

2012–2013 OVERVIEW

**APRA**  
**SUSTAINABILITY**  
**REPORT**  
**2013**

AUSTRALASIAN PERFORMING RIGHT ASSOCIATION LIMITED ABN 42 000 016 099



# MESSAGE FROM THE CEO

## BRETT COTTLE

**In 2013, APRA AMCOS made a commitment to report on how we deliver our sustainability commitments across a number of benchmarks.**

**I'm pleased to present this first public Sustainability Report on behalf of APRA AMCOS.**



Sustainability has always been a key consideration in every aspect of our business. Building a strong, financially viable business, maintaining an engaged workforce, investing and connecting with the community and the industry that sustains us and reducing our environmental impact is important to our long term success. We are also proud to be involved with the Global Reporting Initiative (GRI) as an Organisational Stakeholder. This makes us the first collecting society in the world to partner with the GRI and to commit to sustainability reporting.

During the 2013 financial year, we maintained a strong balance sheet on the financial front, achieving record revenue and reporting a year-on-year increase of 5.0% in net distributable revenue across the two societies. Our achievements on this scale are well-documented throughout this report and in our 2013 Sustainability and Year in Review microsite which can be viewed on our website [www.apra-amcos.com.au](http://www.apra-amcos.com.au)

On the people measure, much of our success is attributable to our committed and highly engaged 289 staff. Our most recent member survey, writers, publishers and industry associations all confirmed that APRA AMCOS' service is essential and we are easy to work with. These results would not have been possible without the commitment and quality of our people.

In 2013, the number of female staff reached 155; 53.6% of the workplace. We have also ensured on our continued investment in leadership development, further education, mentoring and coaching programs. Our reward and recognition scheme remains aligned with market practice as it recognises individual and team achievements and a well-communicated commitment to maintaining a respectful and collaborative work environment.

On the community and industry level, APRA AMCOS actively contributes to public policy development and debate on issues that affect our members and licensees. In 2013, we initiated collaborations with federal and state governments and the wider music industry to fund new and existing programs that encourage the proliferation of Australian music overseas such as Sounds Australia, Song Hubs and Musos in Residence. We hosted 221 career development, networking and community events which were attended by over 8,000 members. We also successfully consulted with a wide range of licensees across several industries, including the setting up of the National Live Music Office to address and alleviate the key issues faced by Australia's live music industry.

Finally, in terms of the environment, we continue to look at ways to reduce our impact. Our total CO2 equivalent emissions per full time equivalent decreased from 8.0 tonnes in 2012 to 7.5 tonnes in 2013 which can be attributed to a decrease in purchased electricity across our locations, staff fuel consumption and taxi fares. We also continue to make a concerted effort to reduce the amount of paper we use by transitioning a large portion of traditional print communications to a digital format. Most APRA members now participate in Board election electronically and the bulk of our member communications is now distributed digitally in accordance with both our members' preferences and our sustainability principles.

### Looking forward

It is a fact of contemporary life that copyright and the fundamental purpose it serves – to provide an income for authors and artists – is widely misunderstood and, in some sections of the community, misrepresented.

In this new environment, APRA and AMCOS have to constantly strive to be the best possible service providers to members, not only in securing proper payment for the use of their works and swift through-payment of royalties, but in responding

quickly and properly to queries, finding new and more effective ways to deal with disputes, finding technical solutions to the “long tail” of massive data and micro payments for members from digital services, providing a high level of transparency in the discharge of obligations and offering communications and business transactions on platforms that meet members’ business expectations.

The launch of our new website and associated digital/mobile apps early in 2014 are directed at improving our services in these areas.

Over the coming year, we will continue our efforts to engage in an ambitious consultation process with members and licensees and participate actively in the review of copyright law as it applies to the ‘Digital Economy.’ Our work with politicians on both sides of government will focus on the creator’s rights of innovation, economic and cultural wealth.

Our strategic priorities firmly remain the same: service, transparency and equitable return for our members.

# OUR BUSINESS

## APRA

The Australasian Performing Right Association Limited and its wholly owned subsidiary APRA New Zealand Limited (APRA) is an association of composers, authors and publishers of music in Australia, New Zealand and the South Pacific having affiliations with similarly constituted organisations around the world. APRA was established in 1926 and now administers the performing and communication rights of 75,593 composer, songwriter and music publisher members in Australia and New Zealand.

## AMCOS

The Australasian Mechanical Copyright Owners Society Limited and its wholly owned subsidiary AMCOS New Zealand Limited (AMCOS) collects and distributes mechanical royalties for the reproduction of its 12,001 members' music works for many different purposes, including the manufacture of CDs, music videos and DVDs, digital downloads and the sale of mobile phone ringtones, the use of production music and the making of radio and television programmes. Since 1997, APRA has managed the day-to-day operations of the AMCOS business and the collective is referred to as APRA AMCOS.

APRA AMCOS ensures that composers, songwriters and publishers are rewarded whenever, and wherever, their musical works are played, performed or reproduced and that music customers in Australia and New Zealand get easy, efficient, practical and reasonably priced access to the world's musical repertoire, as and when they need it.

APRA and AMCOS share common concerns: a significant amount of their membership (for example, most music publishers) are members of both APRA and AMCOS and an increasing number of licensees – especially within new media applications - require licences for both reproduction and communication rights.

The organisations provide licences to music users whose public performances, communications or reproductions of songs are occurring in the Australasian territory. Public performances of music include music used in pubs, clubs, fitness centres, shops, cinemas, festivals, whether performed live, on CDs or played on the radio or television. Communications of music covers music used for music on hold, music accessed over the internet or used by television or radio broadcasters.

