



3 May 2013

Committee Secretary  
Senate Standing Committees on Environment and Communications  
PO Box 6100  
Parliament House  
Canberra ACT 2600

By email and mail

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')

Universal Music Australia Pty Limited ("UMA") is a leading Australian recording company. UMA was incorporated in 1955 and is a subsidiary of Universal Music Group ("UMG"). UMG's major recording labels include Island, Def Jam, Mercury, Polydor, Universal, Motown, Interscope, Geffen, A&M, Decca, Deutsche Grammophon and Verve.

In 2012, Universal Music Holdings Limited acquired the recorded music assets of the EMI Group, including EMI Music Australia Pty Limited ("EMI Australia"). EMI recording labels include EMI, Capitol Records, Capital Records Nashville, Virgin and Blue Note Records.

UMA (now incorporating EMI Australia) employs 155 staff and has offices in Sydney, Melbourne and Brisbane. UMA's principal activity is music recording. UMA discovers, develops, records, markets and promotes recording artists across the full range of music genres and distributes its artists' music to physical and digital retailers. UMA's local recording artists include Gotye, Megan Washington, Bernard Fanning, The Presets, Empire Of The Sun, Boy & Bear, Matt Corby, The Hilltop Hoods, Sarah Blasko and Birds of Tokyo (to name but a few).

The business of investing in and producing recorded music is extremely risky. UMA invests many millions of dollars annually in the production of local artist recordings, however very

**UNIVERSAL MUSIC AUSTRALIA PTY. LIMITED**  
ACN 000 158 592

HEAD OFFICE: 3 Munn Reserve Millers Point NSW 2000. Tel: (02) 9207 0500 Fax: (02) 9207 0599

NSW: 107 Vanessa Street Kingsgrove NSW 2208. Tel: (02) 9207 0500 Fax: (02) 9554 5632

VICTORIA: 508 City Road South Melbourne VIC 3205. Tel: (03) 8646 0700 Fax: (03) 9682 6493

QUEENSLAND: Suite 3 Plumridge House 36 Agnes Street Fortitude Valley QLD 4006. Tel: (07) 3252 4354 Fax: (07) 3252 4358

WESTERN AUSTRALIA: Barker House, 49 Hay Street Subiaco WA 6008. Tel: (08) 9381 7863 Fax: (08) 9381 7844

NATIONAL TELESales: Tel: 1300 368 700 Fax: 1300 367 329

few of these recordings succeed. It is UMA's general experience that nine out of ten artist albums will lose money. Typically it is impossible to pick the winners. As a result, UMA operates in a market which is inherently uncertain and unstable.

While the inherent risks have remained, the recorded music business has changed significantly over the past decade. Total revenues from legitimate recorded music sales have declined severely, both globally and in Australia, over the past ten years. In real terms, revenue has more than halved over that period.

Like other participants in Australia's copyright industries, digitisation has posed many challenges for UMA. The significant decline in the overall size of the recorded music industry started when digitisation of music content began to take off in the early 2000s. The prevalence of illegitimate music download and streaming platforms in the digital space has led to a rapid decline in willingness to pay for recorded music. UMA's view is that appropriate regulatory models that support innovation and growth are critical in the digital age. In other words, UMA's ability to continue with its substantial investments and creative output hinges on the protection given to rights holders under this country's framework of copyright laws.

Like many other recording companies in Australia, UMA is a licensor member of the Phonographic Performance Company of Australia (PPCA). UMA endorses the position taken by PPCA on this matter. It is UMA's submission that broadcasting on one hand and communication via the internet on the other are different and distinct, and should be remunerated separately. Accordingly, UMA urges the Committee to recommend against any diminution of rights.

It is also UMA's view that the 1% cap that applies to commercial broadcasts of sound recordings must be considered as part of the wider issue. This cap, which is arbitrary and not based on any economic analysis, puts an artificial ceiling on the remuneration that recording companies and their artists can receive for the broadcast of their sound recordings. Should the regulatory arrangements be changed so that the internet communication of radio programs by existing broadcasters are now treated as broadcasts, the arbitrary 1% cap will be introduced into the developing digital market. Not only is this unfair to the creators of the sound recording content, but is extremely unfair to service

providers offering internet only programming who currently pay market rates without the benefit of any price cap.

In order to sustain UMA's business and allow it to continue to invest heavily in new Australian artists and music, UMA needs a strong framework of rights protection. It is only with the existence of a robust regulatory regime (despite the ongoing threat, and the irreparable damage that online piracy has caused) that UMA can continue to invest heavily in the creation and promotion of new music by new Australian recording artists.

Accordingly, UMA urges the Committee not to recommend changes to the current regulatory regime for the simulcast of sound recordings over the internet.

Yours sincerely

George Ash

President, Universal Music Asia Pacific