

On the trail of the missing millions: Who pocketed € 130 million in copyright royalties?

27.10.2021



AIPA CEO Gregor Štibernik. (Photo: STA)

A question by SDS MEP Alenka Jeraj revealed that around €130 million collected in royalties is passing by those who are entitled to this compensation. While the authors remain empty-handed, various institutes, lawyers, consultants, formerly disgraced politicians ...

We have found that the various agencies involved in copyright protection are abundantly fed by public funds, in particular through RTVS, as was already reported in the media a few years ago. The activities of AIPA Ltd. are particularly interesting.

As the journalist Miro Petek points out, this company collected more than €4.7 million last year from the cable transmission of AV works, and more than €5.6 million in total from other rights.

For further clarification, we turned to Alexander Žišt, Director of the Association of Independent Radios and a well-known expert in this topical area. Among other things, we wanted to know whether a large part of the money that should end up in the hands of copyright holders actually ends up in the hands of various intermediaries who are alleged to be raking in "fat" profits in this way.

We also wanted to know how he saw the role of the major owner of radio stations, the tycoon Martin Odlazek, and his alleged influence on the collective organisations that were supposed to put pressure on individual radio stations.

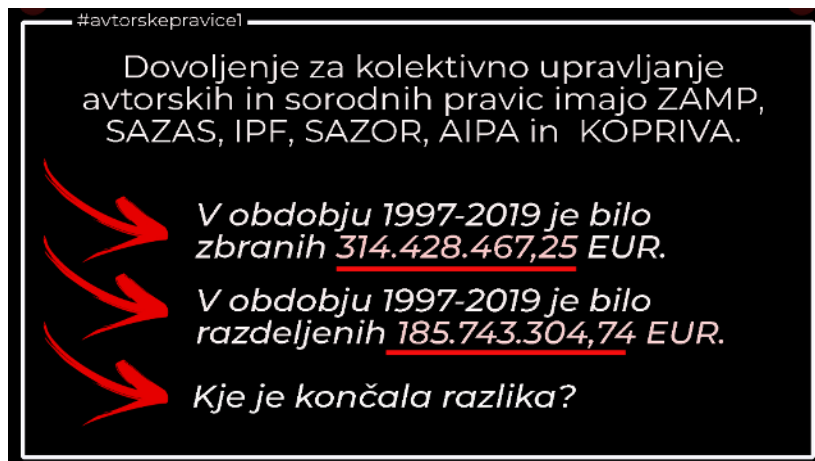
Read more:

Media tycoon Odlazek took a majority share of the radio market, but never notified the Competition Protection Agency of the concentration of ownership!

Žišt: "Given the way Slovenian collecting societies operate, I am not surprised that beneficiaries are being deprived of so much money. Instead of coming together, collecting societies are fragmenting."

In Croatia, their Sazas and their IPF operate under the same roof. Users of protected works pay only one amount, have only one contract and there is only one collective agreement. The data on the protected works broadcast is collected and processed by the same administrative team, the recovery is done by one lawyer, etc. ...

But here, everything is duplicated, which is the ideal environment to drain the beneficiaries and reward the privileged. "Given the way our collective organisations operate, I am not surprised that so much money is spent on administration, lawyers, management, professional services, consultants ...", he explains.



#avtorskepravice1

Dovoljenje za kolektivno upravljanje avtorskih in sorodnih pravic imajo ZAMP, SAZAS, IPF, SAZOR, AIPA in KOPRIVA.

V obdobju 1997-2019 je bilo zbranih 314.428.467,25 EUR.

V obdobju 1997-2019 je bilo razdeljenih 185.743.304,74 EUR.

Kje je končala razlika?

The collective management of copyright and related rights is carried out by ZAMP, SAZAS, IPF, SAZOR, AIPA and KOPRIVA.

==> Over the period 1997-2019, € 374.428.46225 was collected.

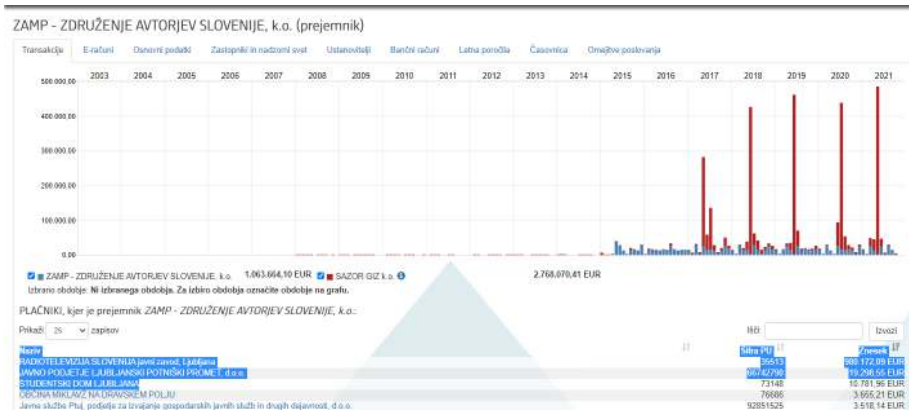
==> Over the period 1997-2019, € 185,743,304.74 was distributed.