As mentioned above, APRA has managed the operations of AMCOS since 1997. Under this management agreement all employees of the group are employees of APRA and as at 30 June 2013 numbered 289. Most of these employees are based in the Sydney head office location of APRA however branch operations are housed in each state and in New Zealand as is discussed later in this report.

The revenue earned by the group for the year ended 30 June 2013 and the comparative 2012 year is as follows:

Figure 1: Revenue earned by group for the year ended 30 June 2013

	30 June 2013	30 June 2012	Change	Change
	AUD \$m	AUD \$m	AUD \$m	%
APRA Revenue	200.3	185.7	14.6	↑ 7.9%
AMCOS Revenue	70.3	71.7	-1.4	↓ -2.0%
<b>Total APRA AMCOS Revenue</b>	<b>270.6</b>	<b>257.4</b>	<b>13.2</b>	<b>↑ 5.1%</b>

Both APRA and AMCOS are Australian based collecting societies with a head office located in Sydney, New South Wales. Both organisations have wholly owned subsidiaries operating in the New Zealand territory through its location at Mount Eden, Auckland.

Structurally, APRA is comprised of five major divisions managing the key service areas of the organisation: Revenue, Member Services, Corporate Services, Business & Systems Development and Policy. In addition to these divisions, the functions of Finance, Legal and New Zealand operations report directly to the CEO.

APRA and AMCOS are companies limited by guarantee. Every member of each company has a liability to contribute towards any deficiencies in the event of the winding up of that company, to the extent of twenty dollars per member. Financial disclosures of these guarantees are made in the annual report of each reporting entity.

## ABOUT OUR REPORT

**This sustainability report details our performance for the year ended 30 June 2013. In addition, historical data for the years ended 30 June 2012 and 2011 have been included where appropriate. Any questions or comments regarding this report may be directed to [apra@apra.com.au](mailto:apra@apra.com.au)**

This report has been generated using the Global Reporting Initiative (GRI) G3.1 guidelines.

### Report Scope and Boundary

In generating our inaugural report for the year ended 2012, extensive stakeholder analysis was undertaken with two key objectives:

1. Identifying exactly who our stakeholders are;
2. Identifying which GRI indicators each stakeholder group would expect to be reported; and
3. Identifying which business specific indicators each stakeholder group would expect to be reported.

The second point above remains our criterion for materiality within this report. Where we could identify an indicator within the GRI framework which carried with it a most likely expectation of reporting by a stakeholder group, that criterion was included.

With respect to our materiality considerations, priority was given to further indicators where they are relevant, reliable, understandable and directly connected to APRA's performance. The result is such that this report not only contains G3.1 indicators but also sees the priority of APRA business specific performance measures so as to ensure the entire report has relevance to our stakeholders.

The stakeholders we expect to benefit from this report are:

Our membership;

Our licensees;

Our employees;

Our international trading partners; and

Domestic regulators.

The metrics in this report relate to APRA. The expenses of managing the AMCOS business together with the various environmental aspects of that management are included in this report as they are undertaken by APRA in its managerial duties. This report does not purport however, to represent the sustainability practices of AMCOS which remains its own entity with its own reporting responsibilities.

This document includes data collated from the various systems of APRA in respect of:

- Economic aspects;
- Environmental aspects;
- Social aspects (both labour practices and society aspects); and
- Business specific aspects.

As addressed above, the indicators chosen within each aspect are those relevant to address our materiality considerations for each of our identified stakeholders. In reporting against those indicators we have not substantially diverged from the protocols issued by the GRI.

## **Assurance**

No assurance engagement has been held over the data collection for this report or the report itself, although robust internal controls have been applied to both and all financial performance data is subject to an independent audit conducted by KPMG. Referral to KPMG's independence and their audit opinion can be read in our annual report.

## **Key impacts - Operations**

As a service oriented organisation, we understand the environmental impact of our operations is limited by comparison to the likes of manufacturers, agribusiness and retailers, however no less important. In this respect we focus on the day-to-day operations across our multiple sites and continue to measure the footprint of those operations as disclosed in this report.

## **Risks**

APRA faces two key risks in respect of sustainability. One of those risks is that we adopt a 'do nothing' approach. Whilst currently acceptable in today's statutory reporting environment, we wish to further engage our key stakeholders in our operations and provide them with a sense of our view of corporate responsibility. Our key stakeholders are our members and affiliated partners, our licensees and our staff. We do not view a 'do nothing/say nothing' approach as appropriate to these stakeholder groups and therefore eliminate this particular risk by choosing to comment on our sustainability practices.

The second key risk is that we take our corporate responsibility too far and manage our operations in a sustainable fashion, such that it results in a financial detriment to our membership and affiliate partners.

We must strike a balance where we recognise and accept our responsibility in environmental and social terms, yet continue to deliver economic benefits to our membership and affiliate partners of the highest possible value.

Matters of sustainability are as important to the management of APRA as we are sure they are to our stakeholders. Realising this balance whereby APRA is an engaged and responsible corporate citizen yet one which continues to deliver world class service and economic returns for its membership is our overriding sustainability goal.

## **Opportunities**

Our recognition of sustainability matters has provided several opportunities to date.

APRA remains an organisational stakeholder of the GRI, the foremost organisation worldwide generating parameters surrounding sustainability reporting and how reporting entities can move to an environment of integrated reporting (IR) where existing statutory financial information is married with organisational performance in sustainability matters. We are proud to be the first collecting society in the world to partner with the GRI, to generate a sustainability report and lead the way for our international partners to follow.

The introduction of a sustainability report to our existing reporting practices also provides the opportunity to further analyse our operational activities, not solely on our impact to the environment, but just as importantly our social conduct as an employer of 289 staff.

