



TELEVISION

IS CHANGING. ARE YOU READY?

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PAYING FOR THE FUTURE: COLLECTIVE LICENCES

INTRODUCTION

Under existing agreements Equity members are paid a fee each time their work is broadcast in the UK. But given the changing patterns in how television programmes are delivered and the increasing diversity of ways that people watch those programmes, the existing methods of payment may be increasingly difficult to apply.

For example, where once an actor would receive a single fee when a programme was repeated on a major television channel, today programmes are shown as part of packages with regular repeats on small digital channels and in time-shifted slots an hour after their original broadcast. In each case the audiences may be much smaller than that for a “traditional” repeats and the channel’s budgets simply could not support the traditional fee structure.

But things have become more complex. Viewers are increasingly using alternative technologies such as digital download services, the internet, mobile phones and iPods, to watch downloaded programmes when they choose and where they choose. Such viewing is not easily accounted for using traditional fee systems.

Collective licence schemes may provide one means of ensuring members are fairly rewarded in the future. This document sets out what this new system of payments may mean.

INSIDE

The following briefing examines the possible advantages and disadvantages of new payment systems based on collective management fees rather than existing forms of recompense. The briefing includes comparative figures that seek to demonstrate the potential impact of different payment methods and to outline how such schemes might work and how they might be implemented.

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COLLECTIVE LICENCES: A DEFINITION

The way we all watch television is changing and, as a result, the way artists get paid for the use of their work may have to change as well. One change we may have to consider is the use of a collective licence as a payment model for some forms of exploitation.

A collective licence is a simple lump sum payment made by users (broadcasters/producers) to rights-holders (artists) to pay for the use of their work when there is no single payment for a use. For example, where the service is free to consumers and there is no identifiable revenue stream, a sum could be negotiated to form a collective licence for the use of the material.

Another example would be where consumers pay a monthly subscription for a package which contains a number of channels. This could be applicable for new services such as material on mobile phones, catch-up television services

available via Video on Demand to PC or Television and archive material available via Video on Demand to PC or Television.

APPROPRIATE MECHANISMS OF REWARD

It is still Equity's view that the best way to reward artists is with an appropriate primary fee combined with a royalty and residual arrangement for the secondary use of artists' material. But there will be instances, such as those detailed above, where it would be impossible, or not make economic sense to attempt to individually account for everyone who may be due payment and apply a royalty or residual model. This may be because there is no revenue at all, or the revenue from subscriptions or download fees may be so tiny that the royalty cannot be realistically applied. In these cases, the cost of administering a royalty payment is likely to far outweigh any potential value of exploitation.

Collective licences are not about substituting previous payment models but rather a way of dealing with numerous micro payments generated from new services due to new technology changes.

Having a collective licence would preserve payment for these uses. The danger is that these uses – mobile phones, on demand television etc – would just be lumped into the original fee. Therefore the collective licence is ensuring that actual additional payments are being made for all these new services.

