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1 HIGHLIGHTS

In 2016–17 Copyright Agency:

- enabled copying and sharing of content by millions of Australians without the individual copyright clearances otherwise required, including:
 - nearly 3.8 million school students in more than 9,400 schools¹
 - nearly 400,000 teaching staff
 - 1.3 million university students
 - 120,000 university staff²
 - 4.2 million vocational education and training students³ and
 - nearly 815,000 government employees⁴
- paid \$117.8m to more than 9,400 content creators
- paid nearly \$665,000 in artists' resale royalties to 447 artists
- allocated \$2.06m from its Cultural Fund (members' contribution of 1.5% of licence revenue) to support 114 projects, 23 professional development grants and 5 fellowships
- licensed 84 new commercial clients and extended 26 licences to cover additional content and uses, resulting in a 15% increase in licence fees from the corporate sector
- licensed 78 new independently licensed education institutions
- finalised agreements with the governments of Victoria, Queensland and South Australia for payment of royalties from sales of survey plans
- increased licence fees from Viscopy direct licences for use of artworks by 19%
- processed more than 96,000 survey records of copying in schools (comprising more than 495,000 pages) and nearly 10,000 survey records of copying in universities (comprising more than 230,000 pages)
- increased participating publishers in LearningField (subscription to textbook chapters from multiple publishers) from 13 to 16
- increased Reading Australia subscribers by 30% to 8,184, and added 23 new teaching resources for schools, 19 new essays and 3 new videos
- passage of amendments to copyright legislation to simplify the statutory licence for education, implementing a joint proposal from the school and university sectors, Copyright Agency and Screenrights

¹ abs.gov.au/ausstats/abs@.nsf/mf/4221.0.

² universitiesaustralia.edu.au/australias-universities/key-facts-and-data.

³ ncver.edu.au/about/news-and-events/media-releases/total-vet-activity-second-report-released.

⁴ Number of employees covered by Copyright Agency's licensing agreements.

2 COPYRIGHT AGENCY AT A GLANCE

What we do	On behalf of creators of text and images, we negotiate, collect and distribute copyright fees and royalties. We are known as a 'copyright management organisation' or 'collecting society'
Structure	We are a not-for-profit company limited by guarantee.
Members	We have more than 30,000 members, who include writers, artists and publishers.
Government appointments	We are appointed by the Australian Government to manage statutory licence schemes and the artists' resale royalty scheme.
Statutory licence schemes	The statutory licence schemes allow educational and government use of content without the permissions usually required, but subject to fair compensation to content creators. ⁵
Artists' resale royalty scheme	The artists' resale royalty scheme pays artists a percentage of the sale price from certain resales of artworks.
Agent for members	We also license our members' works as their agent (e.g. for use in corporations, local governments and not-for-profit organisations).
Payments to content creators	We pay more than \$100 million a year to content creators for the use of their works.
Cultural Fund	1.5% of licence revenue ⁶ supports cultural projects through the Cultural Fund.
Viscopy services	Copyright Agency manages member services and artwork licensing for Viscopy's 11,000 local members and international affiliates.
International affiliations	Copyright Agency and Viscopy are affiliated with more than 70 similar organisations in other countries. This enables use of Australian works in other countries, and use of foreign works in Australia.
Other Australian copyright management organisations	We coordinate with other Australian copyright management organisations that manage licensing for other types of content. ⁷
Copyright Tribunal	The Copyright Tribunal can determine licensing and distribution arrangements that are not resolved by agreement (but determinations are rare). ⁸
Code of Conduct	Copyright Agency and Viscopy are signatories to the Code of Conduct for Australian Collecting Societies (copyright management organisations).

⁵ There are also statutory licence schemes for people with disabilities (visual impairment and intellectual disability), which Copyright Agency is appointed by the Attorney General to manage. Copyright Agency's board has decided not to seek any compensation under these schemes, and the government intends to replace the licence with an exception.

⁶ From statutory and voluntary licences, but not the artists' resale royalty scheme.

⁷ Principally Screenrights (broadcast content), APRA/AMCOS (music compositions), and PPCA (recorded music).