# GOVERNANCE

APRA and AMCOS are separate organisations operating on a non profit basis. Each has their own Board of Directors elected from and by their membership. Their members comprise Australian and New Zealand music publishers, songwriters and composers only.

## APRA Board

The APRA Board is comprised of 12 member directors all of whom are non-executive Directors and none of whom are Independent Directors. Management of APRA is vested in the Board. Six writer members are elected to the Board of Directors by the APRA writer membership and six publisher members are elected to the Board of Directors by the APRA publisher membership. This structure ensures that a mix of writer and publisher interests is represented on the Board. This mix also ensures that APRA remains responsive to the users who interact with both writer and publisher members.

APRA has a Charter of Corporate Governance pursuant to which the APRA Board has appointed a number of Committees, consisting of the Audit & Governance Committee, the Awards & Music Grants Committee, the Membership & Distribution Committee and the Systems Development Committee.

Both the APRA Board and the various Committees typically meet at least six times a year. In addition, APRA has a management Corporate Governance committee which meets approximately once per week.

APRA's Charter of Corporate Governance is currently under review; however the existing Charter can be read at:

[www.apra-amcos.com.au/about/corporatedocs.aspx](http://www.apra-amcos.com.au/about/corporatedocs.aspx)

## AMCOS Board

The AMCOS Board is comprised of 12 publisher member directors. All Directors are non-executive Directors and no directors are Independent Directors.

As this report is a report on APRA's sustainability practices only the governance structure of APRA is discussed from here on in.

## The APRA Board and its Committees

There are currently four Board sub-committees reporting to the full APRA Board of Directors. The roles of these committees can be read in our Charter of Corporate Governance and a brief analysis of those sub-committees and the full board is detailed in figures 2 and 3.

Figure 2: Analysis by gender

Body/Committee	Number Female	Number Male	Total	%	
				Female	Male
Audit & Governance	-	6	6	0%	100%
Awards & Music Grants	-	4	4	0%	100%
Membership & Distribution	1	4	5	20%	80%
Systems Development	-	6	6	0%	100%
APRA full board	1	11	12	8%	92%

Figure 3: Analysis by age group

Body/Committee	<30 years	30-50 years	>50 years	Total
Audit & Governance	-	1	5	6
Awards & Music Grants	-	-	4	4
Membership & Distribution	-	1	4	5
Systems Development	-	2	4	6
APRA full board	-	2	10	12

Strategic direction and its implementation is the responsibility of the Chief Executive Officer (CEO) and the Divisional Heads Group. Day to day governance issues such as major operational decisions, high level human resource issues and the oversight of financial reporting is the responsibility of the Corporate Governance Committee.

Those staff not forming part of either the Divisional Heads Group or the Corporate Governance Committee are consulted, informed and have the ability to raise suggestions and/or concerns on any topic in various and regularly held forums.

### Adherence to Voluntary Code of Conduct

APRA and AMCOS subscribe to a Code of Conduct for copyright collecting societies. Compliance with the Code by participating collecting societies is currently the subject of an independent annual review being conducted by a former Federal Court Judge.

The Code provides for members and licensees to be able to make submissions directly to the code reviewer concerning a collecting society's compliance with the Code.

In the year ended 30 June 2013, across all of APRA's membership and licensees, only five (one of which was carried over from previous years) complaints regarding APRA's conduct were received in connection with the Collecting Society Code of Conduct. In addition, APRA considered that nine of the Interested Party submissions to the Australian Competition and Consumer Commission (ACCC) in connection with APRA's reauthorisation process ought to be treated as complaints for the purposes of the Code, so APRA submitted these matters to the Code Reviewer as well.

### Authorisation under the Competition and Consumer Act

Since its establishment in 1926, APRA has been (and continues to be) subjected to various levels of scrutiny from competition powers including the Owen Royal Commission, the Copyright Tribunal of Australia, the Australian Competition and Consumer Commission (ACCC) and the Australian Competition Tribunal, which have confirmed the benefits of the APRA system and established the necessary mechanisms to ensure that APRA does not abuse its monopoly position.

APRA's operations are the subject of conditional authorisations from the ACCC which are due to expire on 31 October 2013. In April 2013, APRA submitted an application to the ACCC for re-authorisation for a period of six years. As part of the authorisation consultation process, the ACCC has since sought submissions from interested parties and the matter is under consideration. The ACCC is scheduled to publish its determination regarding APRA's application for conditional reauthorisation by the end of October.

In the year ended 30 June 2013, there were no legal actions brought against APRA alleging any breach of the conditions of its authorisation from the ACCC or the Competition and Consumer Act.



# OUR PEOPLE

Our employees 'keep the engine running' – they are the 289 people who ultimately provide the essential services required by both our licensees and our members.

Staff engagement is high on our agenda and the subject of regular focus from our Human Resources department. The following forums and discussion groups were held during 2013 to assist in this engagement.

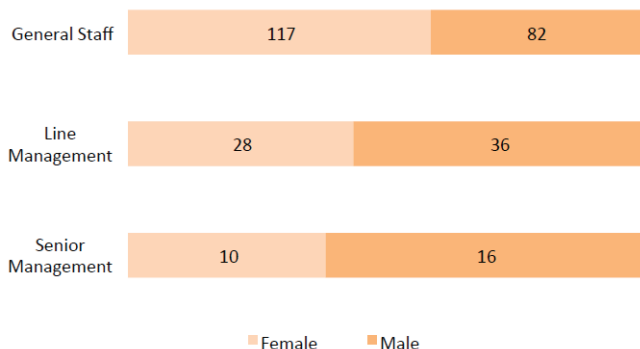
- Staff Forums - Includes staff representatives from each department within the organisation who are chosen by staff within the department.
- Manager Forums - These forums consist of line managers only and are hosted by Human Resources.
- Team Leader Forums - These forums consist of team leaders only and are hosted by Human Resources.
- Superannuation Committee meetings and a number of staff seminars to consult with and advise staff on their new superannuation fund and benefits.
- One-on-one Human Resource meetings with team leaders and managers.
- Exit interviews.
- Probation interviews - This includes an induction session on day 1, followed by one-on-one reviews with Human Resources and line management every four weeks until employment is confirmed.
- Employee Assistance Programme reporting.

