

AMCOS

Distribution

Practices



APRA
AMCOS

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OVERVIEW:

Under the terms of the AMCOS licence agreements, Licensees are obliged to report details of works reproduced in order for licence fees to be calculated and distributed. Where a blanket licence is issued details of the music usage should be supplied unless it has been agreed that the APRA distribution data for that music use is to be used for the basis of distribution.

AMCOS's distribution is based on the premise that the licence fee should be paid directly to the musical works reproduced where possible and economically viable to do so.

AMCOS's distribution methods are as follows:-

- a) Pay per use – licence fees are calculated and collected for each work reproduced.
- b) Direct allocation – blanket licence fees are paid by the Licensees and are allocated directly to the Musical Works used by that Licensee.
- c) Sample/direct allocation – licence fees are paid by a single Licensee however owing to the characteristic of the licence scheme a sample reporting system is in place.
- d) Distribution by analogy – licence fees are added to a distribution pool that is most similar in terms of its music content.

The following table lists the sources of AMCOS's licence fee income. It is explained in the following pages how each income source is distributed. The following explanations apply to both Australia and New Zealand income except where noted otherwise.

LICENCE TYPE	LICENSEES (APPROX No.)	FEE STRUCTURE	DISTRIBUTION METHOD
<p>Non-Major Record Companies</p> <p>Audio/Video/Karaoke</p> <p>AUSTRALIA</p>	80	<p>Negotiated voluntary licence agreement with ARIA (Australian Record Industry Association) – Physical Product Agreement</p> <p>Audio – 8.7% of PPD or 6% of Retail</p> <p>Video – 6.5% of PPD or 4.5% of Retail, subject to pro rata background music adjustment where the release is not a music audio visual production</p> <p>Karaoke – 15.25% of PPD or 10.5% of Retail</p> <p>Mixed Format – Audio rate applies to Audio Tracks and the Audiovisual rate for the Video Tracks</p> <p>Retentions allowed at different rates for firm sales and sale or return. Royalty rates subject to minimum fees.</p>	Pay per use

<p>Non-Major Record Companies</p> <p>Audio/Video/Karaoke</p> <p>NEW ZEALAND</p>	<p>17</p>	<p>Negotiated voluntary licence agreement with RIANZ (Recording Industry of New Zealand) – Physical Product Agreement</p> <p>Audio - 8% of PPD or 5.6% of Retail Video –</p> <p>6.25% PPD or 4.375% of Retail Karaoke – 14.55% PPD or 10.1% of Retail</p> <p>Mixed Format – Audio rate applies to Audio Tracks and the Audiovisual rate for the Video Tracks</p> <p>Retentions allowed at different rates for firm sales and sale or return. Royalty rates subject to minimum fees.</p>	<p>Pay per use</p>
<p>DIGITAL MUSIC SERVICE PROVIDERS (Joint licence with APRA)</p> <p>A La Carte Services/Subscription Music Services</p> <p>AUSTRALIA</p>	<p>37</p>	<p>Subject to approved scheme by the Australia Copyright Tribunal (for period 1 Jan 2010 to 31 December 2014)</p> <p>A La Carte Services – 7.02% retail price for music downloads/ 6.25% retail price for video downloads</p> <p>Subscription Music Services – varies depending on the nature of the service</p> <p>Rates subject to certain track minima</p>	<p>Pay Per use</p>

DIGITAL MUSIC SERVICE PROVIDERS (Joint licence with APRA) NEW ZEALAND	4	Voluntary licence scheme A La Carte Services 7.02% of retail price for music downloads/ 6.24% of retail price for video downloads Subscription Music Services – 7.02% of the relevant revenue Rates subject to certain track minima	Pay per use
MOBILE PHONE RINGTONE PROVIDERS (Joint licence with APRA) AUSTRALIA	19	Voluntary licence scheme One-off \$10 fee for each new work per Licensee 10% of ringtone sale price subject to minimum fee of 15c per sale	Pay Per Use
MOBILE PHONE RINGTONE PROVIDERS NEW ZEALAND	4	As per above	Pay per use
ONLINE SERVICE PROVIDERS AUSTRALIA/NEW ZEALAND	300	Varied schemes depending on service. The 3 main groups are - Variable fee depending on use - Percentage subject to minimum fee - Negotiated one-off agreements	Pay per use Blanket Analogy

