

COPYRIGHTAGENCY

MINUTES OF THE ANNUAL GENERAL MEETING OF COPYRIGHT AGENCY LIMITED HELD
WEDNESDAY, 27 NOVEMBER 2013 AT LEVEL 15, 233 CASTLEREAGH STREET, SYDNEY, NEW
SOUTH WALES

The meeting commenced at 3.00 p.m.

Present

Author members

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| Brian Adams* | Jeremy Fisher | Angelo Loukakis* |
| Brownyn Bancroft | Libby Gleeson | David Tribe |
| | Malcolm Knox | Sarah Vorchheimer* |

Publisher members

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| Sarah Vorchheimer* (Aust. Jewish Historical Soc.) | Brian Adams, Sunita Adams (Image Books) |
| Sandy Grant (Hardie Grant) | Jane Burns, Janet George, Christine Jennett (Independent Scholars Association Of Australia Inc) |
| David Barnett (Pearson) | Eleanor Curtain (Eleanor Curtain Publishing) |
| Angelo Loukakis* (Australian Society of Authors) | |

* Denotes members present in the capacity of both author and publisher members.

In attendance

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|---------------------------------|-------------------------------------|--|
| Jim Alexander (Chief Executive) | Brian Johns (Director) | Rod Shanley (Auditor) |
| Richard Fiora (Legal Adviser) | Anthony Bertini (Director) | Lucy Russell (Director) |
| | Caroline Morgan (Company Secretary) | Ansari Hamid (Chief Financial Officer) |

Observers

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|-----------------|-------------------|-----------------|
| Patricia Adjei | Judy Grady | Karen Pitt |
| Rosanna Arciuli | Virginia Morrison | Murray St Leger |
| Libby Baulch | Eloise Nolan | Zoe Rodriguez |
| Rosie Daniele | | |

1. Quorum and Order of Business

The Chair noted that a quorum was present, declared the meeting open and introduced the directors, the Chief Executive, the Company Secretary, the Chief Financial Officer, the company's external lawyer and the Auditor. The order of business would be as set out in the notice convening the meeting.

2. Apologies

Three apologies had been received from Neville Turner, Veronica Brady, Birds Queensland Inc.

3. Proxies

A total of 27 proxies had been received, 26 from author members and 1 from a publisher member. 26 proxies were held by the Chair, and one was held by Anthony Bertini.

4. Announcement of Director Appointments

The Australian Society of Authors has re-nominated Jeremy Fisher to serve as one of their two appointed directors, and the Australian Publishers Association has re-nominated Lucy Russell to serve as one of their two appointed directors, both until the 2016 AGM.

The meeting was also advised that at its next meeting the Board intended to re-appoint Sandy Grant and Anthony Bertini as the two independent directors under article 35(a) of Copyright Agency's constitution.

5. Presentation of Accounts and Reports, and Questions of the Auditor

The Directors' report and audited financial statements for the year ending 30 June 2013 were presented to and considered by the meeting. Members were invited to put questions to the auditor. No questions were raised.

6. Chair's address

The following is a summary of the Chair's address.

While the business continues to perform well on almost all key performance indicators the Board has set are a number of significant challenges that members need to know. Copyright has become highly contested and the rights we have won are now up for grabs again as new challenges to our business model emerge.

In particular, the draft Australian Law Reform Commission (ALRC) report released earlier this year recommended abandonment of the statutory licence system. Even if this is not included in the final report, that report is likely to recommend the introduction of a broad fair use exception that will require lengthy negotiations with users to re-establish some equity for rightsholders. Statutory licences account for around 80% of our revenue, so repeal could mean a return to litigation to re-establish our members' rights.

There is also pressure on the resale royalty scheme. We can only urge the current government that the scheme is working, and remind them that by October this year it has derived almost \$2 million in royalties for over 700 artists, 65% of whom are Aboriginal or Torres Strait Islanders.

In response to these significant threats we have undertaken a number of new activities, including:

- The launch of an education portal – learningfield - initially with the financial and content support of some of our largest publisher members. This project connects us with users in transformative ways and will provide new revenue for rightsholders in addition to the education statutory scheme.

- Creation of a Future Fund to ensure we have sufficient resources to address and protect our members' interests following ALRC initiated change.
- Increased our activity in non statutory licensing - business licensing revenue has increased in double digit figures for some years now.
- Exploration of options for international markets, especially the South Asian markets.

Our objective with all these activities is to defend the core rights of our members and position ourselves for the future – a future where we can see more transactional activity and a shrinking world via global connectivity.

As well as the threats, we have good news to report. After a decade we have finally won acknowledgement of the copyright rights for surveyors whose plans have been sold by state governments at high prices for many years without recompense for their copyright.

We have renewed our core School agreement until 2015 and our core University agreement until 2016, and both against the negative background noise of the ALRC process.

