

## Changes to the PPCA Distribution Policy – July 2024

### An explanation of the changes

#### What are the changes to the PPCA Distribution Policy?

The changes to the PPCA Distribution Policy have been made to change the way allocations are made for charitable, educational and like purposes and how certain expenses are treated as a part of the annual PPCA Distribution. The changes are summarised below:

- ***Changing the deduction for charitable, education and like purposes of 2.5% of earnings from the Local Distribution Pools to no more than 1% from the Local Distribution Pools and the International Distribution Pools (ie the overall distributable surplus)***
- ***Changing the % allocation for the IFPI Subscription expense so that it is apportioned consistently across all earnings, in the same way as other general expenses***
- ***Removal of references to the PPCA Performers Trust Foundation Allocation, which had from time to time benefitted from the charitable, educational and like purposes pool***

#### What are the details of these changes?

##### ***Update 1: Changes to the allocations made for charitable, educational and like purposes***

Under the previous PPCA Distribution Policy, PPCA deducted 2.5% of the earnings from the Local Distribution Pools for charitable, educational and like purposes. Those funds were allocated by resolution of the PPCA Board and had generally been used to support programs like Sounds Australia, the Australian Copyright Council, Support Act Limited, the PPCA Sound Recording Grants delivered in collaboration with the Australia Council and others. The balance remaining (ie the difference between the 2.5% total and the amounts allocated by the PPCA Board) was then allocated to the PPCA Performers' Trust Foundation for the purpose of awarding non-recurring grants.

This has been problematic, as the 2.5% sum is not known until the distribution process is finalised each December, and the value of the local repertoire pool is determined. This means that, throughout the financial year, the PPCA Board is making decisions about such allocations with limited information on the total amount available to it.

To make it simpler and more transparent, rather than taking 2.5% of earnings from the Local Distribution Pools, a deduction of no more than 1% will be applied to the overall amount that PPCA has to distribute:

***ie. PPCA will deduct no more than 1% from the overall distributable surplus comprising from the Local Distribution Pools and the International Distribution Pools.***



This will provide the PPCA Board with greater clarity on the funds available for these sorts of projects throughout the course of the financial year and, at the end of the year, only the specific amounts so allocated will be deducted. This means that the % deducted each year will vary, but will never exceed 1% of the distributable surplus.

### ***Update 2: Changes to the IFPI Subscription Expense***

Collecting societies around the world, including PPCA, subscribe to the [International Federation of the Phonographic Industry \(IFPI\)](#), which is the organisation that represents the interests of the recording industry worldwide. Under the previous PPCA Distribution Policy, PPCA deducted 10% of the IFPI subscription costs from the earnings from the Local Distribution Pools and 90% of the subscription costs from the earnings from the International Distribution Pools.

In order to streamline PPCA's expense deductions, the IFPI subscription will now be treated like all other general expenses, having the effect of spreading it proportionally across all of the repertoire receiving an allocation in the annual distribution.

### ***Update 3: Removal of the PPCA Performers Trust Foundation***

As set out in Update 1 above, under the previous PPCA Distribution Policy, the PPCA Performers Trust received the amount remaining from the 2.5% of the earnings from the Local Distribution Pools after the deduction of the PPCA Board approved grants. This was challenging to manage, and it meant that the amounts available to the PPCA Performers Trust Foundation for the awarding of grants was often insubstantial.

The PPCA Board resolved that allocations to the PPCA Performers Trust Foundation should end, and instead PPCA will consider any further requirements for grant allocations within the amount that is available in Update 1 above.

