

***AMCOS DISTRIBUTION  
PRACTICES***

## ***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 user is to be used for the basis of distribution.

AMCOS's distribution is based on the premise that the licence fees 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 musical content.

The following table list 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 both to Australian and New Zealand income except where noted otherwise.

## Sources of Licence Fee Revenue

	LICENCE TYPE	LICENSEES (approx no.)	FEE STRUCTURE	DISTRIBUTION METHOD	SECTION NO.	PAGE NO.
1.	Non-Major Record Companies (Audio) Australia	40	Subject to Industry Agreement with ARIA (Australian Record Industry Association).  8.7% of PPD or 5.98% of RRP subject to min fees. Retentions allowed at different rates for firm sales and sale or return.	Pay per use	1	8
	Non-Major Record Companies (Audio) New Zealand	10	Subject to Industry Agreement with RIANZ (Recording Industry Association of New Zealand)  8% of PPD or 5.6% of RSP subject to min fees  Retentions allowed for consignment sales	Pay per use	1	8
2.	Non-Major Record Companies (Video) Australia	10	Subject to Industry Agreement with ARIA.  6.5% of PPD (background music receives 50% discount and if total music content is less than 80% rate is calculated on a pro rata basis).	Pay per use	2	8
	Non-Major Record companies (Video) New Zealand	1	Per Industry Video Agreement  5% of PPD	Pay per use	2	8
3.	Non-Major Record Companies (Karaoke) Australia	3	Based on Industry Audio Agreement with ARIA.  10.5% of RRP and 15.25% of PPD with min fee of 17.5c per work.	Pay per use	3	8
4.	Occasional Sundry Clients Australia	1,500 p.a.	Percentage of RRP (5.98%) subject to a min fee per track (5c) or per recording (\$15).	Pay per use.	4	8
	Occasional Sundry Clients New Zealand	170 p.a.	Percentage of RRP (5.60%) subject to a minimum fee of \$10 per recording	Pay per use.	4	8
5.	Production Music Australia	2,000	Application fee plus per 30 second unit rates. Different rates for different applications (e.g. advertisements, video, television programmes, music on hold etc).	Pay per use.	5	9
	Production Music New Zealand	320	Application fee plus per 30 second unit rates. Different rates for different applications per Australia	Pay per use	5	9

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6.	Commercial Television Blanket (Reproduction & broadcast of production music sound recordings) Australia	43	Negotiated (commercial-in-confidence) fixed amounts with each network.	Direct allocation/pay per use	6	9
7.	National Broadcasters Australia	2	Negotiated (commercial-in- confidence) blanket amounts	Direct allocation	7	9
8.	TV Network National New Zealand	4	Negotiated (commercial-in-confidence) blanket amounts	Blanket	8	9
9.	Regional Television New Zealand	9	Negotiated (commercial-in confidence) blanket Amounts.	Blanket	9	10
10.	Board approved TV blanket licences. Australia	5	Either per-30 second units or per episode rates.	Blanket/Pay per use.	10	10
	Mini-Blanket Licences New Zealand	1	Negotiated fee per episode.	Pay per use	10	10
11.	Commercial Radio Blanket Australia	156	Flat fee with four tiers according to licence area. Licence covers both published and production music. Fees range from \$1,500 to \$4,000 per annum.	Blanket.	11	10
	Commercial Radio Blanket New Zealand	120	Flat fee with three tiers according to licence area	Blanket	11	10
	Community Radio Blanket Australia	191	Flat fee. Licence covers both published and production music. Fee is \$300 per annum.	Blanket.	11	10
	Community Television Blanket Australia	5	Negotiated flat fee. Fees range from \$1,000 to \$5,000 per annum.	Blanket.	11	10
	Narrowcast Radio Blanket Australia	12	Flat fee – various tiers taken from community and commercial blankets depending on station's size.	Blanket.	11	10

