

Transparency Report Copyswede Cooperative Economic Association 2018

Introduction

This transparency report has been prepared in accordance with the Swedish Act on collective management of copyright for the financial year ending 31 December 2018. The report must be read together with the *Annual Report 2018* and *Distribution of Revenue 2018* in order to obtain a complete picture of Copyswede's financial position. The publication can be downloaded here: <https://www.copyswede.se/om-copyswede/arsredovisning/>

Legal structure

Copyswede is a non-profit, collective management organisation and cooperative economic association which was founded in 1982 and is wholly owned by fourteen member organisations which all represent Swedish authors and performing artists.

Copyswede's board of directors consists of seven members who possess expertise relating to agreements concerning literary and stage works, agreements concerning pictorial art, agreements concerning the performances of performing artists and agreements concerning copyright in the music sector. In order to offer comprehensive licensing solutions, Copyswede also works with organisations which represent music producers (IFPI), film and TV producers, the Swedish Film Producers' Association (FRF), and with TV and programme companies through their collaboration organisation (UBOS).

Copyswede has no subsidiaries or any other control as owner of any other legal entity.

Copyswede is subject to supervision by the government agency, the Swedish Patent and Registration Office (PRV).

Licensing and revenue collection

Copyswede licenses the retransmission of TV and radio programmes in various media and manages the Swedish levy system for private copying. On behalf of our member organisations, we strive to ensure that cultural innovators are remunerated for their copyright. We have also been tasked by producer organisations and TV companies with licensing rights and collecting revenue on their behalf within certain areas.

We did not refuse any application for licensing during the year.

Copyswede uses the 'use year' to distribute revenues that are collected. A use year concerns the period 1 January to 31 December.

We use two categories of rights:

- use of rights in Sweden,
- use of Swedish rights abroad.

The categories are divided into the following areas of use:

- retransmission,
- private copying levy (PCL),
- other (DVD/VOD, Open archive, etc.)

Use of rights in Sweden

Retransmission in Sweden is billed quarterly around three months after the end of the first half-year period.

The private copying levy in Sweden is billed monthly after the reporting of sales of products which can be used for private copying from relevant importers and retailers within the electronics industry.

Other revenues are billed once or twice a year depending on the type of use and agreement concerned.

Use of Swedish rights abroad

Remuneration for Nordic use is received after reporting by the Nordic collaborative partners. This normally takes place around six months after the end of the use year. Nordic revenues for Swedish channels are paid together with the Swedish revenues collected for the use year concerned.

Revenues from non-Nordic collaborative partners are received on an ongoing basis during the year for different use years. Revenues from non-Nordic collaborative partners normally include information on the production that the use concerns and the person who is to receive the revenue.

Payment schedule

Copyswede's distributions can be divided into four categories which are split off and paid at different times during the year, starting within nine months after the end of the financial year. The four categories are as follows:

1. revenues which Copyswede splits off for collaborative partners within the Nordic region, and for member organisations with their own distribution system,
2. remunerations which Copyswede distributes and pays individually on behalf of certain member organisations to their members,
3. revenues which Copyswede distributes individually on behalf of certain member organisations, but which are transferred to the member organisation, which in turn pays the individual member,
4. revenues which Copyswede splits off for non-Nordic organisations with which the association has a representation agreement.

The annual schedule is as follows:

- **May:** payment to UBOS and FRF for the collection of revenues for retransmission during the autumn of the previous year.
- **June/July:** payment of revenues to Nordic collaborative organisations for retransmission and private copying for the calendar year/use year which has just ended.
- **June/July:** payment to STIM/SAMI/IFPI of their share of collected revenues regarding the year use that has just ended.
- Revenues received from non-Nordic collaborative partners are normally distributed **within three months of collection** provided that Copyswede has sufficient personal details to enable payment to be made.
- Revenues to non-Nordic collaborative partners are distributed **during the autumn**.
- The first payment to individuals is currently made **within 18 months after the end of the use year** when the data that has been collected is considered to be sufficient to enable fair distribution to take place. Funds that cannot be allocated to individuals at this stage are set aside for future allocation. The lowest individual payment made is SEK 100. Amounts under SEK 100 are allocated to individuals and paid as soon as the total amount for different revenues reaches SEK 100. The individual allocation of revenues is time-consuming as it is carried out in three stages:
 - o collection of transmission data for the use year concerned,
 - o collection of contributions to all productions,
 - o collection of personal data for all contributions.
- **Monthly** additions to individual payments are made when supplementary personal data has been received.
- Revenues for DVDs and audio books are determined once a year and distributed, together with the ordinary monthly payments to the individuals concerned.