### **Why the changes?**

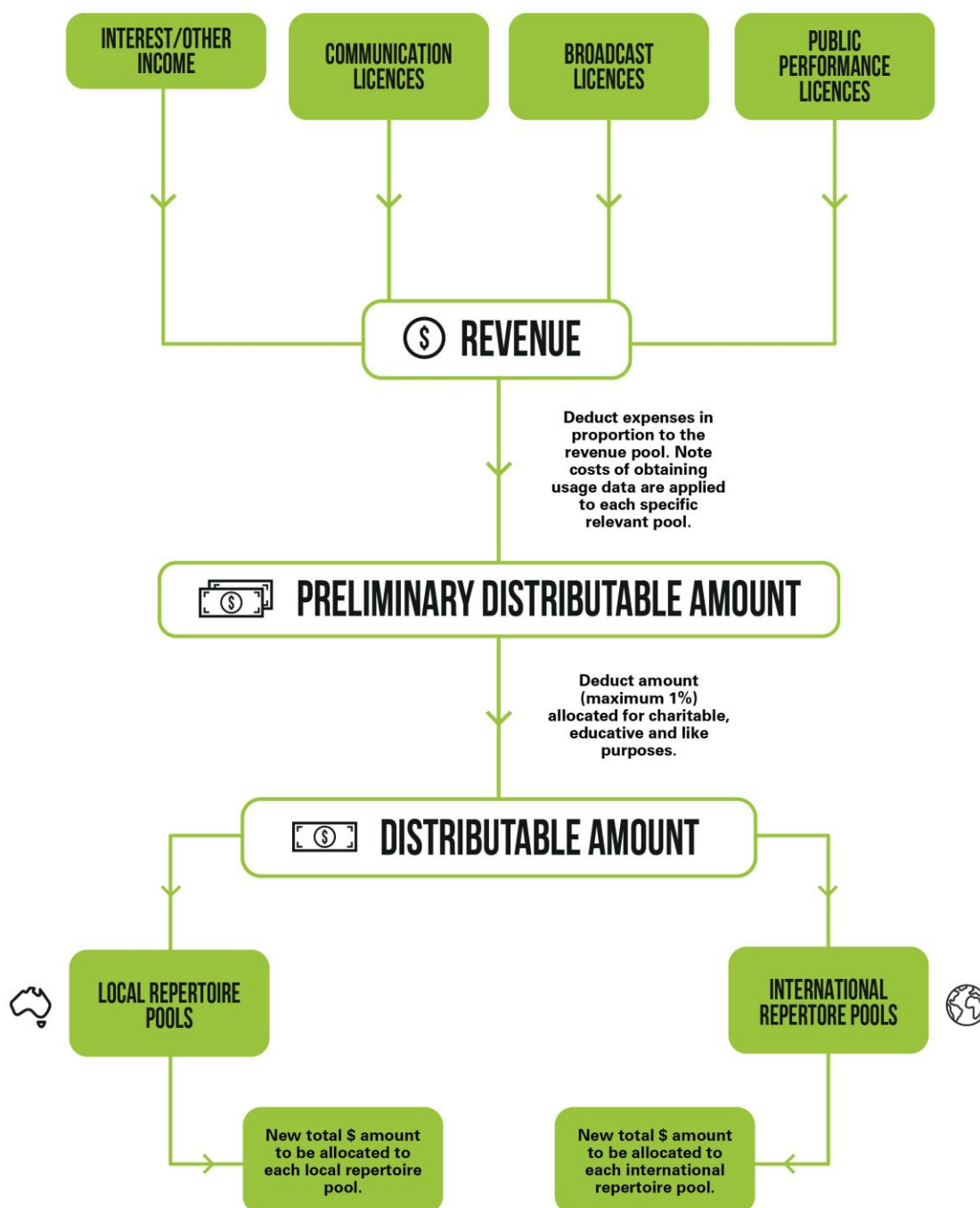
PPCA strives to continuously improve our processes to reduce inefficiencies and maximise distributions as best as we can. We believe these changes to the Distribution Policy will:

- treat the deduction of expenses consistently across all earnings – not just specific repertoire pools, which is more equitable
- improve transparency. The simplified methodology means greater transparency, as the amount available for allocation for charitable, educational and like purposes is easier to track as the financial year unfolds, as opposed to the previous methodology where the amount available is determined after financial year end, when the distribution is run at the end of the calendar year.
- simplify the distribution process.

These changes to the PPCA Distribution Policy have been made in accordance with clause 8.2 of the PPCA Input Agreement.

This diagram provides a high level overview of the process, to make it easier to understand.

## HOW THE DISTRIBUTION POOL AMOUNTS ARE DETERMINED





## Documents for your review

The revised PPCA Distribution Policy is available on the PPCA website at: <https://www.pcca.com.au/about-us/policies-and-constitution>. You should review the *entire policy*, but the key changes are in Schedule 3. Minor changes have also been made throughout the policy as a result of these changes.

## What happens if I agree to the proposed changes?

If you agree to the proposed changes to the PPCA Distribution Policy, you do not need to do anything further.

## What happens if I do not agree to the proposed changes?

If you do not agree with the changes to the PPCA Distribution Policy, then you may terminate your PPCA Input Agreement under clause 13.1. To terminate your PPCA Input Agreement, you will need to notify PPCA in writing, and the termination of your PPCA Input Agreement will take effect from 30 June 2025.

## How do I contact PPCA if I have any questions about this?

If you have any questions for PPCA, please contact the PPCA Distribution team:

- Email: [distribution.mail@ppca.com.au](mailto:distribution.mail@ppca.com.au)
- Phone: + 61 2 8569 1133

### ABOUT PPCA

Phonographic Performance Company of Australia (PPCA) is a non-profit copyright collecting society that provides blanket licences for the use of recorded music in Australia. Revenue generated from licensing is distributed to registered record labels and registered artists so they can continue to make music for all of us to enjoy.

*We acknowledge First Nations people as the Traditional Owners and sovereign custodians of the lands on which we work and live. We recognise their continuing connection to Country and their respective nations across this continent and pay our respects to their Elders past and present. We also celebrate the unique and inspiring creativity and songlines of the world's oldest living culture and give thanks for the immeasurable influence First Nations people continue to have over the music and art we all enjoy.*