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SUBMISSION ON THE GOVERNMENT'S DISCUSSION PAPER

**REVIEW OF THE ONE PER CENT CAP ON LICENCE FEES PAID TO COPYRIGHT OWNERS FOR
PLAYING SOUND RECORDINGS ON THE RADIO**

18 MARCH 2005

ABC Radio has considered the issues raised in the *Discussion Paper* on the review of the one per cent cap on licence fees paid to copyright owners for playing sound recordings on the radio as set out in section 152(8) of the *Copyright Act 1968 (the Act)*.

Notwithstanding the fact that section 152(8) of the *Copyright Act 1968 (the Act)* does not apply to the ABC as a public broadcaster, ABC Radio supports the position of Commercial Radio Australia and believes the one per cent cap should not be repealed or amended.

The Government decided 3 ½ years ago not to repeal the cap, citing the reason that it provides certainty in all broadcast sectors and enables rural and regional broadcasters to continue to operate in a viable manner. There has been no change in the factors contributing to the Government's conclusion at that time and ABC Radio can see no reason to repeal the cap.

The cap continues to balance the monopoly position of the Phonographic Performance Company of Australia (PPCA) and to prevent the potential abuse of monopoly power.

Currently, the fees set through the fixed range bargaining process across all the commercial radio stations are well below the one per cent cap at 0.4%.

The broadcast of music on radio is an important factor in the sale of recorded music. Copyright owners receive a benefit from airplay which is difficult to quantify. Given this situation, ABC Radio disagrees with the PPCA's assertion that the 1 percent cap causes economic loss to copyright owners, especially when other factors, such as file sharing of music, CD burning and new digital technologies, are taken into account.

Sue Howard
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