

**SENATE STANDING COMMITTEE ON ENVIRONMENT AND COMMUNICATIONS
INQUIRY INTO
THE ECONOMIC AND CULTURAL VALUE OF AUSTRALIAN CONTENT ON
BROADCAST, RADIO AND STREAMING SERVICES**

SUPPLEMENTARY SUBMISSIONS OF APRA AMCOS

16 OCTOBER 2018

1. APRA AMCOS is grateful for the opportunity to make a supplementary submission to the current inquiry of the Senate Standing Committee on Environment and Communications (**Committee**) into the economic and cultural value of Australian content on broadcast, radio and streaming services (**Inquiry**). We refer in this supplementary submission to our original submission to the Inquiry dated 16 February 2018 (**Original Submission**).
2. The purpose of this supplementary submission is to clarify the position and correct the record in relation to a number of statements in Nightlife Music’s public submission to the Inquiry dated 27 July 2018 (**Nightlife Submission**) and also given in evidence by representatives of Nightlife Music during the Committee’s public hearings in Adelaide on Tuesday 4 September 2018 (**Nightlife Evidence**).
3. APRA AMCOS agrees with Nightlife Music that the public performance of Australian music is an extremely important part of the ecosystem of the Australian music industry. We also acknowledge at the outset that the amount of Australian music broadcast or streamed has a flow on effect impacting the music public performance market and distribution of music public performance licence fees.
4. A central tenet of both the Nightlife Submission and Nightlife Evidence is that APRA AMCOS only uses analogous data sources (in particular radio broadcast data, television broadcast data and consumer streaming data) as a proxy for more accurate music usage data (available from background music suppliers such as Nightlife Music itself) when APRA AMCOS distributes to its songwriter and music publisher members the public performance licence fees it collects from the myriad premises where music is publicly performed. Nightlife Music warns the Committee of “the inherent risks of analogous modelling when evidence-based alternatives are available” [p.4 Nightlife Submission]
5. APRA AMCOS wishes to make the following comments in response to Nightlife Music’s accusations:
 - (i) We are fully aware of the various “evidence-based” sources of music usage data in connection with the public performance of music available in 2018. Indeed, APRA AMCOS relies on many of them when distributing its licence fees to members. In addition to the various analogous music usage data sources (such as radio, television and consumer streaming services) to which Nightlife Music refers, APRA AMCOS has invested heavily in music recognition technology services (such as DJ Monitor and Pioneer’s Kuvo) which we have installed in a number of venues to accurately identify every song performed at those venues, and we rely on that data to inform our distributions to members. We have also reached agreement with a number of other background music suppliers to use their music data as a basis for distributing some public performance licence fees paid by their clients.
 - (ii) Furthermore, there are a number of industries that involve the public performance of music that Nightlife Music does not mention, where APRA AMCOS is able

to obtain and rely upon more actual music usage data. These include the fitness industry, where we supplement analogous data sources with music data from the Les Mills music delivery service, as well as cinema exhibition, airline inflight entertainment, music concerts and festivals to name but a few.

- (iii) The point is that APRA AMCOS uses data from a wide range of sources as the basis for its licence fee distributions and to allege that “a large proportion of public performance revenue is distributed based on the same data provided to distribute radio revenue” is a gross oversimplification.
- (iv) The reason why APRA AMCOS uses a combination of some “analogous” data sources and some “evidence-based” or “actual” data sources for its distribution of public performance licence fees is a question of cost and efficiency. APRA AMCOS attempts to achieve a sensible commercial balance between on the one hand accuracy and granularity of music usage data and on the other hand the costs of implementation and management of its various data sources.
- (v) APRA AMCOS’ members require it to run its collective licensing operations at an expense to revenue ratio of less than 15%. It would be simply impossible to achieve that ratio if APRA AMCOS were to invest in obtaining actual music use data from every one of its 100,000 + licensees. The only cost effective way to do so would be to push this responsibility onto our licensees and insist that each Australian business that uses music, accurately report 100% of its music usage to APRA AMCOS every year. Our longstanding view has been that this is too onerous a burden to place on our customers.

6. Finally, we would like to take this opportunity to a number of estimations in the Nightlife Evidence:

- (i) Nightlife Music’s estimation that revenue collected from public performances sector is “double the revenue generated from radio broadcasts for artists” is not accurate based on the confidential data available to APRA AMCOS. Our best estimate is that revenue collected from public performances of musical work and sound recording copyrights by APRA AMCOS and PPCA respectively is approximately 50% larger than revenue collected by those organisations from radio broadcasts, rather than double the revenue.
- (ii) Mr O’Rourke’s suggestion that the ratio of Australian music to overseas music played on licensed background music supplier systems is higher than the ratio of Australian music to overseas music played by way of Australian radio broadcasts is not accurate based on the confidential data available to APRA AMCOS.

7. APRA AMCOS is grateful for the opportunity to correct the record and clarify its public performance licence fee distribution practices in connection with this Inquiry. Please do not hesitate to contact me in this regard by email a .

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16 October 2018