A Quick Guide to Distribution of Copyright Revenue in the Text and Image Based Sector
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Why and how is money distributed for copying copyright works?

What is collected?

Every year Reproduction Rights Organisations (RROs) collect close to 1 billion Euros1 from users of copyright works and redistribute them to creators and publishers – the rightholders. Collective administration of rights through RROs ensures that those who need access to knowledge – often schools, universities, private corporations or government departments – have the widest possible range of content available to them, while those who create and publish it are fairly paid when their published works are copied, made available or distributed for subsidiary uses (as opposed to sold).

Rationale for Copyright and Licensing

Appropriate and well crafted copyright laws encourage and stimulate the creation of intellectual works by protecting the original output of creators and the efforts of publishers in bringing works to market. It is increasingly recognised that copyright based industries play an important role in supporting and stimulating the economy. A 2012 WIPO Report, supported by studies in 30 countries, showed that, on average, these industries contribute 5.4 % to GDP and 5.9 % to national employment2.

What are RROs?

RROs are Collective Management Organisations (CMOs) in the text and image based works sector, which are mandated by creators and publishers, often supported by national legislation, to license subsidiary use of their published works such as through photocopying and certain digital uses. They administer and facilitate access to works which the creators and/or publishers have chosen to administer collectively or which is impracticable or impossible for them to manage individually.

What is IFRRO?

The International Federation of Reproduction Rights Organisations (IFRRO) links RROs in more than 70 countries and works to increase, on an international basis, the lawful use of text and image based copyright works and to eliminate unauthorised copying by promoting efficient Collective Management of rights through RROs to complement creators’ and publishers’ own activities. IFRRO works to protect and enable easy legal access to copyright material – from academic works, through newspaper articles, novels and sheet music, to photos and illustrations, in particular for large scale copying of works including digital uses.

What is licensed by RROs?

RROs license reproduction, making available and distribution rights – ordinary photocopying, making works available on intranets, internet downloads, digital copying and other digital uses – on behalf of creators (including writers, photographers and other visual creators and composers) and publishers. The licenses typically allow the users to copy a portion of a publication, in a limited number of copies for the internal use of institutional bodies. The construction of course packs in universities and the provision of press cuttings in government bodies are common examples. In some countries there is also a levy on equipment or media that can be used for copying, such as photocopiers, multi-functional machines, printers, scanners, CDs, DVDs etc.

1 According to the Collection and Distribution figures provided by the RRO Members of the International Federation of Reproduction Rights Organisations (IFRRO), € 1.031 billion in 2009, € 709 million in 2010
It is important that RROs operate efficiently and openly and are clearly seen to meet the needs of their stakeholders. This may require external auditing, dispute resolution mechanisms and the transparent provision of information both to users and rightholders and among the RROs themselves.

Distribution methods

The method of distribution will vary according to the use and the license. They fall into two broad categories – title-specific and non-title specific.

Title specific

Title specific distribution rewards creators according to the actual use of their works. It may be very detailed – requiring full reporting by the license holders of the works that they copy – or it may be based on statistical methods such as sampling or the availability of the work in the relevant market. The latter distributes income to creators and publishers based on the possibility of the use of their works by user groups in the various sectors.

Non-title specific

Non-title specific distribution does not require such a detailed monitoring of the actual works used but of the types of the material that are copied – fiction, non-fiction, school books, academic treatises etc.

Administrative and other payments

Part of the money collected may go towards the administration costs of the RROs and social or cultural funds such as hardship schemes for creators or copyright awareness programmes and projects in schools and universities to encourage creativity.

Good governance and transparency

It is important that RROs operate efficiently and openly and are clearly seen to meet the needs of their stakeholders. This may require external auditing, dispute resolution mechanisms and the transparent provision of information both to users and rightholders and among the RROs themselves.

External auditing

In a study of RROs in European countries\(^3\) it was found that RROs are subject to supervision by the authorities in 91% of the countries covered by the survey. Moreover, more than half have set up internal bodies to control their activities, including the result of negotiations, tariffs and remuneration, and to investigate, audit and sanction various aspects of their operation.