Distribution to individuals takes place through Copyswede's own distribution system. A limitation in the system used currently means that revenues can only be determined once for a use year. As a result, some revenues which have been collected for a use year from our Nordic collaborative partners are received after the calculation has been performed and therefore remain undistributed. A solution to this issue has been developed and is currently undergoing testing. The solution is scheduled to be brought into use during 2019, and the distribution of these funds is expected to commence later in the same year.

Costs and resource use

Copyswede only incurs operating and financial costs for the management of rights. Copyswede does not provide any other types of services. During 2018, no deductions were made for social, cultural or education-related services. Net financial income is distributed in accordance with a board resolution between the capitalised funds which are distributed to the right holders.

Total operating expenses amounted to SEK 32,888,000 during 2018. These expenses are distributed in the following year in conjunction with the distribution to right holders. The deduction for expenses reported in 2018 concerns operating expenses accrued during the previous financial year.

Model for allocation of direct and indirect expenses

Copyswede has various business areas, such as the retransmission of Swedish channels and individual distribution. Direct and indirect expenses are allocated to these business areas and then deducted from the various resources (revenues). Direct expenses, such as legal expenses relating to disputes concerning the private copying levy, are allocated in their entirety to the private copying levy business area and deducted from the revenues collected for the levy itself. Other expenses such as rental costs constitute indirect expenses. Copyswede's largest cost type is staff expenses, which amounted to around SEK 17.9 million. During the budgeting process, staff expenses are allocated between the various business areas. The respective shares of personnel expenses amongst the various business areas are then used as a key to distribute indirect expenses, such as the rental of premises, between the various business areas. The budget is adopted by the board of directors and approved by all member organisations and by our collaborative partners FRF, IFPI and UBOS.

Resource use

Deductions for both direct and indirect expenses are primarily made from the resources that are collected from the licensing of retransmission in Sweden and the Nordic region, and from the private copying levy. For certain revenues, such as those for Open archive, audio books and DVDs, an estimated deduction is made for working hours and any direct costs that are attributable to the use in question. For audio books, a

direct deduction is made for expenses for statistical data concerning borrowed audio books. Costs for the business area 'individual distribution' are only deducted from the amount that is available for individual distribution.

The only deduction that is made for costs relating to resources (revenues) collected through representation agreements with organisations outside the Nordic region are the bank costs which are deducted from the payment received from the organisation concerned. No other deductions are made, and funds are distributed in their entirety in accordance with the distribution per right holder that we received from the respective organisations.

Costs are primarily deducted from the revenues collected for retransmission and the private copying levy. Costs accrued during a financial year are deducted from the various resources over the following two years depending on the level at which the distribution work is carried out, the type of distribution concerned and the collaborative partners that are to be involved in covering the costs.

Distribution of revenues to right holders

Distribution for retransmission and the private copying levy takes place at three levels:

Level 1: splitting off of revenues at collaborative partner level,

Level 2: splitting off of revenues to member organisations with their own distribution system,

Level 3: splitting off of individual revenues to be paid directly by Copyswede, via a member organisation or by a collaborative organisation.

When funds are distributed to collaborative partners at level 1, deductions are only made for collection costs for retransmission and the private copying levy, and this takes place with a one-year delay. Costs accrued during 2017 concern the 2017 use year and are deducted from funds collected during the period 2017 - 2018 which are to be distributed to the relevant collaborative partners in 2018. The funds that remain after distribution to collaborative partners are passed on for distribution between right holder groups at level 2.

At level 2, deductions are also made for expenses, e.g. for Copyswede's own development issues, with the same time delay as above before funds are distributed to the relevant member organisations. The remaining funds are passed on for individual distribution at level 3.

At level 3, deductions are also made for individual distribution and payment expenses, which takes place with a two-year delay. Costs accrued during 2017 concern the 2016 use year and are deducted from funds collected during the period 2016 - 2017 which are distributed to the right holders in 2018.

As a result, costs accrued during the year have not yet been allocated to the resource from which they are to be deducted, and these funds are allocated during 2019 and 2020.

