

Royalty reporting and auditing

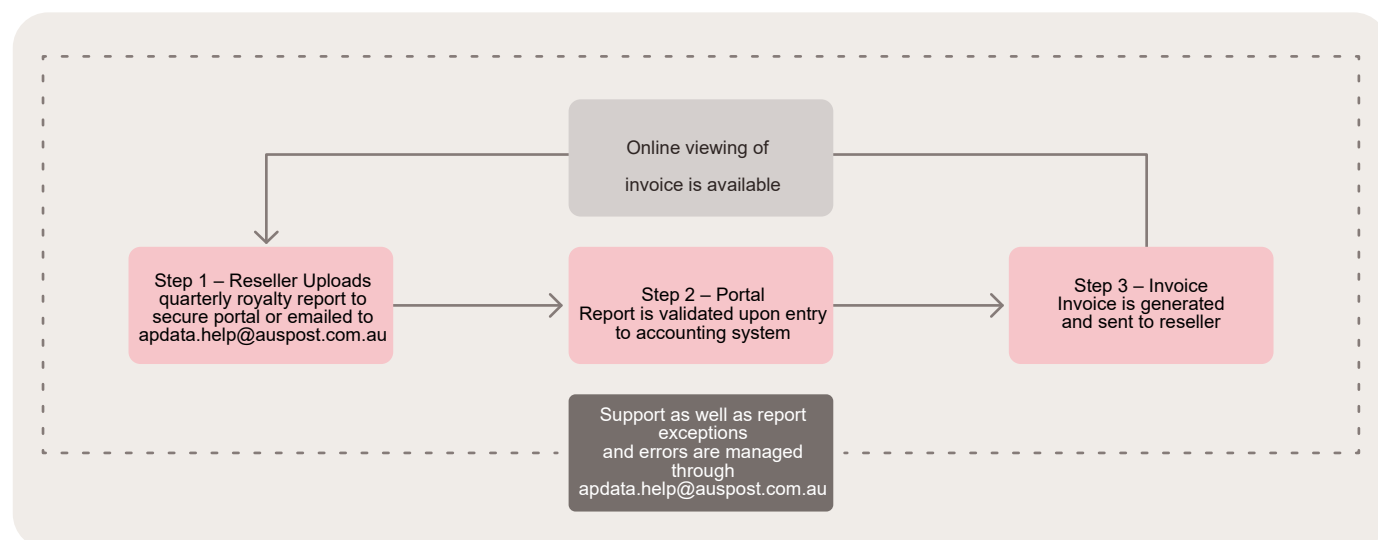
As you are one of Australia Post's data resellers, we want to make the process of royalty reporting and auditing as effective and easy as possible for you. In this fact sheet we'll take you through everything you need to know, including how we would like your information provided to us. Please refer to your Data Services Agreement for full terms and conditions.

Your key reporting requirements

The key requirements you need to know as a reseller are:

1. To get started you need an Australia Post credit account.
2. Royalties are to be reported quarterly in arrears, for the periods ending February, May, August and November.
3. The reporting covers sales invoiced to end-users within the quarter regardless of receipt of payment.
4. The royalty reports can be loaded via Australia Post's online portal or emailed to apdata.help@auspost.com.au.
5. You need to manage the renewal notification prior to invoicing.
6. Your reports have to be submitted within 14 days after the end of each quarter.
7. Australia Post will validate your report and invoice on the last working day of the month the report is submitted.
8. Payment is required 14 days from the date of the Australia Post invoice.

The reporting process



What is the purpose of royalty reporting?

Royalty reporting is essential to maintain a fair and equitable system for all parties. That is why we ask each reseller to provide a written report within 14 days of the end of each quarter. It is important as it enables us to

- ensure the consistency of licensing to end-users and confirm appropriate usage
- validate any previous sales to end-users where multiple sales are eligible for volume based pricing
- identify any previous sales when there is a cancellation by an end-user
- identify any possible bureau service providers to ensure all users are adhering to the terms of use
- verify if all end-users are accounted for, with appropriate usage reporting to ensure transparency and consistency of licensing
- better handle the termination of a licence by a reseller (to identify the end-users and provide them with appropriate support in the transition period)
- use the reporting as input into future product development and tailoring for industry segments
- refer end-users (who have come directly to us) to a reseller
- undertake audits efficiently to ensure correct licensing to end-users
- aggregate details and produce regular industry usage reports to show which industry segments do and do not use Data & AI Partnerships data.

