



AUSTRALIAN HOTELS ASSOCIATION

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MEDIA RELEASE

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ACCC DECISION MAY SAVE AUSTRALIAN NIGHTCLUBS

The AHA welcomes conditions issued in a draft decision by the Australian Competition and Consumer Commission (ACCC) to re-authorise the Phonographic Performance Company of Australia's (PPCA) collective licensing arrangements for the public performance or broadcast of sound recordings and music videos.

"The ACCC's decision may save many Australian nightclubs from financial disaster," said AHA Director National Affairs Bill Healey.

"It will provide them with options to offset last week's ruling by the Copyright Tribunal that nightclubs pay 1400% more to the PPCA in licensing fees for music."

The ACCC's draft determination will require:

- The PPCA to maintain a list of sound recordings that are protected under Australian copyright law and, therefore, are covered by PPCA licences; and
- Each record company that is affiliated with the PPCA must independently develop guidelines that outline circumstances in which they would consider entering into direct licences with venues.

"There is no way many nightclubs will be able to pay the fee increase," Mr Healey said. "The ACCC decision may allow them to play music that doesn't attract PPCA fees or reduce costs by entering into direct arrangements with a particular record company."

"The real losers, however, could be Australian artists. The vast majority of Australian music incurs PPCA licensing fees, so there is a risk that individual venues may choose to no longer play these tracks to reduce costs."

"The PPCA acknowledges that it is not entitled to charge fees for certain music. It estimates that this represents around 30% of music played in many nightclubs. This figure may increase dramatically if it assists nightclubs to avoid the crippling impact of the new licence fees."

"The move by the PPCA and the large record companies that are PPCA licensors to squeeze every possible cent out of the entertainment industry may have backfired."

The PPCA has indicated to the Copyright Tribunal that it intends to phase in its new nightclub licence fees over five years and the AHA expects new rates to be formalised when the tribunal issues final orders in the coming weeks.

The AHA is also seeking legal advice on its options to initiate a review of the Copyright Tribunal's decision.

For further information:

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The Australian Hotels Association (AHA) is the pre-eminent tourism and hospitality industry organisation in Australia. It has around 5000 members operating general and accommodation hotels. It has a National Office and Branches in each State and Territory. It also has a discrete Branch to represent the interests of its Accommodation members that covers four and five-star properties operated by the major chains.