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12.	Pay TV Published Music Per Use Australia	9	Pay-TV channels are covered under a blanket licence but are licensed on a fee per 30-second unit rates. Fees range from \$15 to \$50 per unit.	Pay per use.	12	10
	Pay TV Blanket Australia	2	The music channels pay on a blanket licence fee basis – for historical reasons one channel pays a flat fee and one on a percentage of revenue (both fees are c-i-c).	Blanket.	12	10
	Pay TV New Zealand	1	Negotiated blanket amount	Blanket	12	10
13.	Non-Retail Blankets Australia	85	Generally for background music suppliers and radio syndication.  Either percentage of revenue (maybe subject to a minimum fee) or the minimum fee.	Blanket.	13	11
	Non-Retail Blankets New Zealand	1	Background music supplier. Negotiated blanket amount	Blanket	13	11
14.	Joint ARIA Licences Australia	1,000	Flat fees subject to some incremental adjustments. Includes dance schools & single event domestic use video.  Fees split 50/50 with ARIA	N/A  Board resolution that these monies be used to pay for industry matters at the discretion of the Board.	14	11
15.	Society Works – Synchronisation/ Premiums Australia	15 – 30 p.a.	Negotiated amounts.	Pay per use.	15	11
16.	Online General Australia	100	Varied schemes depending on service. Three main groups are - variable fee depending on use; - percentage subject to minimum fee; and - negotiated one-off agreements.  Joint licences offered with APRA. Depending on nature of site different “value splits” of the two rights apply	Pay per use/Blanket.	16	11
17.	Ringtones Australia	15	Fixed percentage of ringtone sale price subject to minimum fee per sale. 11% subject to minimum fee of 16.5 per sale(also one-off “rights” fee of \$10 per work)  Joint licence offered with APRA rights.	Pay per use.	17	13

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	Ringtones New Zealand	1	Percentage of RRP subject to a minimum fee per sale.	Pay per use	17	13
18.	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	18	13
	Screenrights – Musical Works New Zealand	0.4m	Per above	Sample/direct allocation	18	13
19.	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 (production music sound recordings only)	Sample/direct allocation	19	13
20.	Schools Photocopying Licence Australia	3m	45c per student.	Sample/direct allocation.	20	13
	Schools Photocopying Licence New Zealand	440,375	36c per student	Sample/direct allocation	20	13
21.	Schools Audio & Video Reproduction Licence Australia	3m	41.95c per student.	Sample/direct allocation	21	14
	Schools Audio & Video Reproduction Licence New Zealand	360,724	38c per student	Sample/direct allocation	21	14
22.	Overseas affiliated societies	50	Various licence fees set by affiliated societies	Pay per use.	22	14
23.	Major Record Companies Australia (Society works only)	14	Subject to Industry Agreement with ARIA (Australian Record Industry Association)  8.7% of PPD or 5.98% of RRP subject to min fees. Retentions allowed at different rates for form sales and sale and return.	Pay per use.	23	14

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	Major Record Companies New Zealand (Society works only)	14	Subject to Industry Agreement with RIANZ (Recording Industry Association of New Zealand)  8% of PPD or 5.6% of RSP subject to min fees.  Retentions allowed for consignment sales.	Pay per use.	23	14
<b>24.</b>	Major Record Companies Control Accounts Australia	14	Subject to Industry Agreement with ARIA per Section 1.	Pay per use.	24	15
	Major Record Companies Control Accounts New Zealand	14	Subject to Industry Agreement with RIANZ per Section 2.	Pay per use.	24	15
<b>25.</b>	Major Record Companies Dispute Accounts Australia		Subject to Industry Agreement with ARIA per Section 1		25	15
	Major Record Companies Dispute Accounts New Zealand	14	Subject to Industry Agreement with RIANZ per Section 2.	Pay per use.	25	15
<b>26.</b>	Major Record Companies Audit Recoveries Australia	14	Subject to Industry Agreement with ARIA per section 1.	By analogy	26	15
	Major Record Companies Audit Recoveries New Zealand	14	Subject to Industry Agreement with RIANS per section 2.	By analogy.	26	15
<b>27.</b>	Advertising New Zealand	15-30 p.a.	Negotiated amounts	Pay per use	27	15
<b>28.</b>	Synchronisation New Zealand	15-30 p.a.	Negotiated amounts	Pay per use	28	16

# EXPLANATION OF DISTRIBUTION PROCESSES

## **1. *Non- Major Record Companies (Audio) – pay per use -***

Production details are supplied to AMCOS electronically via the CMS Clearance Facility. 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 on line if necessary. A prescribed notice is issued to the record company 10 working days after the productions 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. 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. If there is no current owner at this time the monies are held in control until such time there is a current owner in a subsequent distribution quarter.

