

# OVERSEAS REVENUE

## Key concepts

- The value of most overseas performances is determined by the local collection society rather than PRS.
- Where possible, in the vast majority of cases, revenue received from affiliate societies is distributed in accordance with the copyright picture held on PRS systems.
- Revenue received from affiliate societies is paid in the next quarterly distribution in the majority of cases.
- PRS also collects money from some overseas territories where it is the directly responsible licensing body. These collections may be direct or via specially appointed agents acting specifically on behalf of PRS. PRS continues to invest in increasing the accuracy of distributions made for these agency revenues.

## Unmatchables and carry forwards

All usages that automatch are distributed. All usages that require manual matching and are worth at least £5 are distributed. Items worth less than £5 and that requiring manual matching do not feature in the distribution. Money for works not included in the distribution is pro-rated across works that are included.

In the event that a usage is not successfully matched in time for the distribution, this will be carried forward to feature in the next quarterly distribution.

# Revenue received from affiliate societies

## Introduction

PRS appoints other societies to license usage of PRS controlled repertoire in other countries, usually by a reciprocal contract of representation. These contracts acknowledge that the collection and distribution policies of the collecting societies apply for the mandated usage.

## Royalty source

Revenue is collected by the local affiliate society in the territory of performance from a wide variety of licensees covering all of its copyright music use. Subsequently the affiliate society remits to PRS the portion of the collected revenue it has identified as attributable to PRS members.

## Distribution policy

### Revenue apportionment/performance value calculation

The society that collected the revenue also values the performances it has processed. This means that performance valuation is subject to the affiliate society's rules. The affiliate society submits revenue to PRS with sufficient information to enable PRS to identify the works and interested parties to pay.

### Distribution basis

All data submitted by affiliate societies is loaded into PRS systems for matching.

The local society's policies and procedures determine the data used to value the usage.

### Distribution cycle

PRS distributes this revenue on a quarterly basis, usually at the first distribution after the revenue and data is received.

The time gap between performance and distribution is subject to the distribution timetable of the affiliate society.

## Processing policy

### Data provider and format

Data provided to PRS by an affiliate society includes interested party information as well as work detail and the appropriate share of the royalty value.

Data is provided in electronic format.

### Processing thresholds and rules

The data is pre-processed by the collecting affiliate society. However, a further matching process takes place at PRS to ensure that payment is made according to the current copyright picture. In most instances, the high quality of the pre-processed data enables automatching. Where manual matching is required, PRS will only manually match royalty payments worth more than £5.

# Retransmission revenue

## Introduction

Retransmission revenue is collected by an affiliate society in its territory where a channel that is broadcast from another territory is retransmitted locally by cable, satellite, IPTV network or other platform. PRS licenses the direct-to-home broadcast across Europe and parts of the Middle East and Africa for a number of major networks, including Discovery, Disney, MTV and Turner. PRS has an established relationship with the source of the content and most importantly, an arrangement to collect and process actual performance logs for each of the feeds. These direct to home broadcasts licensed directly by PRS are not themselves retransmissions but are broadcasts.

## Royalty source

Revenue collected by the affiliate society from the retransmitting licensee is remitted to PRS so that a distribution can be made over actual performance logs which PRS has already processed for the original broadcast. The collecting society can opt to retain up to 15% for distribution to its local publishers.

## Distribution policy

### Revenue apportionment/performance value calculation

The affiliate society supplies a schedule detailing the channel-by-channel breakdown of the revenue it has remitted. The value of each service is subject to the local society rules and licensing fees.

Revenue allocated to a specific channel is paid directly over the broadcast logs for PRS has already processed for that channel ensuring the relevant feed for the territory of reception is used.

### Distribution basis

PRS is committed to making accurate distributions of retransmission revenue. It is making strong progress towards applying the following value based approach to distribution sample sizes for channels not already subject to census processing:

Channel revenue	Sample size
More than £500,000	100%
Between £100,000 - £500,000	50%
Between £25,000 - £100,000	25%
Less than £25,000	10%
Less than £5,000	1%

## **Distribution cycle**

PRS aims to include received retransmission revenues in the next quarterly distribution after revenue receipt. The time gap between performance and distribution is subject to the collecting society's distribution schedules.