		- Joint licences offered with APRA. Depending on nature of site different “value splits” of the 2 rights apply	
MAJOR RECORD COMPANIES Audio/Video/Control/D ispute/Audit Recoveries AUSTRALIA	3	Negotiated voluntary licence agreement with ARIA (Australian Record Industry Association) – Physical Product Agreement Audio – 8.7% of PPD or 6% RRP Video – 6.5% of PPD or 4.5% of RRP (subject to pro rata background music adjustment) Karaoke – 15.25% of PPD or 10.50% of Retail Mixed Format – Audio rate applies to Audio tracks and the Audiovisual rate for Video Tracks Retentions allowed at different rates for firm sales and sale or return. Royalty rates subject to minimum fees.	Pay per use By analogy
MAJOR RECORD COMPANIES Audio/Video/Control/D ispute/Audit Recoveries	3	Negotiated voluntary agreement with RIANZ (Recording Industry of New Zealand) Audio 8% of PPD or 5.6% of Retail Video – 6.25% of PPD or 4.375% of Retail Karaoke – 14.55% of PPD or 10.1% of Retail	Pay per use By analogy

NEW ZEALAND		Retentions allowed for consignment sales.	
OCCASIONAL SUNDRY CLIENTS AUSTRALIA	780 p.a.	Percentage of retail price (6.0%) subject to a minimum fee per track (5c) or per recording (\$15)	Pay per use
OCCASIONAL SUNDRY CLIENTS NEW ZEALAND	120 p.a.	Percentage of Retail (5.60%) subject to a minimum fee of \$10 per recording	Pay per use
PRODUCTION MUSIC AUSTRALIA	800 p.a.	Application Fee plus 30 second unit rates per Production Music Rate Card or flat fee per production	Pay per use
PRODUCTION MUSIC NEW ZEALAND	337	As per Australia above based on NZ Production Music Rate Card	Pay per use
COMMERCIAL TELEVISION BLANKET AUSTRALIA	37	Negotiated (commercial-in-confidence) fixed amounts with each network	Direct allocation/pay per use
NATIONAL BROADCASTERS AUSTRALIA	2	Negotiated (commercial-in-confidence) fixed amounts with each broadcaster	Direct allocation

TV NETWORK NATIONAL NEW ZEALAND	4	Negotiated (commercial-in-confidence) fixed amounts with each broadcaster)	Direct allocation
REGIONAL TELEVISION NEW ZEALAND	9	Negotiated (commercial-in-confidence) fixed amounts with each broadcaster	Direct allocation
BOARD APPROVED MINI TV BLANKET LICENCES AUSTRALIA	5	Negotiated fixed amounts either per 30 second units or per episode rates	Direct allocation/Pay per use
BOARD APPROVED MINI TV BLANKET LICENCES NEW ZEALAND	1	Negotiated fee per episode	Pay per use
COMMERCIAL RADIO BLANKET (Joint licence with APRA) AUSTRALIA	274	APRA/AMCOS combined licence – percentage of revenue tiers based on music use.	Analogy
COMMERCIAL RADIO BLANKET NEW ZEALAND	120	Flat fee with 3 tiers according to licence area	Analogy