The following data reports both our workforce, composition of governance bodies, employee turnover and new employees in terms of employment type, age group and region. Within these tables, "Senior Management" refers to Divisional Heads, Departmental Directors, and Departmental Deputy Directors and "Line Management" refers to Managers, Team Leaders and Senior Officers.

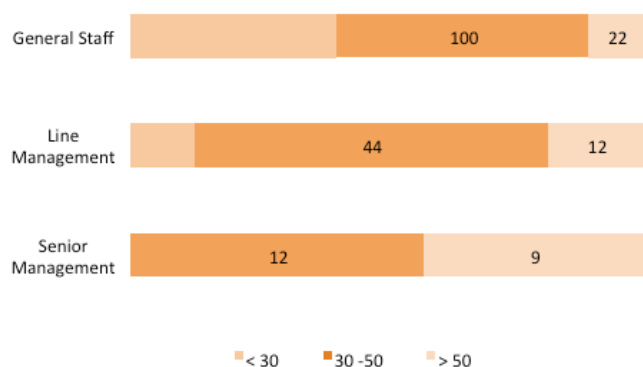
We consider these employee groups to be "Governance Bodies" as defined within LA13 of the G3.1 guidelines. That is, these groups are responsible for the strategic guidance of the organisation, the effective monitoring of management and the accountability of management to the broader organisation and its stakeholders. All remaining staff are categorised as General Staff.

## Total workforce as at 30 June, 2013 (excluding Board Directors): 289

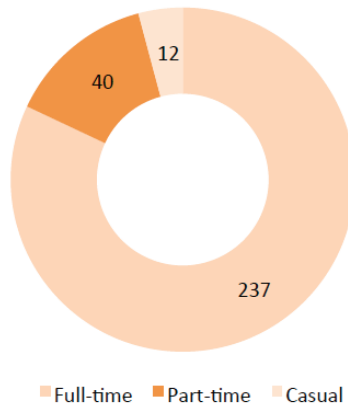
**Total employees by gender and responsibility**



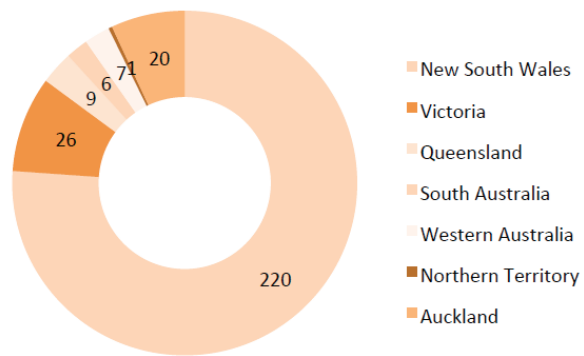
**Total employees by age group and responsibility**



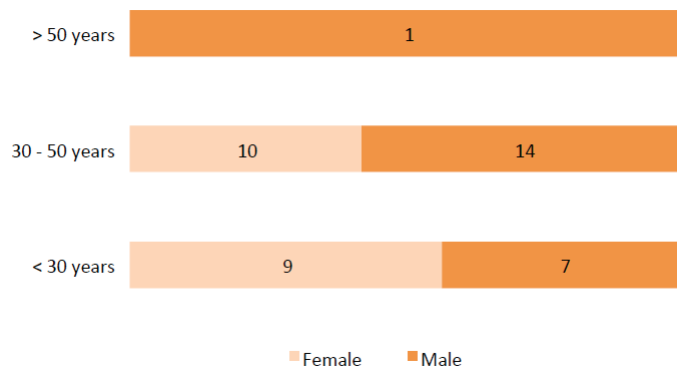
### Total employees by employment type



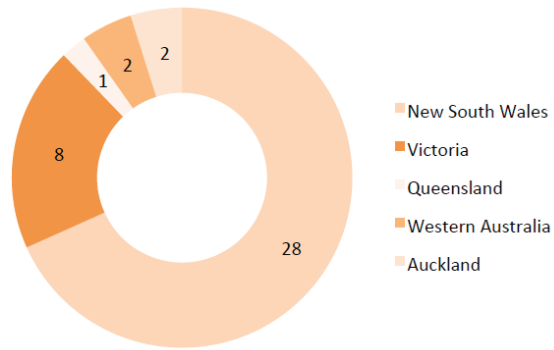
### Total employees by region



### New employees by age group and gender



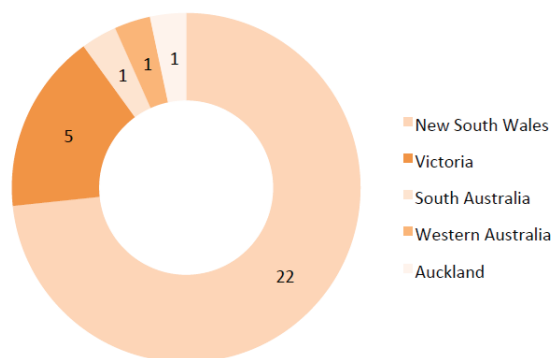
## New employees by region



## Employee turnover by age group and gender



## Employee turnover by region



**NB:** During the 2013 year, only one new hire left APRA within the period.

# OUR MEMBERS

**APRA members as at 30 June 2013: 75,593**

**APRA members as at 30 June 2012: 73,832**

Our writer and publisher members are who we represent in the music users market place. They have unique requirements in terms of the information they need and type of relationship we have with them. The majority of our membership engagement takes place via the management of events in each state. During the 2013 year, we hosted **221** (2012: 195) career development, networking and community events which were attended by over **8,000** (2012: 7,700) members.