==> Where did the balance end up?

Are copyright holders being ripped off? Are the various copyright protection agencies making money at their expense? (Photo: Twitter)

"In practice, their procedures often look as if some proceedings are brought against users of protected works just to spend money", explains Žišt.

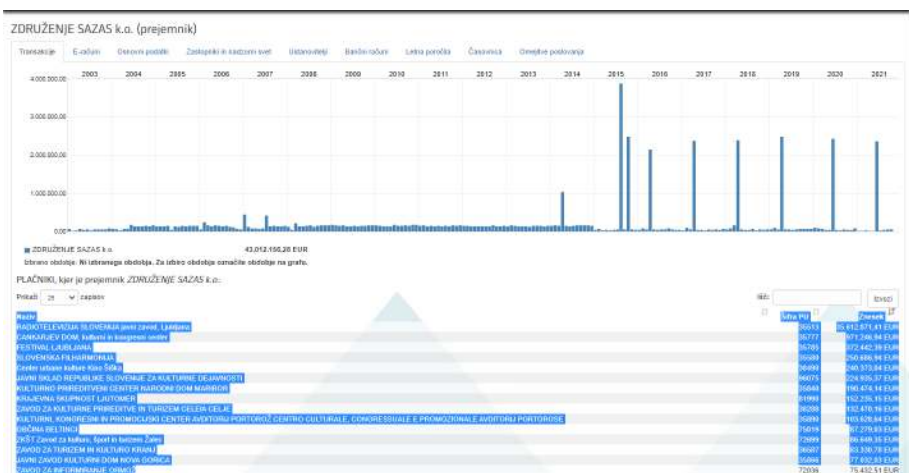
Collecting societies often settle their claims in court with large media groups to the detriment of authors and performers and in favour of large media groups. However, the same is not true in the case of small independent media, which are sued by collecting societies for relatively small claims of hundreds of thousands of Euros.



ZAMP - Association of Authors of Slovenia, k.o. (Photo: Erar)

The business of ZAMP - Association of Authors of Slovenia, k.o. is also interesting, as it is also abundantly funded from the public purse and also through RTVS.

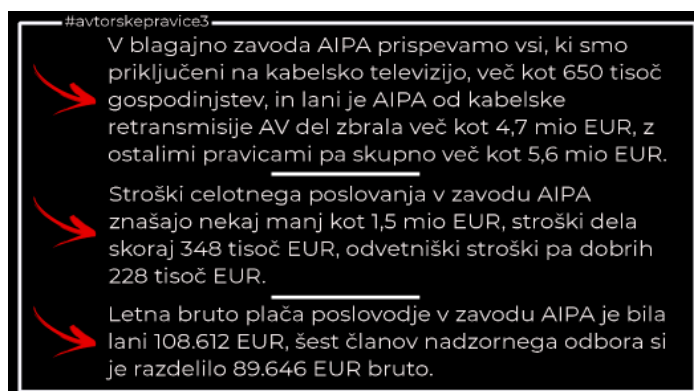
Likewise, in the case of SAZAS k.o., RTVS also generates the largest income from the state coffers, while larger sums are also contributed by Cankarjev Dom, Festival Ljubljana, the Slovenian Philharmonic, the Kino Šiška Centre for Urban Culture, the Slovenian Public Fund for Cultural Activities, etc. In total, the Association has received over €43 million in public funds from 2003 to 2021, most of it between 2015 and 2021. However, the financial records (accessible via *ebonitete.si*) contain allegations of questionable operations by the Association between 2001 and 2010, which are said to be illegal.



SAZAS k.o. (Photo: Erar)

"During this time, it transferred €11.6 million to Agicoa in Switzerland, which AIPA collected from cable retransmission, but Agicoa never transferred the money to Slovenian filmmakers. State officials at URSIL say they did not know for all these years that the filmmakers were left without a fee, and now they can do nothing more. But it seems that neither is true; in Dnevnik a few weeks ago we published letters from directors, producers, scriptwriters and their representative associations, who have been warning URSIL

the annual report. The IPF stands firmly behind its vision, which is to work towards the effective management of the related rights of performers and producers of phonograms both in Slovenia and abroad."



All of us who are connected to cable TV - more than 650 thousand households - contribute to AIPA's coffers, and last year AIPA collected more than € 4.7 million from cable retransmission of AV works and more than € 5.6 million from other rights.

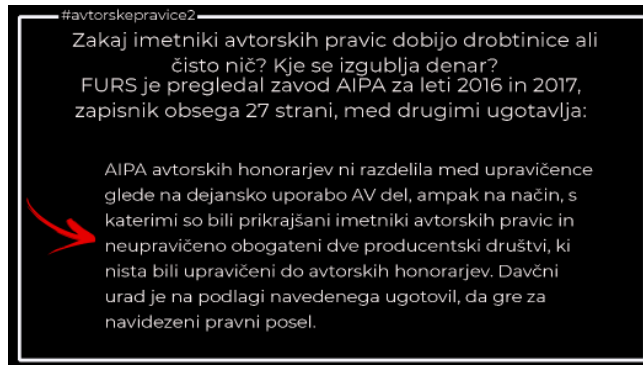
AIPA's total operating costs amount to just under € 1.5 million, with labour costs of almost €348 thousand and lawyers' fees of just under € 228 thousand.