Reporting of expenses

Expenses are reported per area of use, and not per payment to the respective counterparties or down at right holder level, as costs are deducted before distribution to counterparties takes place. The allocation model is currently being reviewed in order to consider how we can report costs per counterparty in the future.

Membership of other organisations

Copyswede is a member of the Society of Audiovisual Authors (SAA).

Collection per year

As the reporting of collected revenues is currently based on the use year of the TV programmes, we are at present unable to monitor what proportion of the revenues can be attributed to a specific collection year. Copyswede has developed system support in order to report per collection year. This support will be brought into use during 2019 for funds collected from 2019 onwards.

Financial information concerning revenues to right holders

The tables show details concerning:

- collected revenues, allocated and paid to right holders during the year,
- revenues set aside for right holders at the end of the financial year.

For use in Sweden, the information is reported broken down between the three areas of use:

- retransmission,
- private copying levy (PCL),
- other (DVD/VOD, Open archive, etc.)

For use outside Sweden, revenues are reported aggregated and not distributed between the respective areas of use.

(All tables show amounts in SEK thousand)

Financial information concerning revenues to right holders (RH)

Analysis per managed rights category (SEK thousand)

	Collected on behalf of RH inc. net financial income	Deduction for costs	Allocated to RH 1)	Paid to RH and organisations	Overheads during the year, including tax
Use of rights in Sweden	199,609	-18,446	27,872	-216,699	
Use of rights outside Sweden	59,599	-4,930	-27,538	-7,183	
Total collected	259,209	-23,376	334	-223,882	-32,937

	Debt to RH brought forward as of 31.12.2017	Collected on behalf of RH inc. net financial income	Deduction for costs	Allocated to RH 1)	Paid to RH and organisations	Debt to RH carried forward as of 31.12.2018
Use of rights in Sweden	539,771	199,609	-18,446	27,872	-216,699	532,107
Use of rights outside Sweden	121,780	59,599	-4,930	-27,538	-7,183	141,728
Total collected	661,552	259,209	-23,376	334	-223,882	673,835

1) Funds collected for the use of rights in the Nordic region which concerns Swedish channels are allocated to RH when the funds are combined with the use of rights in Sweden.

Debt to RH as of 31 December 2018	Collected, not yet distributed	Distributed, not yet paid	Non-distributable funds	Total
Use of rights in Sweden	496,754	35,353	0	532,107
Use of rights outside Sweden	126,187	15,541	0	141,728
Total collected	622,942	50,894	0	673,835

Analysis of use in Sweden

Rights in Sweden distributed per category and area of use

Analysis of funds collected in Sweden during the 2018 financial year	Debt brought forward as of 01.01.2018	Collected during the year and net financial income	Allocated deduction for costs	Allocated to right holders	Paid to RH and organisations	Debt carried forward as of 31.12.2018
<i>Retransmission</i>	226,888	131,482	-10,339	30,018	-156,728	221,322
<i>Private copying levy</i>	241,284	56,968	-7,487	-3,852	-54,896	232,018
<i>Other</i>						
Video/DVD	3,222	389	-59	0	-244	3,308
Audio-books	3,778	0	-97	1,823	-2,818	2,686
Hospital use	7	4	0	0	-2	8
Open archive	25,850	5,376	0	-118	-2,011	29,096
UR	38,379	5,376	-464	0	0	43,291
HKF	119	15	0	0	0	134
School use	245	0	0	0	0	245
<i>Total Other</i>	<i>71,599</i>	<i>11,160</i>	<i>-620</i>	<i>1,705</i>	<i>-5,076</i>	<i>78,768</i>
Total	539,771	199,609	-18,446	27,872	-216,699	532,107

Debt carried forward as of 31.12.2018 concerning use in Sweden to RH	Collected, not yet distributed	Distributed to RH, not yet paid	Non-distributable	Total
Retransmission	200,593	20,729	0	221,322
Private copying levy	222,481	9,537	0	232,018
Other	73,680	5,087	0	78,768
Total	496,754	35,353	0	532,107

