/videos<sup>1</sup>.

<sup>1</sup> Karaoke venues would continue to be able to access and check [PPCA's website](#) for a list of the labels represented via the OneMusic Australia licence.

## BUNDLING OF RATES

Some feedback submissions argued that the price for karaoke use, music on hold and other background music (e.g. in the front bar or reception area) should be priced separately. Although OneMusic Australia remains of the view that a bundled approach offers a valuable degree of simplicity for businesses, it recognises the feedback from the industry.

Accordingly, OneMusic Australia now proposes to unbundle telephone hold music (for venues with more than two telephone lines) from the fee structure and has made a relevant adjustment to the per day rate. For venues licensed under the Joint Right Licence, the use of background music has been included in the karaoke fee at no additional cost. Those venues licensed under the Single Right Licence that also play background music utilising PPCA recordings will be required to add the background music rates at Table 3 above to their karaoke rates. Readers can find the detailed consultation paper covering music on hold [here](#), and the applicable rates contained therein are set out at Table 4 above.

## OVERALL FEE INCREASE UNDER THE PROPOSED MODEL

Comment was received about the impact of the new rate notwithstanding OneMusic Australia's proposal to phase in the full rate over the course of three years. OneMusic Australia believes this provided ample time for businesses to budget accordingly (including because the new rates will not be introduced until mid 2019) but is prepared to further compromise on the introduction of the full rate. OneMusic Australia has now also formed the view that there is merit in introducing an additional capacity tier. OneMusic Australia believes that the addition of a tier will further reduce the impact of the new rates on karaoke businesses by more closely aligning fees with capacity.

Accordingly, OneMusic Australia now proposes to phase in the full licence fee over four years rather than three and introduce a sixth capacity tier.

## AMENDED PROPOSAL

Having consulted and taken industry feedback into consideration, OneMusic Australia is proposing, in response to the matters outlined above, a number of changes to the proposed scheme.

Payments for karaoke music use under this scheme will be subject to an annual minimum fee of \$280 (including GST). All fees under this scheme are to increase in line with the weighted average of eight capital cities Consumer Price Index annually, including after the fourth year of the phase in is complete.

OneMusic Australia is confident that the above scheme with the amendments made in response to the feedback received as a result of the consultation process will be of great value to karaoke venues in Australia by ensuring that their scheme is simple to administer, easy to comply with and easy to budget.

## REPORTING

To reduce administration for karaoke music venues, OneMusic Australia now proposes to assess usage on an annual rather than quarterly basis, but notes that business will still be able to pay on a quarterly instalment basis. Where OneMusic Australia asks a venue to provide updated figures but those figures are not provided, licence fees would be assessed and invoiced on our reasonable estimate.



## SUBMITTING YOUR FEEDBACK

OneMusic Australia, having regard to the submissions it has received to the initial consultation paper, intend to implement the new Karaoke Venue scheme as varied and set out above in mid 2019, subject to any new and substantive arguments that are received by 21 December 2018.

Please provide your feedback in the form of a submission to [consultation@onemusic.com.au](mailto:consultation@onemusic.com.au). Submissions are preferred 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.