What needs to be included in the royalty report?

Our aim is to keep the royalty reporting as streamlined as possible for our resellers. The essential items are:

1. The end-user's identification number and your internal reference number for the end-user.
2. The end-user's name.
3. The end-user's Australian Business Number (ABN) or overseas equivalent if available.
4. The end-user industry classification description (refer to the industry classifications descriptions provided by Australia Post).
5. The third-party provider identification number and your internal reference number for the third-party provider.
6. The third-party provider's name.
7. Details on your product that uses Data & AI Partnerships data as outlined in the related Schedule 2.
8. Details on the Data & AI Partnerships Schedule 2 that the fees relate to.
9. Details on the fee type, for example royalty type, that applies to the product as outlined in the related Schedule 2.
10. The end-user license start and end dates.
11. The license fees payable.
12. Any other relevant information we may reasonably request from time-to-time.

How do we calculate royalties?

We calculate License fees based on the supply of the data solution to the end-user. That can either be data supplied directly by you, through a third-party provider, or the provision of bureau services by a third-party provider.

The License fee takes into account the nature on which the data solution is supplied to the end-user (as set out in the end-user agreement with the end-user).

What may impact royalty calculations?

It's important you are aware of the factors that may impact royalty calculations. The main factors are:

1. Mail production

The solution will not be classified as a bureau service if:

- you or the end-user provides a service to a third-party provider where the third-party's existing address database is validated for the sole and strict purpose of mail lodgement
- you or the end-user does not return the validated address database to the third-party provider for storage and ongoing business use by the third-party.

2. Pro-rata sales

We allow pro-rata sales for certain royalty types to assist with aligning customer agreements or for short term use. Please note that the following conditions apply:

- Volume based pricing will apply to multiple sales to the same end-user for the same product type and royalty type, where the reported sale is within the license period of any previous sale.
- Pro-rata royalties are only permitted for identified types.
- Pro-rata royalties are calculated by month. Therefore, a sale with a license period of less than a month will be charged for a full month.

3. Cancellations

Where a sale is cancelled by an end-user after it has been reported (and the data is returned / destroyed), the relevant royalties will be refunded /credited to you in the next reporting period. Please note we must be satisfied that license fees are no longer payable and that there is evidence of the cancellation of the order.

4. Counts or percentages

An end-user may request a count or percentage of the number of matched records to confirm the accuracy of a file / job prior to committing to having the job processed. In this case transaction royalties do not apply for providing a count or percentage of number of transactions validated to an end-user. This is as long as the PostConnect data or any part of it, or any validated addresses, are not returned to the end-user.

5. Evaluation, testing and development environments

Royalties do not apply when providing software to an end-user for evaluation, testing, development and / or similar purposes where the software is not used in production by the end-user.

Why we audit

Our primary goal for carrying out audits is to provide consistency of licensing and establish a level playing field for all resellers. It also ensures compliance with the terms of the Australia Post agreement.

Here is a summary of the key aspects of the audit process:

- As a reseller, it is important you provide reasonable access to records for the audit.
- We will carry out an audit no more than once during a 12 month period, unless there is reasonable suspicion of non-compliance of obligations under the agreement.
- We will provide 10 working days notice of an audit.
- The cost of the audit will be borne by Australia Post:
 - if a random audit is conducted throughout the year
 - if a reseller is suspected of non-compliance but proved to be compliant.
- The cost of the audit may be borne by the reseller:
 - if a reseller does not grant the auditor reasonable access for the audit
 - if a reseller is suspected of non-compliance and is found to be non-compliant.
- If the results of the audit come back non-compliant, the reseller is required to take necessary remedial action. Either party will pay any amount due within 20 working days.

If you have any questions or would like to know more about royalty reporting & auditing, please contact the Data & AI Partnerships team via email at apdata.help@auspost.com.au.