Dispute resolution

In half of the countries, covered by the survey on European RROs, a second instance, such as a tribunal, to which decisions may be appealed, has been established. Furthermore, two-thirds of the countries have established external dispute resolution mechanisms.
As part of its mission, IFRRO has helped RROs define principles and best practices for distribution schemes so that users and rightholders alike can be confident that the money is being fairly distributed. They are set out in the IFRRO Code of Conduct”, “Relationship between Reproduction Rights Organisations” and the IFRRO Principles for the Operation of Digital Repertoire Exchange Mandate (REM). These principles reflect the need for transparency and efficiency as well as the duty to account for the way in which the funds are collected and how they are allocated and distributed. In brief the principles state that RROs should distribute remuneration received:

- efficiently;
- diligently (including accurately and accountability);
- expeditiously;
- approximating actual use as far as possible;
- transparently – explaining the manner and frequency of payments with sufficient detail and the management of funds not yet distributed;
- in accordance with applicable national and international laws, as agreed with other RROs on the basis of bilateral agreements, and as agreed with rightholder recipients through contracts or other agreements.

RROs may deduct from collections:

- allocations for the operations of the RRO, which:
  - are proper and reasonable and in proportion to their actual efforts and services delivered;
  - accord with and are authorised by applicable statutes and by national laws.
- allocations for social and/or cultural purposes, and/or
- tax deductions, e.g. withholding tax.

IFRRO has also facilitated transparency and efficiency between its members by commissioning two information exchange message format standards – ONIX-DS for Distribution and ONIX-RP for Repertoire exchange.

In this way best practices can be agreed and disseminated among the RROs and IFRRO’s role in facilitating this is illustrated by the publication of its principles on distribution.
Conclusion

A RRO is accountable to both the creators and publishers it represents and to the users from whom it collects fees. It must maintain the highest standards when dealing with the funds it holds in trust. Users must be confident that the payments they make are related to the material actually copied, and creators and publishers must be confident that the revenue collected is distributed according to the actual use of works.

It is important that the distribution system is transparent and that those from whom the money is collected and those to whom it is distributed understand and accept the process. Ultimately the system depends on a cooperative approach between all parties – creators and publishers on one side and users and legislators on the other. The IFRRO Principles are flexible enough to accommodate a large number of different national and regional systems and ways of operating. IFRRO is confident that the distribution systems applied by its members respect its goals of fairness, efficiency and transparency.

Examples of Best Practices

There is no single “right way” to distribute copyright revenues and various methods have been adopted depending on different legislations, cultures and agreements between rightholders in different countries. The IFRRO principles are designed so that they can be applied wherever and wherever the system. The following are some examples of how the IFRRO Principles translate into best practice – taken from various IFRRO members around the world.

What is collected, who gets it?

IFRRO members collect for text and image-based reproduction of copyright material, including academic course packs, newspaper digests, document delivery and copying from the internet, and distribute to all kinds of rightholders – writers, visual artists and publishers.

Copyright Agency (Australia)

Copyright Agency collects and distributes copyright licence fees for rightholders who include writers, artists and publishers, and royalties under the artists’ resale royalty scheme. It currently has more than 20,000 members.

Copyright Agency manages rights in text and images: reproduction (such as photocopying, printing and duplicating digital files) and communication (such as emailing and making available on an intranet). Reciprocal arrangements have been signed with similar organisations overseas, which enable the inclusion of foreign works in the licence schemes, and to distribute payments for overseas uses of Australian works.

VG Wort (Germany)

VG WORT directly represents some 420,000 creators and 10,000 publishers, as well as thousands of foreign rightholders through bilateral agreements with other RROs. It distributes to its members on an individual basis according to the Distribution Plan for each sector or department.

The following departments are involved in distribution for remuneration of text works:

1. Science (non-fiction) department. This is subdivided into distributions for books, and distributions for journals.
2. PLR department. The relatively small distributions for the copying of fiction, are distributed
along with the distributions for the lending of fiction works through public libraries, which are based on lending statistics

3. Press department. This distributes for copying from newspapers and magazines, and for press digests compiled by companies and organisations for internal purposes

4. Document delivery of scientific articles by libraries

5. Copying of text from the internet

6. Copying in schools: both the operator levy in relation to schools, and intranet use by schools.

VG WORT’s main source of income by far is the levy system. All of the above departments, except document delivery, distribute levy remuneration. The levy remuneration is allocated to each department according to broad categories of works in the proportions indicated by statistical surveys. Approximately 80% is allocated to the science department.