Our Cultural Fund has again played an important role supporting and igniting activity across the spectrum. Activities during the past year are listed on our website and I want to highlight one significant project, Reading Australia. This project will support and encourage the teaching of Australian literature to students, an aim close to the heart of Cultural Fund convener, Brian Johns, and strongly supported by the Board.

Murray St Leger joined as Deputy Chief Executive at the start of 2013 and will take over as Chief Executive from 1 February 2014. He will succeed Jim Alexander, who will stand down as Chief Executive but remain with us part-time including as our representative at our international body, IFFRO, of which he is currently Vice President. I thank them both for allowing Copyright Agency to have an effective transition and succession.

I thank Copyright Agency's staff- the Board and members expect a lot of them and we have had the satisfaction of seeing the business perform consistently to very high standards.

Finally I want to thank the Board. We recognize the members simply want fair compensation, they don't want us to waste their money or risk it with our investment strategy or our operational activities, so we are careful. But we are determined to take on the future, to have the courage to act to produce positive long term outcomes in a highly complex and changing environment.

8. CEO's report

The following is an edited version of the address of the Chief Executive Officer, Jim Alexander. [The slide presentation given by the CEO is available at www.copyright.com.au.]

The CEO highlighted the growth in revenue to \$127.84 million, of which the licence fees component was \$125.1 million, an increase of 2.5%. Licensing revenue included education at \$95.53 million (up 2.4%), commercial at \$17.25 million (up 3.7%) and government at \$9.01 million (down 4.1%).

Other highlights included the decreased expenditure to revenue ratio of 13.9%; new partnerships with the Public Relations Institute of Australia; and \$90.68 million was paid to members.

During the year, our membership increased 10% to 26,732 and streamlined the claims process via member online accounts. We also saw the conclusion of our fight to win monetary recognition for NSW surveyors for government uses of their copyright rights.

After two years the resale royalty scheme has now exceeded expectations. Over \$1.7 million in royalties has been generated and royalties have been paid to almost 700 artists, of whom 65% are Indigenous. We are awaiting the outcome of the Government review of the scheme which was commenced in June 2013.

Our Cultural Fund continues to support creators and Australia's cultural community. Over \$2 million was allocated including \$162,000 in career development grants.

Two new initiatives commenced this year: learningfield and Reading Australia.

Learningfield is a world-first subscription based digital education resource developed as an industry solution developed with educational publishers, which supplies content linked and searchable via the relevant curriculum for secondary schools. The success of the initial trial this year has lead to significant sales of learningfield into schools, exceeding our targets.

Reading Australia has created a new resource and information hub to encourage teachers to make Australian literature a part of their classroom. In implementing this project, we have worked with teacher groups, publishers and the Australian Society of Authors.

We have been actively engaged in the review by the Australian Law Reform Commission (ALRC) of Australian copyright law. The ALRC released a Discussion Paper on 5 June 2013 proposing the repeal of certain statutory licences, including those managed by Copyright Agency. It also proposed the introduction of a new exception for 'fair use', similar to that operating in the US.

The proposal to repeal the statutory licence for education was opposed by the Australian Education Union, teacher associations, more than 150 individual teachers, the Australian Society of Authors, the Australian Publishers Association and more than 130 individual authors and publishers. It was supported by the bodies that negotiate the amount of fair compensation payable under the statutory licence, principally the Copyright Advisory Group (for the school sector) and Universities Australia.

We argued, amongst other things, that the ALRC's proposals were based on some fundamental misunderstandings, that statutory licences have adapted and can continue to adapt to the digital environment, and that repeal of the statutory licence would result in an environment that is less efficient and less fair than the current environment for both teachers and content creators.

The proposal to repeal the statutory licence for governments was actively opposed by surveyors, individually and through their associations. The proposal to introduce a new exception for 'fair use' was not supported by content creators, who fear it would give an unfair advantage to organisations that derive business benefits from other people's content, particularly in the online environment.

We await the report of the ALRC in the coming year and will ensure the views of Australian rights owners are well presented to government.

We have great hopes for learningfield and Reading Australia and for a fuller International engagement, particularly with countries in our Asia Pacific region. Despite all of the distractions and the real difficulties, we have modestly increased our revenue, developed new services with industry partners, and managed our costs. We anticipate a potentially difficult year, but will meet our difficulties with innovative thinking and improved products and services for the Australian and regional market place.

9. Questions and Comments on the Management of the Company

The Chair opened the floor for questions and comments on the management of the company.

In response to questions, the Chief Executive confirmed the artist’s resale royalty was 5% on sales over \$1,000.00, payable on the second sale of an artwork, and that the government was unlikely to implement a similar scheme for re-sales of books.

Members commented on the growing anti-copyright culture, and the desirability for a coalition of rightsholders groups to help government understand the importance of copyright revenue. Members also sought information on the company’s efforts in informing schools and local libraries on copyright.

The meeting closed at 4.15 pm.

Signed as a correct record.

Chair

Date