## Member Satisfaction Surveys

APRA AMCOS' membership is considered one of its most important stakeholder groups. Because of the importance of our relationship with our members and the reliance on that relationship in our daily operations, we periodically survey our members for an indication of satisfaction in respect of our services.

APRA AMCOS engaged McCrindle Research to survey APRA AMCOS writer members, publisher members and industry associations to identify and explore the attitudes and perceptions of these key stakeholders towards APRA AMCOS. The survey was emailed to stakeholders, and focus groups were held with writer and publisher members in both Sydney and Melbourne in November 2012.

## Key outcomes

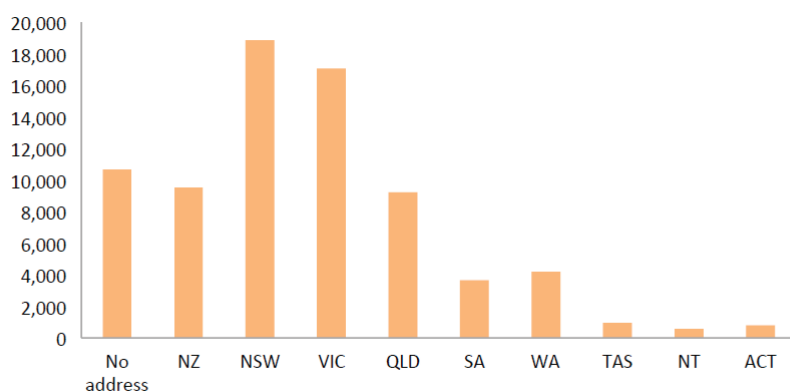
- Members often first learn about APRA AMCOS via word of mouth or through industry associations. Only a small group of respondents first heard about APRA AMCOS via educational institutions.
- Writers, publishers and industry associations all reported that APRA AMCOS is essential and easy to work with. These groups also consider APRA AMCOS to be responsive, sustainable and connected.
- Issues and concerns across writers, publishers and industry associations include radio airplay, funding and finance, piracy, live performance and promotional opportunities.
- Writer members rated APRA AMCOS very highly for courtesy and friendliness, promptness, access to staff, quality of information and understanding of member needs.
- Publisher members rated APRA AMCOS highly for courtesy and friendliness, but lower for promptness, access to staff, quality of information and understanding of member needs.
- Identified weaknesses in APRA AMCOS brand perception include innovation, progressiveness, collaboration, and engagement.
- Respondents indicated a low level of awareness of distribution calculations, international royalty collections, alternative dispute resolution (ADR), unlogged performance pool claims and the Ambassador program.
- Members indicated a high likelihood that they would use an APRA AMCOS smart phone app. Likely uses include viewing royalty statements and registering works.
- Members also indicated that:
  - The Australian music industry doesn't invest enough in emerging artists and producers; and
  - Government music industry policy setting and funding is poor.

## Responses

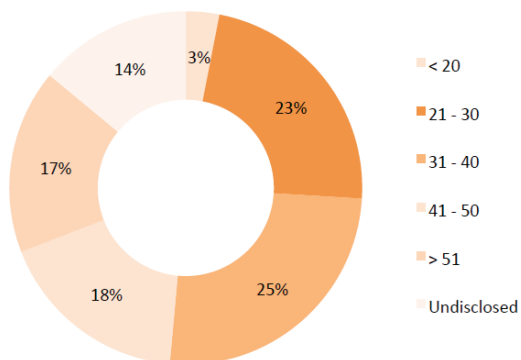
- APRA AMCOS is investing in the educational sector via the "Musos In Residence" program and a partnership with the Song Room. We will continue to present educational talks to music business and composition students around the country. Additionally, APRA AMCOS will continue to build partnerships with industry associations and support various projects, organisations and initiatives through our Music Grants program.

- APRA AMCOS has created a series of promotional campaigns via digital and social media to increase awareness of its services. This is in conjunction with a broader digital media strategy and review of all member communications including a new APRA AMCOS website and mobile application to be launched by the end of 2013.
- Service delivery has been improved for publisher members through extended phone access to staff each day, customer service training and additional resourcing.
- APRA AMCOS has made an ongoing investment in improving technology applications for publishers including development of Common Royalty Distribution (CRD) statements, deployment of the UDS (Unidentified Dispute and Suspense) system and improved response times for system enhancements.

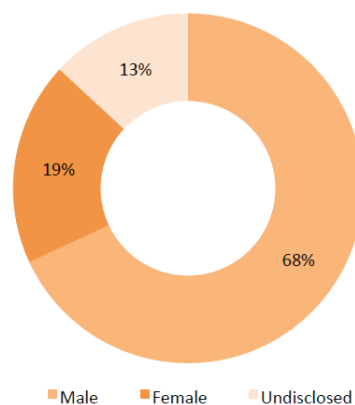
### APRA Membership by region



### APRA Writer members by age



### APRA Writer members by gender



# GOVERNMENT RELATIONS

APRA AMCOS continues to engage with government on all levels to raise awareness of the importance of a strong music industry to the Australian economy and national culture and to lobby for policies that support its growth. Advocating for creators' rights is a keystone in our conversations with government.

