

'Royalty grab may spread across Europe'

GERMANY The country's high performance royalty tariff could set the standard for markets across Europe, warns promoter and event business association BDV president Jens Michow.

Since April, event organisers that generate money through sponsorship and advertising have had to pay 0.35-0.42 per cent of gross turnover on top of a performance royalty rate of between 3.5 and 5.65 per cent - increasing to 5-7.65 per cent in 2014, depending on venue size.

And, as the UK's PRS for Music delays indefinitely the results of its consultation into its current 3 per cent rate, Michow says that the UK and other countries may be waiting to see how the German model performs, before attempting to follow suit.

"I hope that doesn't happen, but I believe other countries are waiting to see what happens here," says Michow. "If the rates rise, then promoting becomes more expensive and the costs will have to be passed down to the fans."

After lengthy negotiations with royalty rates organisation GEMA, German live music organisations accepted a deal that meant the tariff would rise on a sliding scale until 2014, but

dispute and finally provide our members with safety in their calculations, we have again agreed a settlement with GEMA.

"It is regrettable that event organisers must accept another charge, but as the arbitration office determined that songwriters should also benefit from sponsoring and advertising revenues, the result was inevitable."

In the UK, promoters reacted with alarm at the idea of a royalty rate review, assuming PRS aimed to raise the percentage paid, especially as the society mentioned merchandising, secondary ticketing and even food and drink revenue in its consultation document.

The review results were due to be announced by now, but PRS has put the announcement on indefinite hold.

PRS and GEMA collect royalties for the public performance of copyright material on behalf of their songwriter and music publisher members.



Jens Michow

Michow stresses that the figure could have been much worse.

Speaking about the additional rate on sponsorship, president of the VDKD association of concert directors Michael Russ says, "To avoid another year-long legal