## **Processing policy**

### **Data provider and format**

The data is provided by the licensee, usually in electronic format.

### **Processing thresholds and rules**

All usage goes through an automatch and, where necessary, manual match process.

## **Other notes**

If a sub-publisher share has been previously deducted by an affiliate society then the publisher share distributed by PRS is reduced accordingly. This applies for broadcasts originating in PRS territory that are subsequently retransmitted in other territories.

In rare cases PRS receives retransmission royalties from affiliated societies for channels for which no UK broadcast licence exists. In these cases PRS has no usage data from the broadcaster over which to distribute the royalties. When this happens PRS will consider buying usage data from a third party supplier which monitors programme usage across various European TRV services. Such data is usually limited to identifying programme usage only and contains no cue sheet data. PRS will process the programme usage against whatever cue sheets already exist on its database and distribute the money against that data. It should be noted that there will be no interstitial data included in distributions made this way.

For administration deductions PRS follows the guidelines of the CISAC recommendation known as 'The Dublin Agreement' that administration recovery rates in respect of retransmission revenues should not be more than half of the rate used for the original broadcasts. For example if the rate for the original broadcast was 12% the rate for retransmission revenues will not exceed 6%. For details of the current admin recovery rates see the Appendix.

For UK services that retransmit broadcasts originating in territories administered by affiliate societies, such as a UK satellite and cable operator's retransmission of European broadcast services in the UK, the reverse applies. PRS licenses the retransmitting company on a per channel basis and, for the purposes of enabling the society to carry out the distribution, remits the money collected net of administration recovery, but without making a sub-publisher deduction directly to the affiliate society operating in the territory of the originating broadcasts.

# Revenue collected in PRS agency territories

## Introduction

PRS also collects royalties directly in a number of mandated territories, referred to as agency territories. The major agency territories are the Bahamas, Cyprus, Gibraltar and Malta.

## Royalty source

PRS collects revenue in agency territories in the same way it collects revenue in the UK. Tariffs are set as appropriate for the territory of operation but PRS principles are employed consistently. Radio and TV stations, live concerts and the use of recorded background music are the major sources of income from the agency territories.

## Distribution policy

### Revenue apportionment/performance value calculation

Revenue collected for broadcast sections is distributed directly over reported performance data for these services.

Where an identifiable major live concert is licensed, this revenue is distributed directly across the set lists received for this event. Smaller gigs are distributed through claims made via the gigs and clubs scheme.

Revenue received for public performance of recorded music is distributed by analogy across available broadcast data and live set list information.

### Distribution basis

The gigs and clubs scheme is available in the larger agency territories for live events. For larger concerts, set lists are collected and used to distribute the events licence fee.

For broadcasting, a census based distribution is sought wherever possible, provided that this is warranted by the value of the distribution section. Otherwise a sample analysis, usually 10% of broadcast days or three days a month, is undertaken. Revenue for the individual station is distributed across the supplied data.

In addition, the major cruise lines provide details of set lists and films screened. Background music usage on cruise ships is distributed as if it were General Recorded (Other). Revenue for music usage in cabins on cruise ships is apportioned to TV channels carried by local cable operators.

### Distribution cycle

From 2011, PRS distributes agency revenues twice annually, in December for January to June performances and in July for July to December performances from the previous year. Note that cruise ship films are distributed only once each year.

## **Processing policy**

### **Data provider and format**

The data is provided by a range of licensees. PRS has also tracks broadcast usage in Malta through music recognition technology provided by BMAT.

### **Processing thresholds and rules**

All usage goes through an automatch and, where necessary, manual match process.

### **Unmatchables and carry forwards**

These are dealt with in the same way as UK broadcasts, and are added to the unidentified performances list where appropriate.

## **Other notes**

PRS is focused on increasing the accuracy of agency revenues and distributions, to bring in the principles of UK domestic distributions and the same high standards. Significant progress has been made, for example since 2011 BMAT has been providing PRS with broadcast performance data from Malta via the use of music recognition technology.