COMMUNITY RADIO AUSTRALIA	216	Negotiated flat fee	Analogy
NARROWCAST RADIO BLANKET AUSTRALIA	14	Negotiated flat fee – various tiers taken from community and commercial blanket licences depending on stations size	Analogy
PAY TV AUSTRALIA	15	Negotiated (commercial-in-confidence) fixed or per use amounts with each channel	Direct allocation
PAY TV NEW ZEALAND	5	Negotiated (commercial-in-confidence) fixed amounts with each channel	Direct allocation
NON-RETAIL BLANKETS AUSTRALIA	85	Generally, for background music suppliers and radio syndication. Usually a percentage of revenue (6.0%) subject to a minimum fee where applicable. Some agreements on a flat fee basis	Sample/direct allocation
NON-RETAIL BLANKETS NEW ZEALAND	1	Background music supplier, Negotiated blanket amount	Direct allocation
SOCIETY WORKS – SYNCHRONISATION/ PREMIUMS AUSTRALIA	15-30 p.a.	Negotiated amounts	Pay per use

JOINT ARIA LICENCES AUSTRALIA	1,000	Flat fees subject to incremental adjustments. Includes Dance Schools & Single Event Domestic Video use.	N/A Analogy
SCREENRIGHTS – MUSICAL WORKS AUSTRALIA	4.2m	AMCOS receives 7.4% of Screenrights collections from educational copying for the reproduction of the Musical Work	Sample/Direct Allocation
SCREENRIGHTS - MUSICAL WORKS NEW ZEALAND	0.4M	Per above	Sample/direct allocation
SCREENRIGHTS – SOUND RECORDINGS AUSTRALIA	4.2m	AMCOS receives 2% of Screenrights collections from educational copying for the copyright in the Sound Recording of the Musical Work	Sample/direct allocation
SCREENRIGHTS – SOUND RECORDINGS	0.4M	Per above	Sample/direct allocation
SCHOOLS PHOTOCOPYING AUSTRALIA	3.3m	65c per student	Sample/direct allocation

SCHOOLS PHOTOCOPYING NEW ZEALAND	397,000	47c per student	Sample/direct allocation
SCHOOLS AUDIO & VIDEO REPRODUCTION LICENCE AUSTRALIA	3.3m	51.01c per student	Sample/direct allocation
SCHOOLS AUDIO & VIDEO REPRODUCTION LICENCE NEW ZEALAND	397,000	38.70c per student	Sample/direct allocation
OVERSEAS AFFILIATED SOCIETIES	50	Various licence fees set by affiliated Societies	Pay per use
ADVERTISING NEW ZEALAND	15-30 p.a.	Negotiated amounts	Pay per use
SYNCHRONISATION NEW ZEALAND	15-30 p.a.	Negotiated amounts	Pay per use

EXPLANATION OF DISTRIBUTION PROCESSES

1. *Non-major Record companies – pay per use*

Production details are supplied to AMCOS electronically via the CMS Clearance Facility (CF). Songs are matched to extant works in the CMS database or are newly created. Members are then able to view the productions, check the works ownership and make new/amended claims to these online if necessary. A Prescribed Notice is issued to the record company 10 working days after the production's submission date. Mechanical royalties can then be invoiced. These are based on quarterly sales, on a pay per use basis at the applicable royalty rate checking the Membership Opt Out and Direct Pay Tables in the CMS Membership system. These monies are distributed on a quarterly basis in the quarter's distribution that the invoice is paid in full. Monies are paid to the copyright owner at the time of distribution based on the CMS Agreement Database. If there is no current owner at this time the monies are held in control until such time as there is a current owner in a subsequent distribution quarter.

The distribution statements show the record company, production and sales detail in full together with the works and percentage share being distributed.

Some record companies keep their own control accounts i.e. for those works not controlled by AMCOS at time of invoicing. For those that do not AMCOS issues invoices to the record company as if it controls the mechanical right in all copyright works being reproduced. These monies are kept in an "unidentified control account" by AMCOS for 2 ½ years and if the ownership has not been identified within this period the royalties are credited to the record company as part of an overpayment control distribution process.