Within each department the levy money is allocated to specific recently published works on the basis of objective possibility of use. VG WORT has no data as to actual use, nor is it in a position to estimate use except in relation to categories of works.

To qualify for a distribution, a work must have been published within the last three years. VG WORT can identify the publishers of works from a database but the creators must register with VG WORT and report the publication of the work in a prescribed way.

How is it paid?

Most RROs distribute on a title specific basis where possible. Although this takes time and effort (in direct reporting and conducting surveys), it brings transparency through a more direct link between the copying activity and the payment to the creator.

CEDRO (SPAIN)

In Spain the main distribution method is title specific distribution. Royalties are distributed to rightholders directly according to internal rules of distribution approved by the CEDRO AGM.

A monetary value is assigned to each work and distributed to the respective rightholders. As a general rule, 55% of the value assigned to a work goes to the creator(s), and 45% goes to the publishing house. The Spanish Copyright Law and CEDRO’s internal rules establish the percentage. In the case of a disagreement, there is an agreed procedure through an internal Commission, the Board of Directors and ultimately the General Meeting (GM).

The value assigned to each work is determined according to the following criteria:

● **Subject**: In the case of books, the topic or subject of the books is taken into account in the distribution. Each book is assigned a percentage of the rights to be distributed, depending on the volume of photocopying established by CEDRO’s statistical survey of photocopying in Spain\(^9\).

The resulting amount is distributed among all the works which have the same subject assigned in the database of the ISBN Spanish Agency.

● **Recommended retail price**: CEDRO takes into account the recommended retail price of each book entering the distribution, as shown in the database of the ISBN/ISMN National Agency.

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9 CEDRO commissions periodical statistical surveys which allow it to find out:
- % of photocopying of every subject
- % of photocopying of type of work (books, magazines and sheet music)
- Country of origin of the work
- % of market share.
CLNZ (NEW ZEALAND)

Distribution of licensing revenue is governed by a Distribution Policy that ensures payments are:

- timely;
- tied to usage;
- fair and equitable;
- consistent and even handed:
  - between groups of rightholders (e.g. publishers, creators, domestic and overseas rightholders);
  - between licence pools (with consistent allocation of costs); and
  - from year to year.

Revenue from CLNZ’s blanket licensing schemes is held in different revenue pools (e.g. Universities, Schools, Business etc.) and sampling surveys are carried out in each sector to gather bibliographic data on the works being copied under licence for distribution purposes.

Revenue from CLNZ’s Copyright Clearance Services (transactional licensing) is held separately and licensees provide CLNZ with records of all copying carried out under licence for invoicing purposes.

COPIBEC (QUEBEC, CANADA)

The royalties for reproducing Quebec works are paid directly to creators and publishers by COPIBEC. Distribution to rightholders is made directly to creators and publishers except for other foreign RROs and some visual art organisations. The royalties for works published outside Quebec are remitted to the relevant RROs. Since its creation, COPIBEC has paid out over $113 million to creators, publishers and visual artists.

DALRO (SOUTH AFRICA)

DALRO requires extensive information on the types of course and copying that is needed and the identification of the work and creator from licensees before a transactional licence application will be granted.

Blanket licence holders are also required to provide the same information for all reproductions made under the licence in the form of Reprographic Reproduction Reports before the end of January of the year following the academic year (licensing period) in question.

The extensive transactional (i.e. title-specific) licensing that DALRO administers as well as the stringent reporting requirements that DALRO has in place under the blanket licence ensures that the bulk of royalties distributed are done so on a title-specific basis.

Royalties that are distributed on a non–title-specific basis are usually those that have been received from foreign RROs that have collected on a non–title-specific basis.

Fees are distributed directly to rightholders. Where the instruction is given (i.e. with the percentage split etc) DALRO has the capability and capacity to distribute royalties directly to the various rightholders in a given work (i.e. publisher, creator etc).

