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INDUSTRY RELEASE

REVIEW OF FITNESS CLASS TARIFF BY PPCA

Fitness Australia has agreed to enter into a mediated negotiation with the Phonographic Performance Company of Australia (PPCA) in order to attempt to reach agreement on an appropriate rate for the Fitness Class Tariff. The negotiation is scheduled for Friday 30 January 2009 in Sydney and will be mediated by Mr. Roger Gyles QC, a former Federal Court Judge.

Fitness centres currently pay 96.8 cents per fitness class to cover the use of protected sound recordings. Based on economic research, PPCA has proposed a new scheme calculated on a per member per month basis to be consistent with the periodic membership model. Specifically, PPCA has proposed to the Tribunal that the rate be \$4.54 per member per month or \$0.99 per casual visit offered by fitness centres.

Other proposed changes to the scheme include a broadening of the scope of the tariff from a "Fitness Class Tariff" to a "Fitness Centre Tariff" and a re-definition of what constitutes a "fitness class".

Fitness Australia's members are opposed to this proposed scheme and rate.

In March 2008, PPCA invited Fitness Australia to enter into a mediated negotiation prior to submitting and filing its evidence in response to the PPCA claim. This invitation was declined as Fitness Australia maintained that the gathering of industry evidence in response to this claim was an important process to undertake in order to make informed decisions and to reach a fair and reasonable outcome for the fitness industry.

Now that this evidence has been gathered and filed in the Copyright Tribunal, and reviewed by PPCA, Fitness Australia is willing to enter into a mediated negotiation with PPCA to endeavour to reach agreement on an appropriate rate. However, this is likely to be difficult given the extremely high rates being sought by PPCA.

If an appropriate rate cannot be reached through negotiation, the matter will be determined by the Copyright Tribunal. The Tribunal Hearing is scheduled to take place from 16 March 2009.

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