2. *Digital Music Service Providers – Pay Per Use*

Digital Music Service providers submit sales reports of single work and production downloads on a quarterly basis which are matched to extant works and productions in the CMS database or are newly created if their APRA/AMCOS joint royalty value is over the current \$15 threshold. These are invoiced on a pay per use basis at the applicable royalty rate checking the Membership Opt Out and Direct Pay Tables in the CMS Membership system. These monies are distributed on a quarterly basis in the quarters' distribution that the invoice is paid in full. Monies are paid to the copyright owner at the time of distribution based on the CMS Agreement Database. If there is no current owner at this time the monies are held in control until such time as there is a current owner in a subsequent distribution quarter.

The distribution statements show the Digital Music Service Provider, the work, production and sales detail in full.

The Digital Music Service providers do not keep their own control accounts i.e. for those works not controlled by AMCOS at time of invoicing. AMCOS issues invoices as if it controls the mechanical right in all the copyright works being reproduced except those or shares of those which are subject to Opting Out and Direct Deals by the AMCOS Member. The monies held in control will be distributed when a claim is received from an AMCOS Member.

3. *Streaming Services – Direct allocation/by analogy*

Due to the extremely high volume of data from streaming services, it would not be feasible to include all reported data. AMCOS performs direct distributions for Apple and Spotify to the following service tiers (where applicable):

- Premium Subscriber

- Family Plan
- Student
- Ad-Funded
- Telco Bundle

These service tiers account for 99% of the revenue for each provider. There are some lower value usage tiers for which there is either not enough data or revenue to be feasible for inclusion in distributions. Revenue for lower value tiers from each service is included in the premium tier pool.

For other services such as Amazon Music Unlimited, Google Play, Vevo, Les Mills, Soundcloud, and Tidal a direct distribution is made. In some cases, due to either low licence fees or limited data supply distributions are performed by analogy, using a combination of Spotify and Apple premium subscription data.

To achieve a fair and equitable distribution, works that have over 50 streams are included in direct distributions, and works with over 1000 streams are included in analogous distributions.

Where copyright ownership has not been identified, a threshold is applied. For works above threshold, the monies are held in control until such time there is a current owner in a subsequent distribution quarter. For works below threshold, no control monies are carried forward except where the ownership of the work is in dispute.

AMCOS includes in its YouTube distribution the music reported by YouTube by means of their electronic "Music Asset" reports. These reports contain approximately 300,000 musical works per quarter. In addition, YouTube provides a report containing general videos where music, if present, is not reported.

4. *Mobile Phone Ringtone Providers – Direct Allocation (iTunes)/Pay per use (other)*

Due to the close correlation of content data, Apple ringtone licence fees are distributed on a blanket basis against Apple Music sales data. Other providers, such as Telstra and Webmasters, are distributed on a transactional basis, whereby the value of each work is calculated as a percentage of its sales value.

5. *Online Service Providers – pay per use/direct allocation/by analogy*

Online reproductions may be licensed either on a pay per use or blanket licence basis.

If licensed on a pay per use basis distributions are made on a quarterly basis for all invoices which are paid in full at the end of the quarter. If licensed on a blanket basis the licence fees are distributed in the quarter the invoice is paid in full provided the music usage has been provided. Each work receives one credit point per 30 seconds or part thereof. If duration is not provided fees are distributed equally on a song occurrence basis. The total licence fee is distributed at time of distribution to the current owners of the work/s. No control monies are carried forward except where the ownership of the work is in dispute.

If the Licensee does not supply details of works reproduced the licence fees will be added to a distribution pool that is most similar in terms of its musical content.

6. Facebook

Sample Analysis

APRA AMCOS entered into a licence agreement with Facebook in 2018 to cover the use of APRA controlled works on Facebook platforms (Facebook, Instagram, Messenger and Oculus). Facebook maintains an extensive Audio Library which is available to users, incorporating over 33 million sound recordings that have been cleared for use on Facebook properties by major/independent, digital aggregators and individual content creators.