As such, DALRO never decides on creator/publishers royalty splits. DALRO operates under a mandate from the publisher and thus, in the absence of an instruction indicating a particular split to be made at distribution, royalties are paid to the publisher who then on-distributes the creator’s portion in accordance with the publisher/creator contract.

KOPINOR (NORWAY)

The vast majority of the collected remuneration is distributed on a non–title specific basis to creators and publishers through the rightholders’ organisations in membership of Kopinor according to what is copied and following a split of the fees negotiated among Kopinor’s organisations. Statistical surveys conducted by independent statistical agencies, measure:

- the extent of copyright protected material copied in each sector
- the country of origin and of publication of the
copied work, and if it has been translated etc.
● type of material copied (e.g. poetry, lyrics, prose, non-fiction text, illustration, photo etc.)
● type of source copied (e.g. textbook, dictionary, songbook, newspaper etc.)

and are used as a basis for:
● the users’ payment of remuneration
● the distribution of remuneration to rightholders in Norway and abroad.

A statistical survey is normally conducted every three to five years in each area covered by a centrally negotiated agreement.

How do RROs demonstrate efficiency and frequency?

RROs distribute funds at least once a year and usually more often. In the examples below the quickest turnaround between collection and distribution is two months.

BBDA (BURKINA FASO)

BBDA distributes sums annually to rightholders individually.

Copyright Agency (AUSTRALIA)

The current methodology, introduced in 2006, allows Copyright Agency to distribute licensing revenue from annual schemes in the year that revenue is received, and thus make payments to rightholders more quickly.

CLNZ (NEW ZEALAND)

Distributable Funds available for distribution from the previous accounting year are allocated for distribution in the last quarter of each year. Revenue from a number of different licensing schemes including revenue received from transactional licensing may be included in notifications provided to rightholders.

COPIBEC (QUEBEC, CANADA)

Royalties are distributed as soon as possible after all copy logs have been analysed. As rightholders to a title are identified, so the database is updated and any future payments are automatic.

DALRO (SOUTH AFRICA)

DALRO collects licence fees from its licensees over three distinct licensing periods every year. Two of these licensing periods relate to DALRO’s transactional licensing operations, and the third relates to DALRO’s blanket licensing. The licensing periods are as follows:

Transactional licensing period:
Period 1: January – June of each year
Period 2: July – December of each year

The fees collected during Period 1 (i.e. from South African higher education institutions (HEIs) that license transactionally, foreign RROs, and corporates) are distributed during August of the following year.

The fees collected during Period 2 (i.e. from South African HEIs that license transactionally, foreign RROs, and corporates) are distributed during February of the following year.

Blanket licensing period:
Academic year: January to December each year.

The fees collected during the academic year (i.e. from South African HEIs that hold blanket licences with DALRO) are distributed during May of the following year.

So a “waiting period” of two to five months exists between the period in which licence fees / royalties are collected and payment of royalties to rightholders.
How do RROs demonstrate diligence?

The following examples illustrate the care taken by RROs to ensure that payments to rightholders match copying activities and that the RRO databases are kept up to date. Provision is also made for “undistributable” royalties.

Copyright Agency (AUSTRALIA)

Determining which works will be allocated payment

In some cases, Copyright Agency receives information about all uses under a licence scheme, and payment is allocated according to that information. In most cases, the usage data is from a survey of a sample of licensees. This data is used to estimate usage by all the licensees covered by a licence scheme.

CLNZ (NEW ZEALAND)

Code of Conduct

CLNZ operates its distribution scheme in accordance with its own Code of Conduct, based on the principles of the IFRRO Code of Conduct. CLNZ also has a separate distribution policy that guides how revenue is managed, how distributable funds are calculated and allocated, what happens with unidentifiable copying and the timing of distributions. The management of funds due to other RRO’s for the use of their repertoire is handled in exactly the same way as the funds held for New Zealand rightholders.