The gross annual salary of AIPA's Managing Director was € 108,612 last year, while the six members of the Supervisory Board shared a gross salary of € 89,646.

AIPA, k.o. (Photo: Twitter)

Unlike the above-mentioned companies, Sazor GIZ k.o. does not earn money from RTVS. Its main sources of income from public funds are the Post Office of Slovenia, various education centres and primary schools. In particular, between 2017 and 2021, it received the largest amount of budget funding, totalling over EUR 2.7 million from 2003 to 2021. While the company's credit rating is 4, which means "high risk", the online financial portal www.ebitda.si notes "alleged wastefulness and non-transparency" in its operations. The reference is to 2016.

"Wasteful or 'rounded up'? In her letter informing Sazor members of the reasons for her resignation, Maruša Kmet states that the organisation's income will indeed increase next year due to the agreement signed with the schools, but that it seems illogical to her that the management's costs will also increase by 35% (€ 55,000), as this reduces the amount for distribution for authors and publishers. In her view, the increase in costs would only be justified if they were increased next year when payments are made to authors on account of invoicing, contracts, postage."



Why do copyright holders get crumbs or nothing at all?

Where is the money being lost?

The Slovenian Tax Office has audited AIPA for 2016 and 2017.

The report is 27 pages long, and concludes, among other things:

AIPA did not distribute royalties to Beneficiaries according to the actual use of audio-visual works, but in a way that disadvantaged copyright holders and unjustly enriched two production companies that who were not entitled to royalties. On the basis of the above, the Tax Office concluded that the transaction was a sham.

Why are copyright holders receiving crumbs? (Photo: Twitter)

AIPA, Inc. is much more frugal in its use of public funds. In the last decade, it has received the most money from the Cerklje Local Authority. In total, according to ERAR [an online service providing information about the operation of public institutions including the use of funds], we are talking about less than € 10,000 of budgetary funds.

However, journalist and politician Miro Petek made some interesting observations about the company: "*The cable operators also charge us a contribution to AIPA in the price. This is why the bill has a higher figure. And enough money is accumulated so that the manager has a higher salary than the Prime Minister of the Republic of Slovenia, Janez Janša, or Borut Pahor. And nice money is accumulated from selected lawyers.*"

As Petek further noted, "*All of us who are connected to cable TV, which is more than 650 thousand households, contribute to AIPA's coffers, and last year AIPA, k.o. collected more than €4.7 million from AV cable transmission, and more than €5.6 million from other rights.*"

"But no one reported how the money travelled to AGICOA or what happened to the € 950,000".

According to Petek, the company's legal costs were also high, reportedly amounting to more than € 228,000. Petek also added: "RTV Slovenia regularly publishes eulogies for AIPA in its programmes on culture, STA cooperates with

AIPA a lot, but no one has reported what the tax authorities found in AIPA, how the money travelled to AGICOA, what happened to the € 950,000 ..."

Petek wondered why the copyright holders get crumbs, or almost nothing, and where all this money is being lost. He also mentioned the worrying report by the Slovenian Tax Office. We have already sent press questions to the company. In another email, we wanted to know which former politicians they have consultancy contracts with and what the monthly flat rate is, how they comment on the Tax Office findings and how they comment on the high cost of legal services.

We publish the first and second replies together:

"I assume that this is a mistake, as only SAZAS and ZAMP were active in the period 1997-2009, and the other organisations were not. It should be noted that ZAMP has approximately 15 times (!) less income than SAZAS. This has already been reported by the media on 24h, but Mr Petek did not appear at the time. AIPA's operations are transparent and available at www.aipa.si where, unlike other organisations, you can find reports for all years of operation. Where Mr Petek got these figures from I do not know, so I cannot comment on them, nor do I know how much of whatever was tweeted relates to AIPA.

AIPA has 23% of the costs, or € 1.2 million, and some others have over 50% or more of that amount just for 'services'. AIPA only gets 60 cents per household per month from the cable operators (out of the EUR 20 or more that the operators charge for the connection). This is certainly not an existential threat to anyone."

AIPA denies Petko's accusations

AIPA responds that for all the world's audio-visual repertoire that is in cable systems, the answers - including matters concerning the Slovenian Tax Office - can be found in the annual reports. And they deny the allegations made by Miro Petko. But the film-makers are still missing € 11 million, which has disappeared into thin air, something that should be of interest to those responsible. We will continue to follow the story.

Author: Domen Mezeg

Original text in Slovenian at:

<https://nova24tv.si/slovenija/politika/l-nekdanji-novinar-petek-kam-je-izginilo-130-milijonov-evrov-za-avtorske-pravice/>