

PRESS RELEASE

IPI study confirms cost-consciousness of Swiss collecting societies No reason for enhanced supervision or increased regulation

A recent study commissioned by the Swiss Federal Institute of Intellectual Property (IPI) confirms: the five Swiss collecting societies are operating cost-effectively. Their salaries and administrative costs are lower or comparable to those of the public sector and NPOs. The analysis thus confirms the conclusion of the working group on copyright law (AGUR12) and demonstrates that the Federal Council's draft revision of the copyright law (URG) should be amended. Enhanced supervision and regulation of Swiss collecting societies is unwarranted and thus inappropriate.

Bern/Lausanne/Zurich, 13.01.2016 – A study commissioned by the Swiss Federal Institute of Intellectual Property (IPI) confirms the cost-effectiveness and adequacy of the administrative and salary costs reported by the five Swiss collecting companies: ProLitteris, SSA, SUISA, SUISSIMAGE und SWISSPERFORM. The administrative costs were compared with those of non-profit organisations (NPOs), insurers and foreign collecting companies. The 'Analysis of reasonableness of administrative costs' also shows: salaries are either lower or comparable with those in the public sector and insurance industry.

Verification requested by the Swiss Federal Audit Office (SFAO) now completed

The study, carried out between February and December 2015, was commissioned by the Swiss Federal Institute of Intellectual Property (IPI), whose responsibilities include the supervision of collecting companies. The study was carried out on the recommendation of the Swiss Federal Audit Office (SFAO), which asked the IPI "to undertake a detailed cost analysis to verify the reasonableness of the costs reported by the collecting companies". The IPI commissioned a working group comprised of experts from the Swiss Distance University of Applied Sciences (Swiss Distance UAS), consultancy company SERVUS GmbH and the Zurich University of Applied Sciences (ZHAW) to conduct the study, although the costs were borne by the collecting companies.

Enhanced supervision not necessary: URG draft should be amended

Study conclusion: there is "no evidence to suggest that significant shortcomings exist in the collecting companies' cost management processes". The collecting companies' administrative costs are said to be adequate. The societies organised through Swisscopyright stress: enhanced supervision of collecting companies, as proposed by the Federal Council in its latest submission, would thus be inappropriate. The Federal Council has disregarded the autonomy of private-law companies and granted the state undue authority. In addition, the constitutionality of the proposal needs to be examined. Since society and association members regulate the collecting companies very closely, the companies maintain a high cost consciousness and a transparent system of self-regulation.

Swisscopyright is delighted with the study's results: it shows that members have sustained control over the regulation and management of their collecting companies. Finally, the efficient, economic and transparent use of their rights is in the members' best interests.

Copyright law revision: Focus on improvements for authors and performing artists

As already emerged from the recommendations of AGUR12: there is no reason to enhance collecting company regulation or expand state control. The debate around the pending revision to the copyright law should instead focus on improvements that will guarantee authors, performing artists and producers appropriate compensation for the use of their work, particularly across digital distribution channels.

Differences between the collecting companies

The analysis also promotes better understanding of the collecting companies. Notably, it clarifies why the costs of the collecting companies may vary. According to the analysis, this is “due largely to the different impact of cost drivers on the companies”. This is the result of the companies’ varied fields of activity and different membership structures, as well as the diverse tariffs associated with calculation of copyright royalties. Some tariffs have many clients, but offer low remuneration for the author, such as ProLitteris’ reprographic compensation. These are more complex, and therefore more expensive to implement, than tariffs with fewer customers, such as SUISSIMAGE’s distribution across cable networks. The companies’ distribution-related costs also vary, depending on how many rights holders they must take into account and the rights they must legally hold in trust.

Government to simplify the tariff approval process

Companies have already implemented the cost-reduction measures (for example, the automation of processes) suggested by the study. Political decisions are now needed to develop more extensive measures that will enable companies to further reduce their administrative costs: In order to simplify the tariffs, a move which could significantly reduce costs, a streamlined tariff approval procedure is required. The government is responsible for designing this system. The collecting companies have repeatedly requested that the tariff approval process be simplified.

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About the Swiss collecting societies

The Swiss copyright societies ProLitteris, SSA, SUIISA and SUISSIMAGE and the society for neighbouring rights SWISSPERFORM represent the rights to artistic works and performances. The societies belong to the authors (composers, writers, directors, etc.), the performing artists (musicians, actors, etc.) as well as the producers of audiovisual recording media and the broadcasting companies. The societies grant permission to perform, broadcast and reproduce copyright-protected works and performances, for which they collect agreed licensing fees and distribute them to the rights owners whose works are used.

www.swisscopyright.ch

About Suisseculture

Suisseculture is the umbrella association of the organisations for Swiss artists and media professionals and the Swiss copyright societies. As an umbrella association, Suisseculture is primarily devoted to the national and

overriding interests of its affiliated association's and organisations. Suisseculture aims to promote the moral, economic and social interests of the creators and composers of copyright protected works.
www.suisseculture.ch