Sampling Surveys (Data Collection)

Each year CLNZ collects data from a number of institutions in each license pool. Typically this is one or two of the 8 New Zealand Universities, four or five of the 13 Polytechnics, 30 private training institutions and 50 schools. The data is currently gathered manually with a focus on ensuring the ISBN/ISSN of each copied title is included along with the number of pages from each title and the number of students copies were made for. In addition to processing the data for allocation purposes, a check is undertaken at the point of data entry to ensure that the quantity of copying does not breach the license limits.

Attribution

All money allocated for the copying of a particular work is attributed to the publisher of the work (whether mandated or not) who is required to share the funds with third parties (i.e. creators, artists etc.) based on the contractual arrangements between them. In the case of works where the rights have reverted to the creator, this is noted and allocation made directly to them. Each recipient signs a Warranty that they control the reproduction right to the work and indemnifies CLNZ that they will pay on any share of the allocated funds that belongs to other rightholders in the work. Where money is allocated to New Zealand publishers who have not signed a mandate with CLNZ, they are given the opportunity to do so when they are advised of the allocation.

Money allocated to overseas rightholders is attributed to the RRO in their country where one exists. These funds are distributed to the RROs that have signed Reciprocal Agreements with CLNZ involving the transfer of licensing fees between them (A Agreement) but not to RROs that have signed a repertoire only agreement (B Agreement). RROs with B Agreements are notified of the money allocated to them and these funds are held in trust for the trust period.

COPIBEC (QUEBEC, CANADA)

All copy logs are analysed by a team of research and data entry experts. Any new title is entered into a comprehensive database for distribution purposes.

DALRO (South Africa)

Undistributable royalties:

In South Africa, royalties would be undistributable due to one of the following reasons:
The rightholder is unknown (orphan work)
The rightholder is known but cannot be located (orphan work)
The rightholder is non-mandating

In all three above scenarios, where there is either a reasonable expectation of identifying the rightholder, tracing the rightholder or securing a mandate from the rightholder, the royalties are transferred into a “suspense account” awaiting one of these outcomes.

DALRO retains “undistributable” royalties “title-tied” in the suspense account for a period of three years, after which they are transferred to a “royalty claims reserve”. DALRO does not enforce a prescription period for royalty claims.

DALRO also has a Non-mandating Rightholders Tracking Policy which sets out the procedure to be followed to identify and contact non-mandating rightholders whose royalties have been collected by DALRO.

How do RROs demonstrate transparency?

RROs are accountable to rightholders and users and need to be able to demonstrate that they are acting efficiently and in good faith. The following examples illustrate some of the methods put in place by RROs for ensuring transparency of their operations.

CEDRO (SPAIN)

General licenses: CEDRO presents every year the general tariffs to the Ministry Education and Culture.

Licenses for specific uses: Rightholders determine the tariff for each type of use/work.


Rightholders can access their own information about the distribution royalties through CEDRO’s intranet.

CLNZ (NEW ZEALAND)

New Zealand rightholders are notified of the amounts they may be entitled to claim from Distributable Funds. The Notification (Notification of Copied Works: NOCW) is based on information provided by licensees and sets out details of the:

- Title of the works copied (including article and chapter names, page numbers, volume and edition if provided);
- Imprint (publisher);
- Name of the author(s) and/or editors;
- Number of copy pages;
- Page rate;
- Amount payable for each record;
- Distribution pool from which money allocated (or RRO, or Copyright Clearance Service).

This information is available in both print and electronic formats. Payment to New Zealand rightholders is made on receipt of a Tax Invoice and a signed Distribution Warranty and Indemnity.

COPIBEC (QUEBEC, CANADA)

Each payment is accompanied by details as to the source of royalties paid, the period of time it encompasses and a list of titles reproduced.

COPIBEC administers the rights of foreign authors and publishers based on bilateral agreements signed with other RROs and in accordance with the recommended IFRRO principles. Foreign works are administered in the same manner as domestic works and payments to foreign RROs are accompanied by statements giving the details of the distribution and the list of titles reproduced when available. On request, COPIBEC provides all details of the terms of the licence with users or any other document requested by another RRO, subject to any confidential information or other applicable laws.
DALRO (SOUTH AFRICA)

DALRO generates Rightholder Royalty Statements that set out the total royalty collected, management fee deducted, the title of the work and the licensee that used the work. These statements are mailed and/or emailed directly to the rightholder.

