

# Changes to the PPCA Distribution Policy – May 2025

## An explanation of the changes

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

The PPCA Distribution Policy has been updated to reflect three important changes. The changes are summarised below:

1. ***Clarifying the position on AI created repertoire***
2. ***Cessation of the separate “classical” distribution component of the annual allocation***
3. ***Removing the former threshold for direct payments to Registered Artists.***

### What are the details of these changes?

#### Update 1: Clarifying eligible use of AI

Across society there is much discussion about the growing use of AI for all manner of tasks. To clarify PPCA’s position we have added specific wording to the PPCA Distribution Policy to note that recordings (and music videos) created using AI may only be registered with PPCA if a human is the primary creator, and their contribution is substantial and meaningful. AI cannot be the sole or central element of any repertoire (audio or video) submitted to PPCA for registration.

Sound recordings and music videos that do not contain any human authorship are ineligible to be registered with PPCA, and are accordingly ineligible to participate in the allocation and distribution of net licence fee revenue under the PPCA Distribution Policy.

#### Update 2: Discontinuing the separate “classical” repertoire distribution process

For many years, due to deficiencies in the usage data received by PPCA, a separate exercise has been conducted for a small portion of the overall distribution.

As radio broadcasters routinely reported the composer as the artist in their usage logs, it was often impossible for the PPCA Distribution team to determine which, of many possible classical recordings, had actually been played. To compensate for that risk each year all PPCA Licensors were invited to provide externally audited financial year submissions setting out their total sales and, within that number, the total amount attributed to (a) classical repertoire sales, and (b) protected classical repertoire sales.

This process has proved increasingly unsatisfactory given the administrative burden it places on participating PPCA Licensors, their cost of the external audit, the difficulty in determining

whether each recording is or is not protected, and the fact that sales can only be a very loose proxy for broadcast or public performance. Each year fewer PPCA Licensors have participated, which has further eroded the value of using those aggregated figures as a market proxy.

At the same time we now have better quality data to use in the distribution process, allowing much more accurate identification of classical recordings, including streaming data and data provided by audio recognition services (eg Community radio broadcast data is now obtained through the use of an audio recognition service).

As a result of the deficiencies in the previous system, and the improvements in data quality, it has been determined that a special process for classical repertoire is no longer necessary.

### **Update 3: Removing the minimum threshold for Registered Artist payments**

Since its inception, the Artist Direct Distribution Scheme has included a threshold which must be achieved before an artist registered under the scheme will receive an annual payment. For many years that threshold has been set at **\$5**, and when an artist's annual allocation fell short of \$5, the earnings would instead be directed to the relevant PPCA Licensor(s), to be dealt with under the terms of the individual recording contracts.

This made sense when statements were printed and posted to artists with their distribution cheque payment – the cost of that exercise, including the postage, could easily exceed the value of the payment made and would not have been an efficient use of PPCA's resources.

However, now that statements can be delivered digitally and payments are made by direct transfer we no longer have that concern, and the PPCA Distribution Policy has been amended to remove the threshold requirement.

Now, all distribution earnings will be credited against each relevant Registered Artist (and PPCA Licensor) account, and will accumulate and be paid through once the account reaches a balance of **\$20**.

### **Why make the changes?**

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

- Reduce administrative burden for a number of PPCA Licensors;
- Ensure all registered artists accrue earnings when their eligible recordings receive an allocation;
- Clarify the situation in respect of the use of AI to create sound recordings and music videos; and
- 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.



## **Documents for your review**

The revised PPCA Distribution Policy is available on the PPCA website at: [Policies And Constitution | PPCA](#). You should review the entire policy, but the key changes are set out above.

## **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 will take effect from 30 June 2026.

## **When do these changes take effect?**

These changes take effect now and will apply to the distribution that will occur in December 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 in the first instance. They can be reached at:

*Email:* [distribution.mail@ppca.com.au](mailto:distribution.mail@ppca.com.au)

*Phone:* +61 2 8569 1133