The distribution statements show the record company, production and sales detail in full.

Some record companies keep their own control accounts ie 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 the copyright works being reproduced. These monies are kept in an "unidentified account" by AMCOS for 2 years and if the ownership has not been identified within this period the royalties are credited to the record company.

## **2. *Non-Major Record Companies (Video) – pay per use***

Per i) above

## **3. *Non Major Record Companies (Karaoke) – pay per use***

Per i) above

## **4. *Occasional Sundry Clients – pay per use***

Production details are supplied to AMCOS via the CMS clearance facility as described in 1 above. Royalties are invoiced based on number of units manufactured by the client. These monies are distributed on a quarterly basis in the quarter's distribution that the invoice is paid in full. Royalties are paid to the copyright owner at time of distribution. If there is no current owner at this time but there was at time of 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 collect "unidentified" royalties however if it subsequently identifies a work as having been an AMCOS work at the time of manufacture, AMCOS reserves the right to issue an additional invoice to the applicant in respect of this musical work/s and these royalties will be distributed in the quarter the invoice is paid.

**5. *Production Music – pay per use***

Licence fees are calculated on a per 30 second or part thereof usage based on a rate card which sets out the rate for each licence category. 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 that the invoice is paid in full. Royalties are paid to the copyright owner at time of distribution.

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

**6. *Commercial Television Network Blanket Licence – direct allocation/pay per use -***

These blanket licences only cover local programs, promos and ID's as defined in the licence agreements. Cue sheet information for programmes made under these licences is extracted from the APRA performance pool for the period being distributed into a discrete AMCOS pool. Commissioned works and published music used as themes are removed as these 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. Promos and ID's are reported on paper and are manually added to the distribution pool.

If the ownership is unknown or partially unknown details of these works are circulated to AMCOS members to allow them to register their interest prior to distribution. The total licence fee is distributed at time of distribution to the current owners of the works. If a work has no current ownership or partial ownership no monies are allocated to these unrepresented shares. Distributions are made six monthly in August and February.

The reproduction by stations of production music into advertisements, community service announcements, event promotions and radio promotions is licensed by AMCOS per 5 above.

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

Licence fees received from the ABC and SBS are pooled together. Same process as vi) above with the exception that promos and ID's are not included in the pool. Distributions are made on a six monthly basis in May and November.

**8. *TV Network National New Zealand – direct allocation***

Same process as vi) above. Distributions are made on a six monthly basis in May and November.

## **9. *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 distribution pools per licensee. If the ownership of the works is unknown or partially unknown details of these works are circulated to AMCOS members to allow them to register their interest prior to distribution. The total licence fee is distributed at time of distribution to the current owners of the works. If a work has no current ownership or partial ownership no monies are allocated to these unrepresented shares. Distributions are made on a six monthly basis in May and November.

## **10. *Mini-Blanket 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 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.

## **11. *Commercial Radio/Community Radio/Community Television/Narrowcast Radio – distribution by analogy***

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

## **12. *Pay TV***

Pay TV channels are licensed under a blanket licence but are invoiced on a pay per use per 30 second, or part thereof, unit rate. Cue sheets are received from the licensees and invoices created. Licence fees are distributed in the quarter the invoice is paid in full.

The Pay TV music channels are licensed under a blanket licence. The licence fees are distributed based on the music logs provided to APRA. Each work receives one credit point per 30 seconds or part thereof. If the ownership of any work is unknown or partially unknown details of these works are circulated to AMCOS members to register their interest. The total licence fee is distributed at the time of distribution to the current owners of the works.

### **13. *Non Retail Blanket Licences – blanket licence -***

These licences are issued to background music suppliers eg airlines in-flight audio systems and radio syndicators. The licensees are required to provide music usage details which are allocated to the licence fees on a song occurrence basis ie not duration as this is not normally provided. Licence fees from similar music users are “pooled” together as not all licensees provide music usage details. Owing to the large number of works reproduced and the relatively low licence fees works are included in the distribution until a minimum per work value of \$10 is reached. If the ownership of any work is unknown or partially unknown details of these works are circulated to AMCOS members to register their interest. The total licence fee is distributed at time of distribution to the current owners of the works. Distributions are made six monthly in August and February.