This year has seen breakthroughs that will support songwriters, composers and the wider music industry both at home and abroad:

## **Live and Local**

Having long promoted the cultural and economic value of Australia's venue-based live music industry, APRA AMCOS welcomed Federal Government funding to establish the National Live Music Office in July 2013. Co-Directors, Ianto Ware and John Wardle, work with key stakeholders to identify key policy, regulatory and process reforms to better support a robust local live music scene.

## **Bringing local songwriters to the global stage**

The potential for Australia's music export market is being realised through APRA initiated collaborations with federal and state governments and the wider music industry, to fund new and existing programs that encourage the proliferation of Australian music overseas:

## **Sounds Australia**

Sounds Australia, our joint music export initiative with the Australia Council, has grown substantially over the past 12 months and positioned itself as a global leader.

Key highlights:

- Participated in OZFEST, the largest cultural diplomacy program in Australia's history that took place in India in October 2012. Launched by then Federal Minister for the Arts, The Hon Simon Crean, OZFEST saw Sounds Australia bring five Australian bands to Indian audiences in Pune, Mumbai, Bengaluru and Delhi.
- Presented at 10 international events in 2012 including the NH7 Weekender and Nokia Connects Music in India and SXSW and CMJ Music Marathon in the United States.
- 167 Australian artists performed at 28 overseas showcase events
- 23 international networking events produced overseas
- 500 networking meetings held across Australia

## **Song Hubs**

Funded jointly by APRA and the Federal Government, SongHubs is a new collaboration project partnering high calibre Australian and international songwriters to create new export ready songs and assist in reaching new markets. A pilot project was held in Sydney in August 2013 with plans over the next three years to host SongHubs songwriting residencies in Asia, the UK, USA, Europe, Australia and New Zealand.

## **Musos in Residence**

Currently in planning, commencing 2014, 'Musos in Residence' will place APRA Ambassadors and music producers in secondary schools across the country to work with students to write and record new songs and invest in the craft of songwriting at a grassroots level.

## **Submissions to Government**

- National Cultural Policy Taskforce

As a member of the National Cultural Policy Taskforce, APRA AMCOS made a number of submissions over the past 18 months, calling for government investment in music export initiatives, the venue-based live music sector tax offsets for live music venues and Australian music content quotas for commercial radio. The Policy was released in March 2013 and while it does not address all these issues, it does provide a platform for future discussion, advocacy and action.

- Australian Law Reform Commission's Inquiry into Copyright and the Digital Economy

APRA AMCOS made formal submissions advocating for the importance of copyright in providing a framework that provides consumers with access to content whilst fairly remunerating creators for their work.

## OUR LICENSEES

APRA AMCOS services **68,150** annual licensees, representing approximately **96,900** businesses throughout Australasia.

Whilst we hold individual and direct relationships with each of our licensees we elect to engage with their industry groups to ensure a broad range of information is provided to as many clients as possible, with messages and communications tailored by industry group. We engage individually those whom are more major and collectively with those geographically dispersed via specific industry groups. Over the past financial year, we have successfully consulted with a wide range of stakeholders across the following industries and/or peak bodies:

### **Tax Offsets for Live Music Venues**

In 2013, APRA AMCOS partnered with the hospitality sector and other industry stakeholders to commission an Ernst & Young business study into the feasibility of tax offsets for venues that host live music. The report is due in late 2014.

### **National Live Music Office**

The National Live Music Office housed at APRA AMCOS was set up in July 2013 to sustain Australia's live music industry by addressing and alleviating key issues faced by pubs, clubs and hotels – the very places live music is able to flourish. The Office plans to review and amend repressive regulations, educate venues on how to put on great live shows and bring live music to a wider audience.

### **A way forward for fitness**

We worked closely with Fitness Australia this year to simplify our music licensing agreements so that licence agreement now covers all the different ways fitness centres use music. Our partnership was so beneficial for both parties that we are currently consulting with other industry groups and licensees to roll out similar schemes across the board.

### **Background Music Suppliers**

APRA worked with Background Music Suppliers to re-calibrate their licence terms. This led to improved reporting in the sector and a restructure of key terms to promote increased market penetration.

APRA also holds memberships with several key industry bodies relating to the General Revenue segment of our business, including The Restaurant and Catering Association and state based registered clubs associations such as Clubs NSW and Clubs Victoria. These memberships are considered strategic by nature as we communicate with these peak bodies so as to communicate with as many constituents as possible when the need arises.

# OUR ECONOMIC PERFORMANCE

## Direct Economic value generated and distributed

The table below details our direct economic value generated and distributed. As we operate as a non profit entity we do not retain economic value as our net profit is distributed to our members and our affiliate partners. These distributions are referred to below as "payments to providers of capital."

The item referred to as "community investments" relates to payments from our Music Grants program.

### APRA's Direct Economic Value Generated and Distributed

For the year ended 30 June, 2013

Component	Australia (AUD)	New Zealand (NZD)	Consolidated (AUD)
<b>Direct economic value generated</b>			
Revenues	182,562,872	22,242,548	200,333,045
	182,562,872	22,242,548	200,333,045
<b>Economic value distributed</b>			
Operating costs	6,808,085	514,342	7,184,561
Employee wages and benefits #	16,040,600	3,419,392	18,777,866
Payments to providers of capital	158,760,966	18,280,882	173,395,037
Payments to government	-	-	-
Community investments	953,221	27,932	975,581
	182,562,872	22,242,548	200,333,045
<b>Economic value retained</b>			
	-	-	-

# Employee wages and benefits related to back office services provided by the parent to the New Zealand subsidiary were classified as operating costs in the report generated for the year ended 30 June, 2012. For the year ended 30 June, 2013 these expenses are classified as employee wages and benefits.