SECURING FAIR PAYMENT

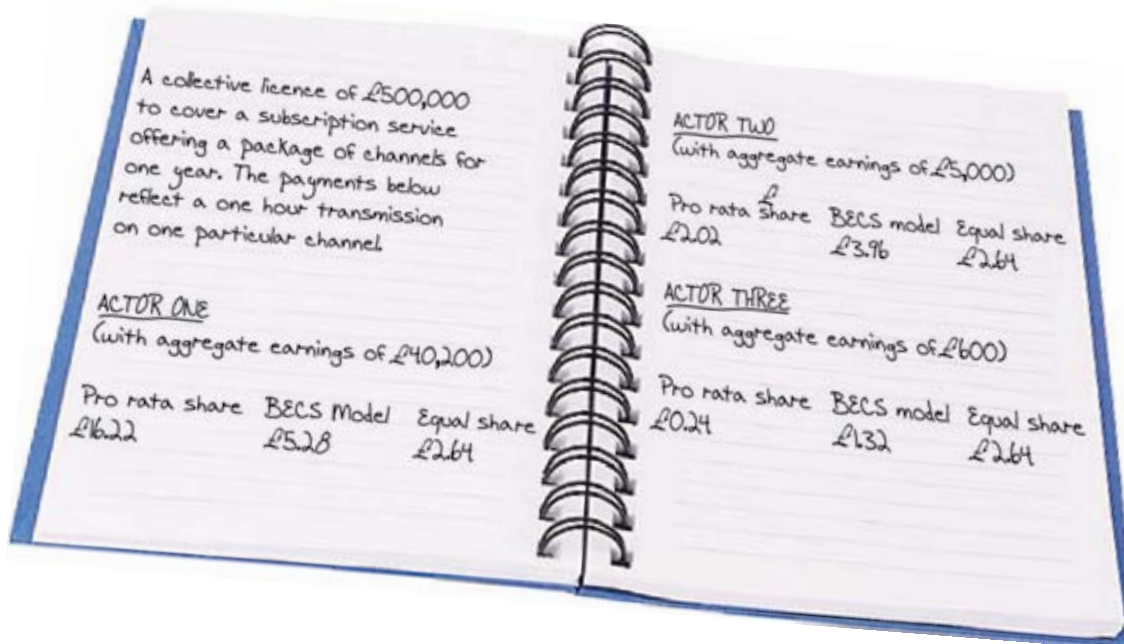
The challenge that Equity faces is to ensure that the negotiated sum to cover this collective license is appropriate to cover the intended usage. The aim is for this money to be distributed by British Equity Collecting Society (BECS) an organisation run by performers for their benefit. The advantage of BECS in this role is that at least we know that the money will be collected and paid out in a responsible and transparent way.

BECS would be able to collect all these micro payments on behalf of our members from the various broadcasters and producers and then pay out a more substantial amount to artists. The questions we need to consider is how we

distribute the money to artists and on what basis we distribute the money. Should a collective licence take into account the most popular programmes or featured artists? In order to do this we would need very specific data from the broadcasters/producers giving clear consumption figures. There are three different models for us to consider:

1. Equal Share
2. BECS Model
3. Pro rata share based on aggregate earnings

Set out below is an example of different distribution methods clearly showing how each one impacts on artists' individual earnings:



COLLECTIVE LICENCES & BECS

Where a collective licence is agreed and a lump sum is paid to recompense artists for the use of their work, the money would then be distributed by BECS to those due payment. Below is a list of the information that will be required from broadcasters in order to ensure that BECS is able to distribute this money efficiently and accurately.

Programme Information:

- Production numbers per series, episode and version
- Titles per series, episode, version
- Transmission schedules – including production numbers, programme genre, and notification of any repeats
- Programme duration

Artist Information:

- Cast/Credit lists per transmitted version

- Unique ID per artist
- Artist name
- Unique ID per agent
- Agent name
- Percentage allocations of fees across a series or episode
- Cast lists broken down between featured artists/walk-ons and artists who are engaged under Equity contracts (such as stunt artists) but who may not appear on the cast list.

Consumption Information:

- Total number of transactions per uniquely identified piece of content

BECS will require this data electronically wherever possible and require electronic Programme as Completed forms, which contain all programme and cast information.

TELEVISION IS CHANGING

This booklet is an updated and revised summary of *The Future of Television* published by Equity in 2006. Copies of that publication remain available to Equity members interested in a more detailed analysis of the issues discussed in this booklet.

In addition to this booklet, Equity has produced a range of briefing papers that deal in more detail with many of the issues raised here and update the information contained in the original *The Future of Television* document. They illustrate the work Equity has done over the past year on the key issue of the digitisation of broadcast media and highlight the important issues still to be resolved.

These briefing papers are available to download from the Television is Changing website (www.tvischanging.com) or you can request a printed a version from the address below.

Briefing papers in this range include:

Paying for the Future: Collective Licences

Deductions in a Digital Age: Do they add up?

Broadcasters & Producers: Terms of Trade

Simultaneous Transmissions: TV on Mobile Devices

Working Conditions: Fees and payments

Terms and Definitions: What it all means

In addition to these briefing papers, we also have factsheets on all these areas that provide a basic introduction into the issues raised.

This material is available free of charge to any member. If you would like to receive a copy or would like to take part in the debate within Equity regarding the future of television, please do not hesitate to contact us - details are below.



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