Facebook provides AMCOS with quarterly reports containing transactional level detail specifying which individual works were consumed by users through Audio Library functions on Instagram and Facebook (their largest platforms). AMCOS performs a distribution of Facebook licence fees using these reports.

Given the high volume of records reported, in order to achieve a fair and equitable distribution a threshold of 100 uses per work is applied for inclusion in Facebook distributions.

7. Major Record Companies – pay per use/analogy

AMCOS collects from the Major Record Companies where its Members have opted in for this line of business and for works AMCOS administers on behalf of its affiliated overseas Societies where the works are not represented by a local publishing company. Claims with the major record companies are made by means of the CMS Clearance Facility and payments are received quarterly within 60 days of the end of each quarter. AMCOS entered into Service Agreements with all the Major Record Companies in 2012 and now calculates and produces their mechanical royalty accountings each quarter. AMCOS dispatches all the statements on their behalf however the record companies pay AMCOS members directly where they have opted to be paid directly and not via AMCOS.

The right of Audit under the Physical Product Agreements does not extend to the making or sales of Records which took place more than 3 years before the date of the audit so AMCOS operates a 3 year audit program. Any audit is undertaken at the expense of AMCOS provided that if any deficiency is found to exceed 10% of the moneys actually payable for the period under audit is found, the reasonable cost must be borne by the Record Company. If monies are recovered by AMCOS as a result of an audit the audit costs are deducted before the recovery is distributable. In most cases the audit recoveries are not attributable to particular productions so the amount recovered will be added to a distribution poll that is most similar in terms of its music content.

As part of the audit process AMCOS receives details of all works being held in the Major Record Companies' control accounts. These works are investigated and where possible claims are made on behalf of our Members. These monies are received quarterly and are distributed to the copyright owners in the following quarters' distribution.

Where the works are in dispute AMCOS holds the monies until the dispute is resolved and can the royalties be distributed in the next quarterly distribution. These monies are accounted by AMCOS to its' members.

8. Occasional Sundry Clients – pay per use

Production details are supplied to AMCOS via the CMS clearance facility and mechanical royalties are invoiced based on number of units manufactured by the client. These monies are distributed on a quarterly basis in the quarters' distribution that the invoice is paid in full.

Royalties are paid to the copyright owner at time of distribution per the CMS agreement database. If there is no current owner at time of distribution but there was as the time of the invoice the monies are held in control until such time there is a current owner in a subsequent distribution quarter.

The distribution statements show the client, production details and number of units manufactured.

AMCOS does not invoice royalties for “unidentified” works however if it subsequently identifies a work as having been an AMCOS work at time of manufacture, AMCOS reserves the right to issue an additional invoice to the client in respect of this musical work/s and these royalties will be distributed in the quarter the invoice is paid.

9. Production Music - pay per use

Licence fees are calculated on a per-30 second or part thereof usage based on a rate card per production which sets out the rate for each licence category or a negotiated flat fee. For non-broadcasters a \$10 application fee applies per production which is not distributable. Monies are distributed on a quarterly basis in the quarters’ distribution the invoice is paid in full. Royalties are paid to the copyright owners at time of distribution based on the CMS Agreement Database.

The distribution statements show the source and licence category for each licence fee distributed.

10. Commercial Television Network Blanket Licences – direct allocation

These blanket licences only cover locally produced programs, promos and ID’s as defined in the licence agreements. Cue sheet information for programs, promos and ID’s made under these licences for the period being distributed is extracted from the APRA performance pool into a discrete AMCOS pool. Commissioned works and published music used as themes are removed as they are not covered by the blanket licence. The works are matched to the AMCOS database and if they do not already exist are added together with the ownership details if known.

If the ownership is unknown, then the number of units copied is carried forward to subsequent distributions and paid in the next distribution after payable ownership is determined. Where there is a copyright dispute or ownership is partially unknown, money is held by AMCOS in control until full payable ownership had been identified.