## Our Key Performance Indicators

APRA's most relevant key performance indicator remains its expense to revenue ratio. However net distributable revenue growth and the volume of payments to members and affiliates have become increasingly pertinent as we improve our service to key stakeholders. In respect of these indicators, the tables below detail our results for the year ended 2013 together with the comparative 2012 year. We have also reported the proportion of payments to members and affiliates in a territorial sense.



### Net Distributable Revenue

	30-Jun-13 AUD\$ m	30-Jun-12 AUD\$ m	Change AUD\$ m	Change %
APRA Consolidated	175.4	162.8	12.6	7.8%
AMCOS Consolidated	68.1	69.0	-1.0	-1.4%
Total <sup>1,2</sup>	243.5	231.8	11.6	5.0%

### Expense ratio

	30-Jun-13	30-Jun-12	% Change
APRA expense to revenue ratio <sup>3</sup>	12.9%	12.8%	1.0%

### Payments to members and affiliates

	30-Jun-13 AUD\$ m	30-Jun-12 AUD\$ m	Change AUD\$ m	Change %
APRA				
Payments to members and affiliates	177.4	170.2	7.2	4.2%
AMCOS				
Payments to members and affiliates	65.1	66.7	-1.6	-2.4%

### Proportion of payments by territory

Members	117.4	66.2%
USA	36.5	20.6%
Great Britain	15.3	8.6%
Canada	1.9	1.1%
France	1.7	0.9%
Sweden	1.2	0.7%
Other	3.4	1.9%
	177.4	100.0%

<sup>1</sup> APRA and AMCOS' statutory results are reported under International Financial Reporting Standards (IFRSs). Net distributable income to members and affiliated societies is a non-IFRS measure and as such is not reported in the statements of comprehensive income included in the annual financial report. This measure is disclosed above as the directors believe it provides greater understanding of the requirements of APRA and AMCOS to distribute to members all of the profit earned in the year. It represents profit before distribution expense.

<sup>2</sup> APRA's net distributable income includes an amount of \$3.1 million, allocated for the collective benefit of all members, towards "promoting the use and/or recognition of works written by the Association's members". See Article 95 (a) (ii) of the APRA Constitution.

<sup>3</sup> Expenses paid from the Music Grants program are excluded from the calculation of APRA's Expense to Revenue ratio.

# OUR ENVIRONMENTAL IMPACT

APRA AMCOS has always been conscious of its impact to the environment and is committed to managing its environmental footprint. Our Head Office in Sydney, which houses more than 75% of our employees, enforces strong Ecologically Sustainable Development (ESD) initiatives due to features such as a displacement air-conditioning system with natural ventilation mode, minimal artificial lighting and added control from motion sensors, energy efficient lighting sources, water-saving devices and stormwater collection and re-use. Employees are encouraged to commit to energy efficient behaviours such as turning off monitors at the end of each working day and utilising teleconferencing and videoconferencing facilities to reduce the impact of flights. Our Head Office is also subjected to weekly monitoring and reporting of our waste outputs.

The intention of this report is to provide meaningful and relevant data to our stakeholders. Throughout 2013 our environmental impact was analysed and compared to data collected for 2012 and 2011. Our findings revealed that our total greenhouse gas (GHG) emissions increased by 1.6% from 2012 to 2013; however this can be attributed to the increase in headcount from 251 full-time equivalent (FTE) staff in 2012 to 272 FTE staff in 2013. The increase in headcount has resulted in a decrease of our tCO<sub>2</sub>e per FTE from 8.0 tonnes in 2012 to 7.5 tonnes in 2013. The data reported below arises from our operations; it does not include our environmental impact arising from events.

## Energy Consumption and Greenhouse Gas Emissions

Our tCO<sub>2</sub>e has been calculated and is detailed below. Our environmental footprint is predominantly comprised of office waste, emissions generated from the purchase of utilities such as electricity, the consumption of transport fuel due to flights, company owned vehicles and taxis. As our impact is considered minimal, and we do not manufacture or retail products, we acknowledge Article 15 of the Rio Principles but state that APRA will most likely never be in a situation to consider its use as we do not foresee ever being in a position where we would cause serious or irreversible damage or other significant environmental degradation.

	Emissions (tCO <sub>2</sub> e)		
	2013	2012	2011
Scope 1 - Direct emissions	-	-	-
Scope 2 - Indirect emissions			
Purchased electricity	900.6	923.3	1006.6
Scope 3 - Other indirect emissions			
Purchased gas	0.1	0.1	0.1
Waste to landfill	210.2	174.9	170.2
Recyclable waste (Paper and Cardboard)	272.6	247.2	298.2
Staff car fuel consumption	89.9	103.1	91.1
Staff taxi fares	41.2	38.2	44.2
Business flights	524.3	520.2	Not reported
<b>TOTAL (tCO<sub>2</sub>e)</b>	<b>2038.9</b>	<b>2007.0</b>	<b>1610.4</b>
<b>TOTAL tCO<sub>2</sub>e per FTE</b>	<b>7.5</b>	<b>8.0</b>	