### **14. *Joint ARIA Licences***

50% of the licence fees collected are paid to ARIA. By a resolution of the AMCOS Board the AMCOS share is not distributed. It is used to pay for industry matters at the discretion of the Board.

### **15. *Society Works – 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.

### **16. *Online – pay per use/direct allocation/by analogy***

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

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. 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 licence basis the licence fees are distributed in the quarter the invoice is paid in full provided the music usage has been provided. The total licence fee is distributed at the time of distribution to the current owners of the works. No monies are carried forward.

The table below lists the categories of Online Licensing and indicates how the licence fees are split between the mechanical reproduction right (AMCOS) and the communication right (APRA)

<b>Licence Category Code / Licence Description</b>	<b>Split (AMCOS then APRA)</b>
50401-1-A1-1 – Single Event Live Music Concert (narrowband)	0:100
50401-2-A2-1 – Live Music Concert Channel (narrowband)	0:100
50402-1-A3-1 – Ringtones (APRA)	0:100
50414-1-B1-1 – Audio Webcast Channel (general)	10:90
50414-2-B1-2 – Audio Webcast Channel (corporate)	10:90
50414-3-B1-3 – Audio Webcast Channel (private individual)	10:90
50414-4-B1-4 – Audio Webcast Channel (limited general)	10:90
50414-5-B1-5 – Audio-visual Webcast Channel (general)	10:90
50413-1-B2-1 – Net-simulcast (commercial radio station)	10:90
50413-2-B2-2 – Net-simulcast (community radio station)	10:90
50413-3-B2-3 – Net-simulcast (narrowcast radio station)	10:90
50415-1-B3-1 – Net-simulcast (television) - n/a at this stage -	10:90
50416-1-B4-1 – Television Webcast Channel - n/a at this stage -	10:90
50421-1-C1-1- Interactive Audio Webcast Channel - n/a at this stage -	20:80
50421-1-C2-1 - Interactive Visual Webcast Channel - n/a at this stage -	15:85
50431-1-D1-1 – Single Event Music Concert with Archiving	10:90
50431-2-D2-1 – Music Concert Channel with Archiving	20:80
50431-3-D3-1 – Musical Festival Site with Archiving	20:80
50431-2-D4-1 – Communication to Public (production music)	20:80
50431-2-D4-2 – Communication to Public (stand alone)	20:80
50431-1-D5-1 – Miscellaneous Telephone Music Applications	20:80
50441-1-E1-1 – Looped Website Music (genral)	
50441-1-E1-2 – Looped Website Music (not for profit)	
50441-1-E1-3 – Looped Website Music (private)	
<b>50552-1-F1-1 – Record Preview Service (clips only)</b>	
50552-2-F2-1 – On-Demand Music Services (corporate)	
50552-2-F2-2 - On-Demand Music Services (not for profit)	
50552-2-F2-3 - On-Demand Music Services (private)	
50552-3-F3-1 – Movie Previews/Trailers	40:60
<b>50552-4-F4-1 - TV Programme Material/Promotions on the station's Website</b>	40:60
<b>50552-5-F5-1 – TV Programme related Website</b>	40:60
50561-1-G1-1 - Subscription Music Services (Downloads/Locker Rooms etc)	60:40
50562-1-G2-1 - MIDI Files	60:40
50571-1-H1-1 - Ringtones (AMCOS)	100:0

### **17. RINGTONES – pay per use**

Licensees provide details of works sold as ringtones on a quarterly basis and they are invoiced on a per work basis per their licence agreement. The licence fee is either calculated on a fixed percentage of the ringtone sale price or a fixed sum per work and is distributed in the quarter the invoice is paid in full to the current owners of the work/s.

### **18. SCREENRIGHTS MUSICAL WORKS - sample/direct allocation**

Screenrights is the copyright 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 distributes this money on a non-profit basis to all relevant rights owners whose works have been copied, including rights owners in musical works included in copied programs. Based on a sample system devised by A C Neilsen Screenrights sends a list of all copied program titles to APRA, APRA then identifies all the relevant rightsowners in the copied musical works. Screenrights notifies APRA of the amount of money that has been allocated to musical works in total for those program titles and APRA 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 (ie whether it is a featured piece or background only) in determining the allocation. Where the rightsowner is a member of AMCOS the payment is made to AMCOS. These payments are received by AMCOS electronically and the works are matched/added to the data base together with the amount received. These monies are distributed annually by the 31<sup>st</sup> December each year.

