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MEDIA RELEASE

Copyright Tribunal out of tune, says Fitness Australia

The fitness industry said it is extremely disappointed with the Copyright Tribunal decision to substantially increase copyright fees for the use of music in group exercise classes, following the outcome of a fierce battle with the Phonographic Performance Company of Australia (PPCA).

The current PPCA license fee is 96.8 cents per fitness class with a capped annual maximum of \$2,654. The Copyright Tribunal has today increased this substantially, to either \$15 per class or to \$1 per participant.

For an average-size fitness centre with 1,500 members and running 30 fitness classes per week, today's decision represents an annual cost increase from the current \$1,510 per year to \$23,400 per year, or an increase of 1,500%¹. The PPCA had sought an increase in fees of approximately 4,000%.

"The international record companies, who are represented by the PPCA, have shot themselves in the foot by demanding outrageously high copyright licensing fees from the fitness industry, the majority of which go straight into record company coffers. To mitigate the impact of such a decision, Fitness Australia members are already beginning to use music in their gyms that is free of PPCA copyright," said Laretta Stace, Fitness Australia Chief Executive Officer.

"Les Mills, the largest provider of choreographed exercise classes has already developed a product that is PPCA copyright free, allowing gym operators like Fitness First to introduce high quality music that is not subject to PPCA copyright. The reaction from gym members has been highly supportive so we now expect that all gyms will move to alternative music options," said Stace.

Susan Kingsmill, owner of Hiscoes Fitness Centre said "The fitness industry has traditionally provided a great platform for promoting Australian performing artists but the record companies, driven by greed, seem intent on destroying this relationship.

"This decision will lead all fitness centres to seek more affordable music alternatives to the detriment of Australian performing artists, but the artists only have the record companies to blame for this," she said.

Fitness Australia responded to the claim by the PPCA, which represents the international record companies, on behalf of a united fitness industry, in a fierce battle culminating in a six week Tribunal Hearing in April 2009.

"Fitness Australia's evidence clearly demonstrated that a substantial increase to the tariff could not be justified under any circumstances, particularly as the fitness industry has access to high quality alternative music that gym goers are perfectly happy with and that is not part of the PPCA repertoire", said Stace.

¹ Based on Copyright Tribunal judgement of an increase to \$15 per class.



"I would like to thank all those members of the fitness industry who have, at a time when many have faced financial challenges, made a contribution to our legal case, especially Fitness First and Les Mills, whose leadership and support has been exceptional", said Stace.

Fitness Australia's legal advisers are now reviewing the decision to determine whether there are grounds for appeal.

Both parties have until the June 30 to respond to this decision where they will be advised when the rate increase will take affect.

Fitness Australia is the national industry association for the fitness industry in Australia, working for a fitter, healthier Australia.

For more information visit the Operation MUSIC website www.operationmusic.org.au