Distributions are made quarterly.

11. National Broadcasters Blanket Licence (ABC/SBS) – direct allocation

Licence fees received from the ABC & SBS are pooled together. Same distribution process as “Commercial Television Network Blanket Licences”, above. Distributions are made quarterly.

12. TV Network National New Zealand – direct allocation

Same process as above. Distributions are made quarterly.

13. Regional Television New Zealand – direct allocation

Cue sheets for programs, promos and ID's are supplied to AMCOS by the licensees and are entered into discrete distributions pools per licensee.

If the ownership is unknown, then the number of units copied is carried forward to subsequent distributions and paid in the next distribution after payable ownership is determined. Where there is a copyright dispute or ownership is partially unknown, money is held by AMCOS in control until full payable ownership had been identified.

Distributions are made quarterly.

14. Board approved Mini-Blanket TV Licences – pay per use

These licences are for locally made television programs not covered by the Commercial Television Network/National Broadcasters blanket licences. Cue sheets for the series are supplied to AMCOS by the licensees.

The Licensee either pays on a per 30 second or part thereof unit rate in which case the licence fee is allocated to the work/s at time of invoicing or a fixed rate per episode in which case the licence fees are allocated at time of distribution based on a 30 second or part thereof units. Distributions are made in the quarter the invoice is paid in full provided all the cue sheet information has been received.

15. Commercial Radio/Community Radio/Narrowcast Radio – distribution by analogy

Production Music

These licence fees are all pooled together by territory and are distributed based on data received from APRA which details all production music works broadcast in commercials on commercial radio in both Australia & New Zealand. The licence fees are distributed on duration based on 30 second units or part thereof.

Reproduction of AMCOS Works

These licence fees are distributed based on data received from APRA which details all AMCOS works used for the first time in commercial radio distributions for the relevant period. In order to account for seasonal variations to the data set and in recognition of the fact that works continue to be added to radio stations after the quarter of release, this is subsidised by data extracted from APRA radio data for the preceding two years. The licence fees are distributed on duration based on 30 second units or part thereof.

Distributions are made quarterly.

16. Pay TV – direct allocation

The Pay TV channels are licensed under negotiated fixed or per use amounts. The licence fees are distributed based on cue sheets and music logs (music channels) provided to APRA. Each work receives one credit point per 30 seconds or part thereof.

If the ownership is unknown, then the number of units copied is carried forward to subsequent distributions and paid in the next distribution after payable ownership is determined. Where there is a copyright dispute or ownership is partially unknown, money is

held by AMCOS in control until full payable ownership had been identified.

17. Background Music Suppliers – direct allocation/analogy

Background music is used across multiple business sectors, including retail, fitness and hospitality, and many of those businesses subscribe to Background Music Suppliers (BMS). These services provide clients with tailored playlists which, in accordance with their licensing agreement, are then submitted to AMCOS for distribution purposes. Due to the large number of works reported and the relatively low value per work, BMS fees and associated playlists are combined by genre, thereby ensuring the value of royalties derived is proportionate to resource costs.

If the ownership is unknown, then the number of units copied is carried forward to subsequent distributions and paid in the next distribution after payable ownership is determined. Where there is a copyright dispute or ownership is partially unknown, money is held by AMCOS in control until full payable ownership had been identified.

Distributions are made quarterly.

18. Childcare Centres - analogy

Distribution by Analogy

The repertoire used in early childhood education/child care centres is substantially different to the works being used across commercial radio/TV, or is represented by a very small subset of this data at best. While it's not feasible to obtain detailed music usage reporting directly from licensees, analysis indicates that there is a high use of audio content from digital radio services such as ABC Kids Listen and Kinderling Kids Radio. APRA holds broadcast licence agreements with these services which includes the provision of comprehensive usage reports.