Summary of revenues paid to Swedish organisations and individual RH

Paid to Swedish organisations	Private copying levy Audio and Video	Retransmission, Swedish and foreign channels	Other, DVD, Open archive, etc.	Total
BUS	118	2,833	91	3,042
FRF	15,067	34,862	0	49,929
IFPI	2,021	1,407	0	3,427
OFF	0	75	0	75
SDF	237	1,944	754	2,935
SFF	0	611	0	611
SJF	26	119	0	144
SLF	0	24	0	24
SAMI	4,327	2,510	0	6,837
SMF	32	792	0	825
STIM	6,194	20,218	1,173	27,585
SYMF	0	341	0	341
Swedish Publishers' Association	912	0	0	912
TF	12,302	29,382	157	41,840
Individual right holders	6,714	28,946	3,185	38,844
Total	47,949	124,065	5,358	177,372

For more information on the types of revenues that have been distributed to the respective organisations, see *Distribution of Revenue 2018*.

Analysis of use outside Sweden

Analysis of funds to and from foreign organisations during the 2018 financial year for retransmission, the private copying levy and other	Debt brought forward as of 01.01.2018	Gross amount collected during the year for the retransmission of Swedish programmes, channels and the private copying levy, and net financial income	Deduction in accordance with distribution	Net amount collected during the year for the retransmission of Swedish programmes, channels and the private copying levy, and net financial income	Allocated to RH	Paid to RH and organisations	Debt carried forward as of 31.12.2018	Paid by Copyswede to the respective foreign organisations for the retransmission of channels, foreign programmes and the private copying levy
AISGE (Spain)	175	496	-50	446	0	-269	352	9
ALCS (UK)	-135	718	-74	644	0	-584	-75	3,494
BECS (UK)	211	0	0	0	0	-2	208	2,956
Copydan (Denmark) 1)	33,838	17,733	-3,408	14,325	-9,789	-856	37,518	7,344
Bildkunst (Germany)	2,575	9,429	0	9,429	0	-2,586	9,419	288
Directors UK (UK)	7	0	0	0	0	0	7	2,051
IHM (Iceland)	534	0	0	0	0	0	534	369
Kopiosto (Finland) 1)	20,046	8,185	-1,159	7,026	-4,451	-310	22,310	4,041
Lita (Slovakia)	14	0	0	0	0	-11	3	0
Litera-Mechana (Austria)	0	220	0	220	0	0	220	0
Norwaco (Norway) 1)	60,349	20,002	0	20,002	-13,298	-1,227	65,826	4,318
Screen Craft Rights (UK)	0	0	0	0	0	0	0	1,628
SSA/Suissimage (Switzerland)	710	390	-5	385	0	-434	662	7
SACD and SCAM (Belgium, France, Luxembourg, Monaco)	798	524	-73	451	0	-207	1,042	0
VDFS (Netherlands)	16	391	-155	237	0	0	252	11
Vevam (Netherlands)	1,588	415	-8	407	0	-691	1,304	0
Wort (Germany)	1,056	1,095	0	1,095	0	-4	2,146	222
UBOS	0	0	0	0	0	0	0	14,562
Ylesradio	0	0	0	0	0	0	0	5,208
Total	121,780	59,599	-4,930	54,669	-27,538	-7,183	141,728	46,510

1) Funds collected for the use of rights in the Nordic region which concerns Swedish channels are allocated to RH when the funds are combined with the use of rights in Sweden.

Debt carried forward as of 31.12.2018 to RH	Collected, not yet distributed	Distributed, not yet paid	Non-distributable	Total
AISGE (Spain)	0	352	0	352
ALCS (UK)	0	-75	0	-75
BECS (UK)	0	208	0	208
Copydan (Denmark)	37,518		0	37,518
Bildkunst (Germany)	0	9,419	0	9,419
Directors UK (UK)	0	7	0	7
IHM (Iceland)	534	0	0	534
Kopioisto (Finland)	22,310	0	0	22,310
Lita (Slovakia)	0	3	0	3
Litera-Mechana (Austria)	0	220	0	220
Norwaco (Norway)	65,826	0	0	65,826
Screen Craft Rights (UK)	0	0	0	0
SSA/Suissimage (Switzerland)	0	662	0	662
SACD and SCAM (Belgium, France, Luxemburg, Monaco)	0	1,042	0	1,042
VDFS (Netherlands)	0	252	0	252
Vevam (Netherlands)	0	1,304	0	1,304
Wort (Germany)	0	2,146	0	2,146
UBOS	0	0	0	0
Ylesradio	0	0	0	0
Total	126,187	15,541	0	141,728