



PPL Dubbing Central Database Terms - Licensee Consultation

Issued 17 October 2022

1. INTRODUCTION

PPL is running a consultation on proposed changes to the terms under which it licenses Central Databases under its various dubbing licences. These proposed changes will apply to customers licensed under the following licences:

Hard Disk Background Music Dubbing
Background Music Streaming
Aerobics Dubbing
Music on Hold
Hotel Music Services
CD Background Music Dubbing

Digital Jukebox Dubbing
DJ Mix Dubbing
In-Flight Entertainment
Quiz Dubbing
Database Licence

These proposed changes only apply to the Central Database Consideration and do not affect any of the other terms of the above licences which will remain the same.

As part of its Code of Conduct, PPL is committed to fair, reasonable and proportionate consultation when proposing a new tariff or making significant changes to an existing tariff. Therefore, we will be issuing our proposals to and consulting with potentially affected licensees.

We are therefore now seeking responses from existing individual licensees that will be affected by the proposed changes to the Central Database terms.

Details of how to respond to this consultation are provided in Section 5.

The deadline for responding is 14 November 2022.

All responses received on or before this date will be reviewed.



2. CURRENT POSITION

The current central database fee structure for PPL dubbing licensees was introduced over 20 years ago. At the time PPL charged a fee of 25p per track added to the central database and a retention fee of £500 pa per 5,000 tracks retained on the database at 31 December each year. Licensees were originally restricted to a maximum number of tracks on their central database, although this maximum number was subsequently increased and later removed. When the structure was first introduced, licensees physically purchased CDs and then manually loaded them one at a time on to their databases. As a result of the technological changes over the past 20 years licensees can now ingest large quantities of digital copies of recordings on to their databases, often without any manual intervention.

Since 2002, PPL's fees for central databases have increased through indexation, and are now 29p per track added to the central database and £573.02 pa for every 5,000 tracks, or part thereof, retained on the central database.



3. THE PROPOSED NEW FEES

PPL is proposing to introduce the changes outlined below to the central database loading and retention consideration in all of the licences referred to in Section 1 with effect from **1 January 2023**.

Customers have over the past few years become used to having a much wider range of tracks available to choose from, especially through domestic streaming services and PPL believes that the existing fee structure artificially restricts the number of tracks that licensees are able to offer to both existing and new customers.

The proposal is to discontinue the existing fee structure of 29p (excluding VAT) per track loaded onto the central database plus the retention fee of £573.02 (excluding VAT) per 5,000 tracks, or part thereof, retained on the database at the end of each year (equating to approximately 11.5p per retained track per annum).

The above fee structure will be replaced with a simplified fee structure charging an annual fee based on the maximum number of tracks held on the database at the highest point in the given calendar year. The fee would be charged on a simple rate of **£350 (excluding VAT) per 5,000 tracks, or part thereof, (equating to 7p per track per annum)**. This fee would cover both loading and retention of the tracks and would enable licensees to decide, based on how much they wished to pay, how many tracks are loaded and retained on the database.

Royalty reporting

Licensees will be required at the end of each calendar year to report the number of tracks added to their central database during the year and the maximum number of tracks held on their central database at the highest point during that year.

Usage reporting

At the end of each quarter Licensees will be required to report full details, including ISRC codes of all tracks loaded onto their central database during that quarter. At the end of each calendar year a full list of all tracks held on their central database as of 31 December must be provided.

Other terms and conditions of the licence

Except as outlined in this Consultation document, the terms and conditions of the PPL Dubbing Central Database licence shall remain the same as the current licence, with RPI increases being applied on an annual basis starting on 1 January 2024.

Clarification around the terms of use of the Central Database

As with the current licence, the Central Database, and any back up database can only be used for the sole purpose of delivering the Service as set out in the “Definitions and Interpretations” clauses within each individual licence.



4. EXAMPLES OF THE POTENTIAL RESULTS OF THE CHANGES

Licensee A

A licensee who decides to continue using a similar number of tracks to those it uses currently:

Tracks		Annual Fees (existing tariff):	New Annual Fee (proposed tariff):
Tracks added in a year	6,000	£1,740.00	(No separate charge)
Tracks retained (existing - at 31 December / new - maximum number at high point in the year)	20,000	£2,292.08	£1,400.00
Total		£4,032.08	£1,400.00

Licensee B

A licensee who currently adds 9,000 tracks a year and retains 160,000 on its central database which costs £20,946 and decides to increase the number of tracks it uses:

Tracks		Annual Fees (existing tariff) for increased tracks:	New Annual Fee (proposed tariff):
Tracks added in a year	30,000	£8,700.00	(No separate charge)
Tracks retained (existing - at 31 December / new - maximum number at high point in the year)	300,000	£34,381.20	£21,000.00
Total		£43,081.20	£21,000.00



Licensee C

A licensee that currently adds 42,000 tracks a year and retains 500,000 on its central database which costs £69,482, wishes to significantly increase the number of tracks it has on its central database:

Tracks		Annual Fees (existing tariff) for increased tracks:	New Annual Fee (proposed tariff):
Tracks added in a year	100,000	£29,000.00	<i>(No separate charge)</i>
Tracks retained (existing - at 31 December / new - maximum number at high point in the year)	1,000,000	£114,604.00	£70,000.00
Total		£143,604.00	£70,000.00

All figures listed above are excluding VAT, which would be applied at the prevailing rate.



5. HOW TO RESPOND AND NEXT STEPS

How to respond

All details relating to this consultation, including the response form are available on our website at <https://www.ppluk.com/tools-resources/music-suppliers/>

Please complete the response form enclosed or download a copy from the above web page and email to: richard.stewart@ppluk.com to be received by 14 November 2022.

We will consider all responses that we receive but would ask that you follow the format in the response form to assist us in reviewing comments efficiently and accurately.

If you have any questions in relation to the consultation, please contact Richard Stewart at richard.stewart@ppluk.com or via telephone on 0207 534 1276.

Next steps

Following the deadline for submission of consultation responses, PPL will carry out a review of all responses received, publish a summary and update any representative bodies as necessary. PPL intends to publish details of the finalised new tariff in early December 2022 and for the tariff to become effective on 1 January 2023.