⁸ copyrighttribunal.gov.au

3 ABOUT COPYRIGHT

The objective of copyright law is ‘to give to the author of a creative work his just reward for the benefit he has bestowed on the community and also to encourage the making of further creative works’.⁹

Copyright rights are granted by the Copyright Act.¹⁰ Copyright applies to designated ‘forms of expression’ such as writing, music and images. The ‘owner’ of a copyright has exclusive rights to do certain things such as copying, making available online, broadcasting and public performance. No registration is required for copyright: rights are granted ‘automatically’ on creation of a designated form of expression.

Copyright is a form of ‘intellectual property’: it is ‘owned’ and can be licensed and transferred to others.¹¹ The Copyright Act determines the first owner of copyright (usually the creator). Creators also have ‘moral rights’ in their work (relating to attribution and the ‘integrity’ of their work), even if they do not own copyright.¹²

The artists’ resale royalty right (artists’ entitlement to a share of the resale price for artworks) is often regarded as a copyright-related right, though it differs from copyright rights in a number of respects, and in Australia is granted by stand-alone legislation.¹³

Rights usually last for 70 years after the creator’s death.¹⁴

The Copyright Act contains a range of ‘exceptions’: activities that can be done without the copyright permissions usually required. The Act also contains a number of ‘statutory licences’ that allow copying and sharing of content (e.g. for education) without permission, but subject to fair compensation.

The copyright system is international, involving national legislation that conforms with standards in international treaties.¹⁵

3.1 ABOUT STATUTORY LICENCES

The Copyright Act contains a number of ‘statutory licences’, which allow uses of content for certain purposes without permission but subject to fair compensation to content creators.¹⁶

Statutory licences have been introduced for situations in which it was assumed ‘that, if left to themselves, the parties will be unable to reach a satisfactory resolution of the terms for the access desired’ for reasons that include ‘unacceptably high transaction costs in cases where individual uses would be too difficult to identify and control’ and ‘the user is in a powerful initial position and has been able to obtain a statutory solution in its favour’.¹⁷

Statutory licences are compulsory for content creators but not for licensees: users can choose to make alternative arrangements with copyright owners for uses covered by statutory licences, rather than relying on the statutory licence provisions.¹⁸ Content creators have adjusted to the statutory licences, which were introduced a long time ago and enable efficient licensing solutions.

⁹ *Report to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth* (the Spicer Report) (1959): this report preceded the introduction of the current Copyright Act 1968.

¹⁰ *Copyright Act 1968* (Cth), available at comlaw.gov.au. The legislation has been amended many times since 1968.

Significant amendments include the ‘Digital Agenda’ amendments of 2000, and the introduction of ‘moral rights’ in 2000.

¹¹ Other forms of intellectual property include patents, trade marks and designs: see ipaaustralia.gov.au/understanding-intellectual-property

¹² Creators have these rights in their work even if they do not own copyright.

¹³ The primary copyright treaty, the Berne Convention, provides that parties are not required to have an artists’ resale right, but that if they do they must provide reciprocity to nationals of other countries that have the right. In Australia, the right is granted by the *Resale Royalty Right for Visual Artists Act 2009* (Cth), overseen by the Minister for the Arts. One of the key arguments for the right is that it benefits ‘fine artists’ who receive fewer benefits from the copyright system than other creators (such as writers and composers) whose work is primarily created for copying and communication rather than the value of the ‘original’ version.

¹⁴ copyright.com.au/duration

¹⁵ Australia is party to a number of treaties, such as the Berne Convention administered by the World Intellectual Property Organization (WIPO) and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), administered by the World Trade Organization (WTO). Australia is also party to a number of bilateral and other agreements that affect copyright, such as the Australia–US Free Trade Agreement.

¹⁶ For an overview of all the statutory licences, see Ricketson & Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* at [12.0]ff.

¹⁷ Ricketson & Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* at [12.0].

¹⁸ For example, the use of print music in schools is mostly done under the AMCOS print music licence (www.apra-amcos.com.au/musicconsumers/musicineducation/schools.aspx) rather than the statutory licence, because it allows the copying of entire works that are available for purchase (provided the school purchases the requisite number of originals), though the statutory licence remains available to schools for uses not covered by the AMCOS agreement.

Copyright Agency is appointed ('declared') by the Australian Government to manage statutory licences for the use of text, images and print music by the educational and government sectors.¹⁹

A statutory licence for education was introduced in 1980 following the recommendations of an expert committee,²⁰ revised in 1989, and extensively amended in 2000 to enable digital uses of content (such as making content available on an intranet).²¹ In 1990, the Attorney-General's Department produced guidelines for 'declared' collecting societies, which are reflected in Copyright Agency's Constitution.²² In June 2017, legislation to simplify the statutory licence for education was passed (with effect from December 2017), in accordance with a joint proposal from Copyright Agency, education representatives and Screenrights.