In early 2020 AMCOS established a distribution practice for the early childhood education/child care sector which distributes the combined income from the OneMusic Play Group Association and Child Care schemes on the basis of the data reported to APRA by Kinderling Kids Radio and ABC Kids Listen Radio.

19. Music on Devices Licences –analogy

Businesses that use personal digital music services (e.g. Spotify and Apple Music) require a licence other than AMCOS' licence to the service itself, which is limited to personal and domestic use. OneMusic offers licences which include a 'Digital Copying' provision to cover this music use, previously referred to as Joint Dubbing under APRA licensing. Fees collected under this provision are transferred to AMCOS for distribution to mechanical copyright owners.

It would be impractical and costly for such licensees to provide AMCOS with details of all the music they use, and it would be equally quite unfeasible economically for AMCOS to process such large volumes of data. These licence fees (after a small deduction has been made to fund approved industry matters such as anti-piracy initiatives) are, therefore, distributed by means of an analogous data set (i.e. the music streaming reports from the services themselves).

If the ownership is unknown, then the number of units copied is carried forward to subsequent distributions and paid in the next distribution after payable ownership is

determined. Where there is a copyright dispute or ownership is partially unknown, money is held by AMCOS in control until full payable ownership had been identified.

20. Synchronisation/Premiums – pay per use

These are for a specific work/s and the licence request is passed onto the original Society for approval before it can be licensed. The licence fees are distributed in the quarter the invoice is paid in full.

21. Joint ARIA Licences

50% of the licence fees collected are paid to ARIA (Australian Record Industry Association). The AMCOS share of these Licence fees is distributed with the Non-Retail Blanket distribution data.

22. Screenrights Musical Works – sample/direct allocation

Screenrights is the collecting society approved by the Government to collect royalties from educational institutions when they copy from television or radio under provisions in the Australian Copyright Act. Screenrights distribute this money on a non-profit basis to all relevant rights owners whose copyrights have been copied, including rights owners in musical works included in copied programs. Based on a sample system devised by A C Nielsen Screenrights sends a list of all copied program titles to AMCOS with their royalty allocation payment. These are matched to the APRA/AMCOS cue sheet database to identify all the relevant rights owners in the copied musical works. AMCOS allocates this money among each of the individual musical works. This scheme takes into account such factors as the duration of the musical work and its placement in the program (i.e. whether it is a featured piece or background only) in determining the allocation. These monies are distributed annually each year.

23. Screenrights Sound Recordings – sample/direct allocation

As part of the above process a separate allocation is made to the copyright owners in the sound recordings of the musical works. Where the right owner is a member of AMCOS, as is the case with rights owners of production music sound recordings the royalties are paid to AMCOS. These are allocated electronically on a pro rata basis to all the production music works in the musical works pool for the same distribution period and are distributed on an annual basis.

24. Schools Photocopying – sample/direct allocation

In 1980, an amendment to the Copyright Act made it permissible, under the Statutory Licence provisions for educational institutions to make copies of copyright material, including musical works, for their educational purposes. The Statutory Licence was found to be unsatisfactory for the needs of schools in relation to photocopying of musical works, as it did not always permit the copying of the entire musical work. As a result AMCOS negotiated a voluntary licence with the major educational bodies in Australia. A similar voluntary scheme has operated in New Zealand since 1996 although in New Zealand each school is licensed individually under the OneMusic licence. In conjunction with Screenrights, CLNZ and Recorded Music NZ, AMCOS operate a licensing service for the schools offering licences to enable the copying of works in certain circumstances. The schools OneMusic licence is a joint licence between APRA, AMCOS and Recorded Music New Zealand.

The royalties from this licence are distributed annually in the June quarter distribution when the licence fees from the schools have been collected and the copying data has been received. Each year, 180 schools around Australia from four different states/territories are selected to keep records about what they are copying for CAL (Copyright Agency Limited), Screenrights and AMCOS for a period of one term.

