

**DATE:** 16 August 2018

# TELEPHONE HOLD MUSIC MUSIC LICENSING CONSULTATION FINAL POSITION PAPER

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

On 10 May 2017, OneMusic Australia released a consultation paper seeking feedback on a proposed music licensing scheme for Telephone Hold Music. That paper can be found [here](#).

OneMusic Australia received limited but welcome feedback on that paper from businesses which has been helpful in determining if the proposed scheme is practical and accepted by the sector.

This document serves as further notification that OneMusic Australia has reviewed the way in which businesses are licensed to use music in order to implement a new, wide-ranging and simplified music licensing scheme. This paper is not for the purpose of consultation on the individual distribution processes undertaken by APRA AMCOS and PPCA.

The proposed scheme set out below will commence from mid-2019 and OneMusic Australia will provide due notice to businesses to migrate their existing licences where relevant.

## FEEDBACK RECEIVED

Feedback received on the proposed OneMusic Telephone On Hold licensing scheme, whilst limited, in part raised questions regarding the increasing number of businesses using VoIP and Cloud systems rather than traditional 'fixed line' switchboards. Whilst no feedback indicated a need to amend the proposed rates, these questions indicated that some clarity was necessary regarding some aspects of the proposed scheme.

## EXTERNAL LINES ONLY

The telephone music on hold scheme will only apply to music on hold used on lines used for external calls. Music used on lines used for internal calls only would be covered under the OneMusic Australia corporate and workplace licensing scheme, found [here](#).

## CALLER CAPACITY LINES

The proposed scheme is based on a tiered structure, under which the rate payable is determined by the maximum number of held calls at any one time where music is played. This is referred to in the first consultation paper as 'caller capacity lines', and where licensees use a VoIP or Cloud-based system 'caller capacity lines' is said to refer to the 'number of unique system users'. To further clarify, we note that the 'number of unique system users' does not accurately reflect the maximum on-hold capacity, and intend to amend the proxy term for 'caller capacity lines' under a VoIP or Cloud system to 'number of simultaneous users'.

## THE PROPOSED TELEPHONE HOLD MUSIC SCHEME

The rates for the proposed OneMusic Telephone hold music licensing scheme are outlined below for your reference.

All the proposed rates below are expressed inclusive of GST at 10% and are applicable to the first year the scheme is offered by OneMusic Australia.

For single location clients, the proposed rates are as follows:

SINGLE LOCATION CLIENTS <sup>1</sup>		
(A) CALLER CAPACITY LINES	(B) ANNUAL RATE PER CLIENT COMMUNICATION ONLY	(C) ANNUAL RATE PER CLIENT COMMUNICATION AND COPYING
1 – 2	\$240	\$300
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

For clients with multiple locations – i.e. more than one physical premises – the proposed rates per client (not per location) are as follows:

MULTIPLE LOCATION CLIENTS		
(A) CALLER CAPACITY LINES	(B) ANNUAL RATE PER CLIENT COMMUNICATION ONLY	(C) ANNUAL RATE PER CLIENT COMMUNICATION AND COPYING
1 – 2	\$320	\$400
3 – 5	\$460	\$575
6 – 10	\$710	\$890
11 – 25	\$1,180	\$1,475
26 – 50	\$2,340	\$2,920
51 – 100	\$4,140	\$4,970
100 – 200	\$8,600	\$10,320
201 – 300	\$15,000	\$18,000
301 – 400	\$20,000	\$24,000
Additional Lines Thereafter (Rate Per Line)	\$30	\$36

<sup>1</sup> It should be noted that the rates proposed for the OneMusic Australia scheme account for potential CPI increases between the time of writing and the launch of OneMusic Australia in mid-2019. 2

## RELEVANT SCHEME DEFINITIONS

The following two definitions (subject to possible minor amendments required to draft into the agreement but not changing the intent of the meaning) will form part of the final terms and conditions offered by OneMusic.

*Caller Capacity Lines* means for non-VOIP and non-cloud-based telephone systems the maximum number of held calls for a single location that may be supported at any one time where music is played, and in the case of VOIP and cloud-based telephone systems the maximum number of simultaneous users across multiple locations that may be supported at any one time where music is played.

*Music on Hold* means to reproduce onto and communicate music on the business' telephone on hold system.

## PARTIAL RIGHTS

The first consultation paper for this scheme proposed a 55% discount on the rates above for businesses that do not require a licence for both PPCA and APRA AMCOS rights (for example, if a work has been specially commissioned and written/composed by an APRA member). OneMusic Australia has undertaken further analysis on its proposed discount for In the case of a partial rights licence. OneMusic must undertake additional compliance work and therefore take on additional costs associated with the need to verify (including on an ongoing basis) that a licensee's claims regarding the licensing of sound recordings are correct and will therefore apply a discount of 48.25% on the full licence fee for telephone music on hold where only one right is required.

## NEXT STEPS

OneMusic Australia intends to publish the detailed terms of the licence scheme shortly in order to provide advance notice to businesses of the new structure and rates. The timing of that publication will depend on the finalised start date for OneMusic Australia, but we will endeavour to provide at least six months' notice.

Given the similarity to existing APRA and PPCA tariff structures, that the OneMusic rate is essentially the same as the combined APRA and PPCA rates and the nature of feedback received in response to the first consultation paper, OneMusic believes that the scheme proposed will be acceptable to licensees. Some businesses, however, may object to some of the proposals set out above. In such cases licensees and associations have recourse to expert processes under APRA's existing alternative dispute resolution service, Resolution Pathways.

If there is a reference to Resolution Pathways and the parties are unable to agree on an outcome, then either party may make a reference to the Copyright Tribunal.

## 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.