DALRO is bound by the following frameworks:

- IFRRO Code of Conduct,
- IFRRO Relationship Between RROs Guidelines,
- CISAC Professional Rules, and
- CISAC Binding Resolutions.

So, DALRO is required to submit annual returns to both CISAC and IFRRO and to also publish its Annual Financial Statements on its website.

DALRO is committed to adhering to the international and local legal framework (i.e. copyright legislations, international accounting standards, tax legislation etc).

How do RROs deal with disagreements?

From time to time there is a dispute between rightholders as to whom should be paid and how much. The examples below show how RROs manage these disputes.

BBDA (BURKINA FASO)

Amicable agreement is the most frequently used mechanism of dispute management by BBDA.

Copyright Agency (AUSTRALIA)

If Copyright Agency is notified of a dispute between members about entitlement to claim money from its distributions, it holds any money allocated for the relevant work or works pending resolution of the dispute. Members are encouraged to resolve the dispute themselves.

Where members cannot resolve the dispute between themselves, a dispute resolution procedure applies.

For disputed allocations of less than $2,000 or where no allocation has been made, Copyright Agency may offer to refer the dispute to an independent expert for binding resolution. All parties to the dispute must agree to the referral and they must also agree to bear their own costs.

For disputed allocations of $2,000 or more, Copyright Agency may offer facilitated mediation or expert determination, in accordance with the process set out in its Disputed Allocations Resolution Procedure. There is information about the dispute resolution procedures on the Copyright Agency website.10

CLNZ (NEW ZEALAND)

Any dispute regarding an amount paid or payable to a rightholder must be made in writing by or on behalf of the rightholder and must give the name and address of the person or organisation making the complaint. The matter is first referred to the CEO for determination. If the matter remains unresolved, it is passed on to the CLNZ Board for decision. If the rightholder remains aggrieved, the matter shall be referred to mediation within 14 days.

No disputes of this type have occurred in CLNZ’s history.

COPIBEC (QUEBEC, CANADA)

If a royalty dispute occurs between publisher and creator, COPIBEC requests a copy of the contract from either party - generally supplied by Quebec indigenous publishers only. No royalties are distributed until the dispute is settled. COPIBEC decides by reading the contract if the creator has assigned rights.

If the dispute is between COPIBEC and a Copyright Owner, the latter can present a request to a review committee set up for this purpose by the Board of Directors of COPIBEC.

10 www.copyright.com.au/About_us/Our_Services/Copyright_Agency’s_operations.aspx
DALRO (SOUTH AFRICA)

In the very rare instances when DALRO encounters disagreements between (potential) rightholders, proof of rights ownership (creator/publisher contract, commissioning agreement etc) is required to settle the dispute. In almost all cases, sufficient proof is received to settle the matter.

KOPINOR (NORWAY)

To mediate questions related to distribution, the Distribution Committee appoints two of its own members as mediators, usually one creator and one publisher. Ordinarily, the mediators present a mediation proposal for the parties’ consideration, although in some cases the mediators may opt to forward the case directly to the full Distribution Committee, for example, in cases in which it is obvious that the mediation proposal will not be accepted.

If mediation is not successful, the Distribution Committee shall deal with the question in a plenary session and adopt a distribution decision. As a basis for the decision, the organisations in question present their arguments in writing or argue them orally before the Distribution Committee. In the event an organisation does not accept a ruling on distribution, the case must be presented for arbitration.

Kopinor’s Arbitration Tribunal consists of three copyright experts. The creators’ organisations and the publishers’ organisations shall appoint one member each, then the two appointees shall jointly select the third member. Decisions of the Arbitration Tribunal are binding and may not be appealed. All costs in connection with arbitration shall be borne by the member organisations party to the arbitration.

How much goes to administrative and social payments?

All RROs need to deduct administrative costs from the revenue that they collect but it generally does not exceed 25% and is often much less – as low as 7 to 9% in the case of VG Wort. In many countries there are also funds set up to help rightholders and to encourage creative activity.

