



SONY MUSIC

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Committee Secretary
Senate Standing Committee on Environment and Communications
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Parliament House
Canberra ACT 2600

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By email and post

Dear Committee Secretary,

Inquiry into the effectiveness of current regulatory arrangements in dealing with the simultaneous transmission of radio programs using the broadcasting services bands and the Internet ('simulcast')

Sony Music Entertainment Australia Pty Ltd ('SMEA') appreciates the opportunity to make a submission to the Committee in relation to this inquiry.

SMEA is a leading Australian recording company and has a history of investment in the Australian music industry going back to 1938 when its predecessor company, the Australian Record Company was formed. Since that time, it has also operated as CBS Records Australia. In 2008, SMEA acquired the recorded music assets of BMG Australia Limited.

Globally, Sony Music Entertainment's recording labels include Columbia, Epic, RCA, Sony Music Nashville and Syco Music. In addition, SMEA has invested in local labels such as DNA and the Wonderlick Recording Company and also distributes the recordings of iconic Australian label, Albert Music.

SMEA's current local roster of artists includes Delta Goodrem, John Farnham, Pete Murray, Guy Sebastian, Jessica Mauboy, Reece Mastin, Justice Crew and Samantha Jade. SMEA's history of investing in Australian music is reflected in its significant catalogue of Australian recordings from artists such as Men At Work, Midnight Oil, Dragon, silverchair and Tina Arena.

SMEA continues to invest heavily in the Australian music industry at a time when there have been significant changes in relation to the way in which recorded music is distributed and consumed. In addition, the music industry has been challenged by piracy and the unauthorised downloading and streaming of recorded music which has seen the industry's revenue eroded significantly over the last ten years.

SMEA in addition to employing and developing staff has significant investment in digital platforms and has licensed numerous digital service providers such as iTunes, Spotify, Deezer, BigPond Music and Songl to retail music to the Australian public either through download transactions or subscription streaming services. Globally the music industry has licensed over 500 digital service providers which offer over 30 million tracks to consumers.

As a licensor member of the Phonographic Performance Company of Australia ('PPCA'), SMEA supports and endorses the detailed submission made by PPCA in relation to this important issue.

This issue is currently the subject of litigation between Commercial Radio Australia and the PPCA and is also being considered by the Australian Law Reform Commission in its Inquiry into Copyright and the Digital Economy. Accordingly, this issue must be carefully addressed having regard to the wide range of issues it raises in relation to broadcasting and copyright laws.

In particular, SMEA would like to emphasise the following points:

1. There are strong public policy and commercial reasons for the distinction between (a) broadcasting; and (b) communication over the Internet; and this distinction should continue to be maintained.
2. The 1% cap which applies to commercial radio services' broadcast of sound recordings is inequitable to both recording artists and record companies. A recommendation to deem Internet simulcasting to be a broadcast would extend this inequitable situation to an emerging market and also disadvantage non-traditional service providers in this new market who must negotiate market rates for the use of sound recordings in their services without the operation of a cap.
3. A decision to bring simulcasting within the definition of broadcasting would also result in a large number of sound recordings not being paid for at all in respect of their simulcasting due to the operation of Australian copyright law. Again, this is inequitable and also disadvantages new services whose sole business relates to the communication of sound recordings over the Internet.

For these reasons, SMEA submits that there should be no changes to the current regulatory regime relating to the simulcasting of sound recordings over the Internet.

Yours sincerely,

Denis Handlin AM
Chairman & CEO, Australia & New Zealand and President, Asia
Sony Music Entertainment