**NB:** As at 30 June, our full time equivalent count was 272 (2012: 251)

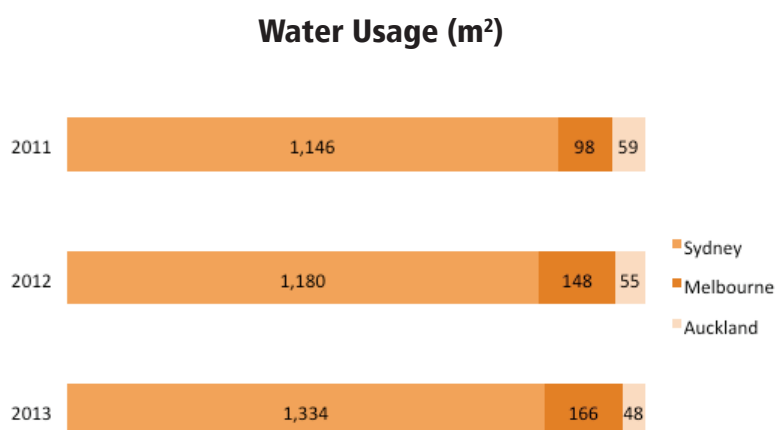
The emissions factors used to calculate our tCO<sub>2</sub>e for purchased electricity, purchased gas, waste to landfill and recyclable waste (paper and cardboard) have been extracted from the most up to date version of the Australian National Greenhouse Accounts (NGA) Factors, released in July 2013. The historical data for 2012 and 2011 has been restated to reflect the NGA Factors released for those years.

Electricity Consumption (GJ)			
	2013	2012	2011
Sydney	3,335	3,419	3,721
Melbourne	130	122	127
Brisbane	144	127	132
Adelaide	40	18	33
Perth	35	37	38
Darwin	Not reported	Not reported	Not reported
Auckland	145	143	164
<b>TOTAL</b>	<b>3,829</b>	<b>3,866</b>	<b>4,215</b>

The Australian Government releases default Electricity composition data through the Bureau of Resources and Energy Economics (BREE).

The latest available data relates to 2011/2012 and discloses that only 8% of electricity produced in Australia is produced from renewable sources, principally wind and water. Of the 92% of electricity generated from non-renewable resources, more than 75% is generated from coal, with gas almost entirely making up the difference. Detailed information as released by BREE may be read at <http://www.bree.gov.au/documents/publications/energy-in-aust/BREE-EnergyInAustralia-2013.pdf>

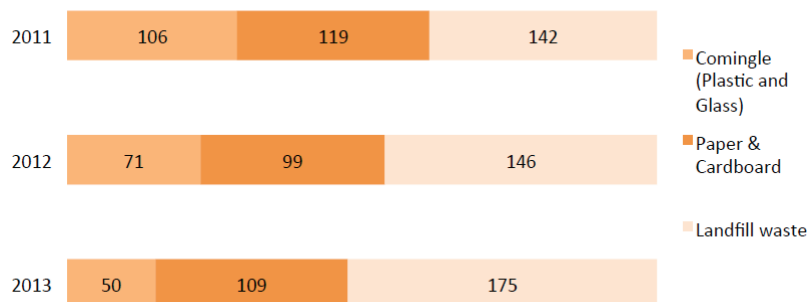
### Annual water withdrawal for reportable locations



**NB:** Water usage is not reportable for locations where premises are not owned by the organisation as data is not supplied by the owners of those premises. All water is sourced from municipal water suppliers at each of the reportable locations.

## Waste Management

### Breakdown of waste by type (t) Sydney Head Office



NB: The detailed breakdown of waste has been reported for our Sydney Head Office only, as data is not readily available for our other office locations.

APRA does not generate, and therefore does not dispose of hazardous waste in the course of its operations. Therefore none of the waste reported in the above table can be considered hazardous waste. In disclosing this statement we make reference to the Hazardous Waste (Regulation of Exports and Imports) Act 1989 and the associated definition of hazardous waste within its Interpretations section. The Hazardous Waste (Regulation of Exports and Imports) Act 1989 can be read at <http://www.comlaw.gov.au/Series/C2004A03937>

## Sustainable Procurement Practices

APRA maintains significant locations across Australasia as follows:

Ultimo, Sydney, New South Wales (Head Office)

Richmond, Melbourne, Victoria

Fortitude Valley, Brisbane, Queensland

North Adelaide, Adelaide, South Australia

Darwin, Northern Territory

Subiaco, Perth, Western Australia

Mount Eden, Auckland, New Zealand

As each of our locations is within the metropolitan region of a major city, we consider the concept of 'local' as being within that metropolitan region.

Detailed research of our suppliers provides that they are within a local area as defined above. That is we do not, by policy or preference, engage suppliers from regions external to our locations, but rather common practice allows that suppliers to the services we utilise in each of our locations are local by nature, generally providing a cost benefit in respect of their proximity to our office locations.

# GRI CONTENT INDEX

<b>Content</b>	<b>Page</b>
Strategy and analysis	2-6
Organisational Profile	4
Report Parameters	5-6
Governance, Commitments and Engagement	7-8
Core Performance Indicators	
Total workforce by employment type, age group, gender and region	9-11
Total number and rate of employee turnover by age group, gender and region	9-11
Composition of governance bodies and breakdown of employees per category	7-9
Public policy positions and participation in public policy development and lobbying	14-15
Direct economic value generated and distributed	16
Policy, practices and proportion of spending on local suppliers	20
Indirect energy consumption by primary source	19
Total water withdrawal by source	19
Total direct and indirect greenhouse gas emissions by weight	18
Total weight of waste by type and disposal method	20
GRI Additional Indicators that were included	
Total number of legal action for anti-competitive behaviour, anti-trust and monopoly practices	8
GRI Sector Supplement Indicators included in the report	None

This report has been generated using the Global Reporting Initiative (GRI) G3.1 guidelines and qualifies for Application Level C. The Application Levels indicate the extent to which the G3.1 Guidelines have been applied to the report. There are no apparent exclusions or limitations on the scope or boundary of this report under the GRI guidelines for a 'C' level report.

Further information can be found at <https://www.globalreporting.org/reporting/G3andG3-1/application-level-information/Pages/default.aspx>

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