A statutory licence for people with a print disability was also introduced in 1980, and Copyright Agency was appointed to manage the licence following amendments in 1990. Copyright Agency's board decided not to seek compensation, but to provide some practical assistance with meeting the compliance requirements (principally, reporting 'master copies' of accessible format versions). The statutory licence provisions will be replaced by new exceptions for people with disabilities from 22 December 2017.

A statutory licence for governments was introduced in 1968 as part of the current Copyright Act, following the recommendation of an expert committee,²³ and was amended in 1998 to facilitate collective management.²⁴

Statutory licences are consistent with Australia's international treaty obligations, and exist in other countries, but are more prevalent in Australia than elsewhere.²⁵

The Copyright Tribunal has power to determine a range of matters associated with statutory licensing, including the compensation payable, monitoring of usage, and distribution of compensation to content creators. References to the Tribunal are, however, rare: matters associated with the operation of statutory licences (including compensation and monitoring) are usually resolved through negotiation and agreement.

¹⁹ Copyright Agency is also declared as the collecting society for people with disabilities, but decided not to seek any compensation under the scheme, and the government intends to replace the statutory licence scheme with an exception: communications.gov.au/have-your-say/updates/australias-copyright-laws

Copyright Agency was 'declared' by the Attorney General in 1990 as the collecting society for the statutory licences for education and people with disabilities in Part VB of the Copyright Act, and by the Copyright Tribunal in 1998 as the collecting society for government copies of 'works' and 'published editions'.

²⁰ *Report of the Copyright Law Committee on Reprographic Reproduction* (AGPS, Canberra, 1976), known as the Franki Report.

²¹ By the *Copyright Amendment (Digital Agenda) Act 2000* (Cth).

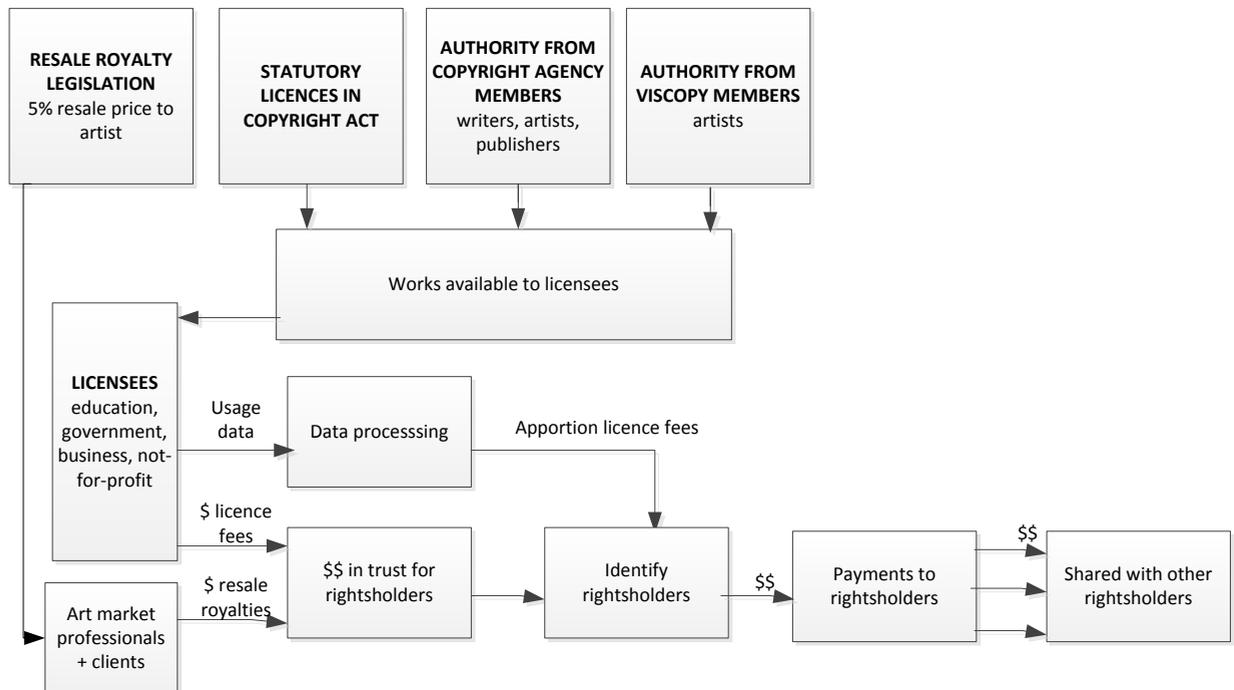
²² The Guidelines and Constitution are available at copyright.com.au/governance.

