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MEDIA RELEASE

Record industry seeks to impose a \$100 million tax on fitness

Fitness centres around Australia are facing an unprecedented hike in the fees they pay for music – a huge increase of more than 4000% in many cases – if the Copyright Tribunal upholds a record industry claim to change the rate of music licence fees. If the record industry gets away with it, a typical fitness club with 1300 members will be forced to pay \$140,000 in fees, a massive increase on the \$2654 they currently pay. Many of these fitness centres are small owner-operators and this increase will have a disastrous impact on their businesses and on jobs - all because record industry bosses are looking for easy targets to plug the gap left by declining CD sales.

On the 16th March the Copyright Tribunal will hear a claim from The Phonographic Performance Company of Australia (PPCA), the industry body representing the major record labels, to change both the rate and the nature of the licence fees paid by fitness centres to the PPCA. The proposal will see licence fees paid by the fitness industry increase from \$1.5 million per year to a staggering \$100 million.

Currently, fitness centres pay 96.8 cents per fitness class with a capped annual maximum of \$2654, but the PPCA has asked for a flat rate of \$4.54 per fitness club member, per month uncapped, and a rate of 99 cents per casual visit to a fitness centre. If upheld, the massive licence fee increase will potentially flow through to the Australasian Performing Rights Association (APRA), effectively doubling the new tariff to approximately \$9 per member per month - \$200 million per year across the industry as a whole.

“The PPCA’s claim seeks to impose a fixed tax on fitness centre members, regardless of whether they listen to their music or not. It doesn’t matter whether members listen to music they have already paid for on their iPod or MP3 player, if they spend their half hour on the treadmill watching television or whether they use the fitness facilities at their local Leagues Club. As far as the PPCA is concerned, all members will be required to cough up another \$9 per month to attend their local gym, regardless of what they do when they are there.

“The record industry is trying to impose a tax on fitness as a new revenue stream in the wake of declining CD sales. At a time of global economic crisis, it is outrageous that the record industry bosses want to force fitness centres to pay \$100 million in fees a year, up from the \$1.5 million they currently pay. This claim amounts to nothing more than a greedy grab for cash” said Loretta Stace, Chief Executive of Fitness Australia, the fitness industry’s representative body.

If the PPCA claim is upheld, it will have a major impact on the viability of many fitness centres, many of which are already feeling the effects of the financial crisis.

Kristen Green of Aquafit Fitness and Leisure at the Campbelltown Catholic Club Centre said “The fees we pay to the PPCA are going to increase dramatically – from \$2,600 to around \$300,000. We cater for a wide range of members who are trying to do what they can to keep fit and healthy – many of our members are older or are people without a large disposable



income, who enjoy regular exercise in a social setting. We don't want to pass this cost on to our members, but we will have no choice if we're going to stay in business".

"At a time when Australia has been named the fattest nation in the World the fitness industry has a crucial role to play in combating obesity and supporting Australians to lead more active lifestyles, and it is important that using gyms and fitness centres remains affordable in this difficult economic time. We're encouraging gym members to lodge a protest against this unwarranted tax by joining our fight at www.taxonfitness.org and we'll pass a loud and clear message on to the PPCA", said Laretta Stace.

Note to editors:

The PPCA's claim will see a \$4.54 per member charge imposed on all members at all fitness centres. A fitness centre with 1,300 members, for example, will see its annual fee rise to \$70,824. The licence fee increase will potentially flow through to APRA, bringing the total annual fee payable by fitness centres to around \$140,000.

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