BBDA (BURKINA FASO)

The BBDA management costs are deducted from collections of remuneration for reprography, according to a percentage (25%), which is established by the distribution regulations in force in Burkina Faso.

Copyright Agency (AUSTRALIA)

Management costs

Copyright Agency deducts either:

- a fixed administrative fee11 (between 7.5% and 20%, depending on the complexity of administration, including the cost of data collection and processing); or
- operating costs actually incurred, which will vary from year to year.

The Constitution entitles the Board to authorise an allocation of up to 1.5% of revenue for a period (except artists’ resale royalties) for its Cultural Fund. This allocation is included in the deductions for both operating costs and fixed administrative fees.

Copyright Agency may only deduct operating costs and the 1.5% Cultural Fund allocation from licensing revenue, including interest earned. The balance must be held in trust for distribution to rightholders.

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11 Fixed administration fees are deducted from licence fees received from Digital Press Clipping licences to media monitors, Copyright Express transaction licences, and from overseas collecting societies. There is also a fixed administrative fee of 10% for resale royalties, in accordance with the contract with the Australian government.
Ex gratia payments

The Board has discretion to approve an ex gratia payment to a rightholder who can demonstrate that their work was substantially copied under a licence administered by Copyright Agency, but did not receive a payment from Copyright Agency reflecting that use. In determining whether an ex gratia payment should be made the Board will take into account payments to the rightholder from previous distributions.

CEDRO (SPAIN)

Administrative expenses come out of all income, including levies and they cannot exceed 20% of the collection.

CEDRO’s Articles of Association create a fund for activities and services for the benefit of members. It is fixed at 10%.

CLNZ (NEW ZEALAND)

Each blanket licensing revenue pool is offset by a proportionate share of CLNZ’s net operating costs and a contribution to the Cultural Fund (2%). The balance is declared for distribution in the following calendar year.

CLNZ deducts a fixed percentage for costs incurred in the distribution of revenue from copyright clearance services and overseas RROs as follows:

- Copyright Clearance Services 25%
- Overseas licensing revenue
  - Mandated publishers 7.5%
  - Unmandated publishers 15%

The revenue received from these charges is offset against CLNZ’s net operating costs which are allocated proportionately against the revenue from blanket licensing schemes.

Other than the normal overheads of running a commercial business, each year CLNZ supports its shareholder organisations’ members via grants for professional development and conferences. These are managed by the shareholder organisation (Publishers’ Association of NZ and NZ Society of Authors). In the past 3 years, funds have also been allocated to support the publishing sector in establishing a digital publishing service for New Zealand publishers and creators. Other expense items of note include the cost of running the data collection process (which has a dedicated staff member and requires a significant amount of travel) and participation in the activities of IFRRO and working with other RRO’s. The travel costs associated with this are considerable given New Zealand’s location.

Each year 2% of revenue from domestic blanket licensing schemes is allocated to a separate account for cultural purposes conducive to the interests of publishers and creators in line with CLNZ’s Constitution. The predominant use of these funds is awards to creators for the research and writing of non-fiction works.

Ex Gratia Payments

CLNZ’s Board of Directors can elect to make payments to rightholders who can establish substantial copying of their works under a CLNZ licence that has not been identified by the copying records.

DALRO (SOUTH AFRICA)

Royalties are subject to a 25% administration fee on local fees collected (15% for royalties collected by RROs abroad) that DALRO deducts to cover its operational costs.

KOPINOR (NORWAY)

Approximately 11% of the fees collected in 2011 were used to cover Kopinor’s administrative costs. They are deducted from each area in proportion to their share of Kopinor’s collections the same year. The rest is distributed on a quarterly basis to Norwegian and once a year to foreign rightholders.
VG Wort (Germany)

Distributions from all departments are subject to the deduction of an administrative fee which reflects the actual cost of administration across all departments, and varies from year to year. Normally this is in the range 7 to 9% of income.

In addition the available money within each department may be subject to social and/or cultural deductions, in accordance with the German Copyright Administration Law. The social funds organised by VG WORT are intended to support pensions and give financial assistance in case of need. The cultural fund assists the first publication of scientific works.