### **19. Screenrights Production Music 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 musical works. Where the rightsowner is a member of AMCOS, as is the case with rightsowners 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.

### **20. Schools' Photocopying licence – 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 print musical works. As a result AMCOS negotiated a voluntary licence with the major educational bodies in Australia. A similar scheme has operated in New Zealand since 1996.

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

The distribution is made by distributing the total amount of money received in licence fees minus administrative costs and expenses. The distribution is made by dividing the total amount received by the total number of copied pages in the data to obtain a per page rate. 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 and the print right owner (ie the publisher that has the right to print the musical work in graphic form). 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.

## ***21. Schools Audio & Video Reproduction Licence – sample/direct allocation***

This is a joint licence with ARIA ( Australian Record Industry Association). Once AMCOS' administration fee has been deducted for administering the licence on ARIA's behalf, the royalties are split 50/50. All additional costs of administering the licence such as sampling costs are borne equally between AMCOS and ARIA.

Royalties from this licence scheme will be distributed annually in accordance with data received from the schools' sample survey conducted by AC Neilsen. Each year 60 schools from 3 or 4 different states around Australia will keep records about audio and video recordings that they make under this licence for educational purposes.

## ***22. Overseas Affiliated Societies – pay per use***

Monies received 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 analysis and processing the payments. The royalties are allocated to the musical works as detailed on the statements received.

## ***23. Australian/New Zealand Major Record Companies – pay per use***

AMCOS's exclusive licence with its members does not apply to records made by any of these companies however AMCOS does collect on behalf of its affiliated sociétés, where the works are not represented by a local publisher and APRA writers who have signed an exclusive agency agreement. Claims with the major record companies are made by means of the CMS clearance facility and payments are received quarterly with sixty days of the end of each quarter. These distributions are in the main received electronically, processed and monies allocated to the relevant musical works. Distributions are made to the affiliated societies half yearly and quarterly to the agency writers.

#### ***24. Major Record Companies Control Accounts – pay per use***

As part of the audit process AMCOS receives details of all works being held in control. 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 quarter.

#### ***25. Major Record Companies Dispute Accounts – pay per use***

Under the Industry Agreements with the Recording Industry bodies monies being held in dispute for more than two quarters are paid to AMCOS on behalf of its' members. AMCOS researches the ownership of these works and where the dispute is found to be resolved the monies are paid to the copyright owners. If the work is still in dispute details of the source of the dispute income is added to the works file and a report is run monthly to check if the dispute is resolved and the monies can be distributed on a quarterly basis.

#### ***26. Major Record Companies Audit Recoveries –distribution by analogy***

Under the Industry Agreements with the Recording Industry bodies AMCOS is entitled to audit the members of ARIA (Australian Recording Industry Association) and RIANZ (recording Industry Association of New Zealand). The right of audit under these 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 of the audit 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 distributed. In most cases the audit recoveries are not attributable to particular records so another method of distribution has to be used. The AMCOS Board has approved the use of Record Club sales for the audit period to be used as a basis for distribution, the audit recoveries are pro-rated over the sales reported by the record clubs.

#### ***27. New Zealand Music Work Advertising Licensing – pay per use***

AMCOS New Zealand licences published music for use in television, radio and cinema advertisements. All licence requests are forwarded to the copyright owners for approval before the licence is issued. As the copyright owners quote their fees in Aust dollars a New Zealand dollar invoice is raised using the applicable exchange rate.

Licence fees are distributed monthly by the AMCOS New Zealand office directly to the copyright owner/s. AMCOS charges 5% commission which is added onto the licence fee quoted by the copyright owner.

### ***New Zealand Sound Recording Advertising – pay per use***

In tandem with the process in 27) above AMCOS New Zealand also licences the sound recording for use in television, radio and cinema advertising so that the Licensee only has to deal with one party. All licence requests are forwarded to the copyright owners for approval before the licence is granted.

Licence fees are distributed monthly by the AMCOS New Zealand office directly to the copyright owner. AMCOS charges 5% commission which is added onto the licence fee quoted by the copyright owner.

### ***28. New Zealand Synchronisation Licensing – pay per use***

AMCOS New Zealand licenses published music for use in audio visual presentations, promos, films, DVDs 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.