The distribution is made by means of a “page rate” which is established by dividing the total money received in licence fees by the total number of copied pages in the data received. This is then multiplied by the number of copied pages for each work to obtain a per work royalty allocation. The royalties are split between the copyright owner of the underlying musical work and the print right owner (i.e. the publisher that has the right to print the musical work in graphic form). Where AMCOS receives book-only data (rather than data relating to individual works) and it constitutes 3% or less of the total pages to be distributed this is excluded from the distribution. Where book-only data constitutes more than 3% of the total pages to be distributed this is referred to the Print Music and Education Committee for a determination prior to finalising the distribution.

If the copying of lyrics only is reported the following applies. If the lyrics are copied with no chords or tablature 100% of the royalty allocation is attributed to the underlying copyright owner of the work unless a particular print agreement includes lyrics only royalties. If there are chord and tablature above the lyrics then the underlying copyright owner is allocated 50% of the royalties and the print owner 50%.

Royalties for public domain works that are unarranged are distributed in total to the publisher that has printed the book. Royalties for any disputed works are held until resolution of the dispute and any undistributable royalties are carried forward to the next distribution pool. The New Zealand licence fees are distributed in accordance with data collected from New Zealand licensed schools. Each year sixty (60) schools are surveyed and samples taken of the works copied. Added to this is data from relevant third parties.

25. Schools Audio & Video Reproduction – sample/direct allocation/analogy

This is a joint licence with ARIA (Australian Record Industry Association) and APRA.

Royalties from this licence scheme are distributed annually in accordance with the data received from the schools’ sample survey whereby nominated schools will keep records about the audio and video recordings that they make under this licence plus the data collected for the Schools’ photocopying licence. In New Zealand licensed schools are surveyed and similar records are kept of the audio and video recordings made under the *OneMusic* licence plus the data collected under the copying survey.

26. Universities – sample/direct allocation

AMCOS shares in a licence agreement with Universities Australia, split equally between APRA and AMCOS, covering the use of music in government, independent and catholic schools, universities and other educational institutions. The Universities licence agreement requires all participating Australian universities to supply AMCOS with a copy of all recordings stored on ‘central servers’ each year. This agreement also provides for an optional print music component and associated reporting provisions. The existing New Zealand licence agreement with Universities covers a similar use of rights (excluding Print Music). Excepting the print component, Licence fees are distributed directly to the works reported to AMCOS by

universities under this obligation.

Australian universities who have opted for the Print Music component of the new universities licence agreement will be required to provide an annual report of all sheet music purchases, however at present the Print Music reporting data is not available. AMCOS uses data supplied by Copyright Agency from their schools copying survey in order to distribute the print component of Universities licence fees.

27. Overseas Affiliated Societies – pay per use

AMCOS has reciprocal agreements with approximately 50 similar mechanical collecting societies around the world. These reciprocal agreements enable the Societies to collect for AMCOS controlled works in their territories where they are not published by one of their local Members. Monies AMCOS receives from overseas affiliated societies are distributed in the quarter the royalties are received. AMCOS deducts 5% of net royalties received in respect of the costs associated with the analysis and processing the payments. The royalties are allocated to the musical works as detailed on the statements received.

28. Advertising – Pay per use

AMCOS New Zealand licenses published music for use in television, radio and cinema advertisements. In tandem with this process AMCOS New Zealand also licenses the Sound Recording for use in television, radio and cinema advertising so that the Licensee only has to deal with the one party for approval and payment. All licence requests are forwarded to the copyright owners for approval before the licence is issued. Licence fees are distributed monthly by the AMCOS New Zealand office directly to the Copyright Owners. AMCOS charges 5% commission which is added onto the licence fee quoted by the Copyright Owner.

29. Synchronisation – Pay per use

AMCOS New Zealand licenses published music for use in audio visual presentations, promos, films, DVD's and television. All licence requests are forwarded to the copyright owners for approval before the licence is issued.

Licence fees are distributed in the AMCOS quarterly distribution in the quarter the invoice is fully paid.