

Kay, Margaret

From: Adrienne Pecotic <ceo@independentcinemas.com.au>
Sent: Thursday, 7 February 2019 10:50 AM
To: Adjudication
Cc: Pauline Negline
Subject: AA1000433 - APRA - submission - Independent Cinemas Australia

Importance: High

Dear Ms Cramond,

Thank you very much for the opportunity to provide a submission in respect of this application.

Independent Cinemas Australia (ICA) is a not-for-profit industry association that develops, supports and represents the interests of independent cinemas and their affiliates across Australia and New Zealand. ICA's members range from single screens in rural areas through to metropolitan multiplex circuits and iconic arthouse cinemas including Palace Cinemas, Dendy Cinemas, Grand Cinemas, Ace Cinemas, Nova Cinemas, Cineplex Cinemas, Wallis Cinemas and Majestic Cinemas. ICA's members are located in every state and territory in Australia, representing over 580 screens across 152 cinema locations.

We have canvassed our independent cinema members who indicate their general experience of the arrangements put in place since the previous authorisation period have been satisfactory and we appreciate the work of all involved. However our members hold material concerns about the potential impact of price rises that may be imposed during the next period of authorisation.

We note that APRA has been granted permission to operate as a monopoly, and together with AMCOS and PPCA have recently created a joint enterprise *One Music* to deal with a range of music royalty collections. The authorisation has the effect of creating welcome efficiencies, however exhibitors large and small may not benefit from improvements in technology and contemporary management practices that could likely reduce prices when inspired by competition between players in an open market.

We do not oppose authorisation or the *One Music* initiative, and believe that efficiencies should lead to royalty price decreases, however to mitigate the serious concerns of independent exhibitors we propose that conditions be put in place as follows:

1. That the percentage of GBO collected as Licencing fees for composers should not be permitted to be increased over the duration of the authorisation period. The film hire collected by film distributors normally equates to approximately 50% of the gross box office received by exhibitors. This is assessed on the gross amount including that paid to APRA/AMCOS. If the percentage of GBO were to increase, then exhibitors would need to increase prices by approximately twice that margin in order to recover that increase, **which would disadvantage the consumer.**
2. The per screen fee collected on behalf of PPCA should not be permitted to be raised by more than the CPI during the authorisation period. As with the above, in order for exhibitors to recover any rise, they would need to increase ticket prices by approximately twice that amount in order to recover that increase, **which would disadvantage the consumer.**
3. Should there be a structural change in order to have a single charge for both composers' and musicians' rights as we understand has happened in New Zealand, that the total charge shall not exceed what it would be under the current formula as stated in 1 and 2.

Please do not hesitate to contact me should you require further information.

Kind regards,

Adrienne

Adrienne Pecotic

Chief Executive Officer

Independent Cinemas Australia

T: +61 (0)414 66 45 66

Tech Hotline: 1300 306 857

www.independentcinemas.com.au

www.facebook.com/MyCinemaAustralia



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From: Adjudication [<mailto:Adjudication@acc.gov.au>]

Sent: Wednesday, 9 January 2019 4:17 PM

Subject: APRA application for re-authorisation - ACCC interested party consultation [DLM=For-Official-Use-Only]

Good afternoon

The Australian Competition and Consumer Commission (the **ACCC**) is currently conducting a consultation process on an application for re-authorisation received from the Australasian Performing Right Association Ltd (**APRA**) on 24 December 2018. The purpose of this email is to invite you, as a potentially interested party, to comment on the application. For further details please see the attached letter.

Please contact me if you have any questions.

Kind regards

Tessa Cramond

Senior Analyst | Adjudication | Merger and Authorisation Review Division

Australian Competition & Consumer Commission

Level 17/2 Lonsdale Street Melbourne 3000

T: 03 9658 6516 |

www.accc.gov.au

The ACCC acknowledges the traditional owners and custodians of Country throughout Australia and recognises their continuing connection to the land, sea and community. We pay our respects to them and their cultures; and to their Elders past, present and future.