

## **SUNDRY INCOME REMINDER**

With the advent of direct distributions by PPCA (comparable to APRA distributions to writers) and the likelihood of more central licensing and clearances, we need to be mindful of possible impacts on our recording and publishing agreements. In particular, the "sundry income" clauses in our recording and inwards licensing agreements need to reflect the possibility that the artist/licensor may get a direct distribution of a portion of the total amount available for distribution.

In other words, instead of the record company getting 100% of the distribution of performance money relating to the sound recording, it will get about 50%. A "receipts" deal would disadvantage the record company because instead of the artist getting 50% of the total, the artist would get 50% of the total directly, plus 50% of the record company's share.

When you are reviewing sundry income clauses, use the model which has evolved to deal with APRA payments, so that the 50% (or whatever figure is agreed under the deal) is based on the amount available for distribution, NOT the amount received by the record company.

As this sundry income clause becomes more important, we will see it being negotiated harder and harder, especially for multi-media agreements and product.