²³ Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth (1959), known as the Spicer Report, at [404]

²⁴ The statutory licence in section 183 of the Act allows the Commonwealth, States and Territories to use any copyright material for the services of the Crown. The amendments empowered the Copyright Tribunal to appoint ('declare') collecting societies to manage 'government copies'. Copyright Agency was declared as the collecting society in relation to 'works' (other than those embodied in films and sound recordings) and 'published editions' in 1998. Screenrights is the declared society for broadcast content. For uses that are not 'government copies' managed by a declared collecting society, the government must (unless it is contrary to the public interest) notify the copyright owner and either agree terms with the copyright owner, or have terms determined by the Copyright Tribunal. The legislation does not empower the Tribunal to declare a collecting society in relation to 'communications' made under the statutory licence, but Copyright Agency operates as agent for its members by accepting notification and negotiating terms.

²⁵ Some other countries have provision for 'extended collective licensing', which is similar to statutory licensing but allows a copyright owner to 'opt out'. This form of licensing originated in Scandinavian countries, and has recently been introduced in the UK. It is also under consideration in the US.

4 OUR BUSINESS: AN OVERVIEW



In addition to its licensing business, Copyright Agency has also partnered with publishers to develop LearningField, an online subscription platform enabling use of textbook chapters from multiple publishers. See further *21. LearningField*.

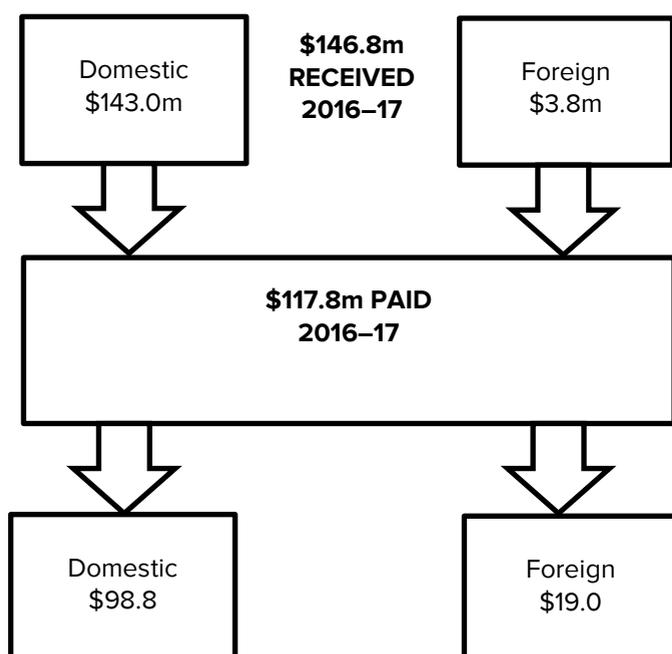
Members have authorised 1.5% of licence fees to support cultural projects and creators’ professional development, which is managed through Copyright Agency’s Cultural Fund. See further *14. Cultural Fund*.

4.1 LICENCE FEES BY SECTOR²⁶

\$ Million	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Schools	58.6	59.8	60.8	61.8	62.7	63.4
Universities	26.3	27.0	29.0	30.7	30.7	31.6
TAFEs	4.0	3.9	3.6	3.3	3.3	3.4
Other education providers	4.5	4.8	5.0	5.3	6.3	7.0
Education total	93.4	95.5	98.4	101.1	103.0	105.3
States & territories	6.3	6.2	4.7	2.0 ²⁷	3.9	4.1
Commonwealth	3.1	2.8	2.8	2.5	1.5	1.6
Survey plans			0.2	3.8	2.7	0.8
Gov total²⁸	9.4	9.0	7.7	8.3	8.1	6.5
Media monitoring organisations	12.7	12.7	12.0	12.5	12.1	18.7
Other commercial	3.9	4.5	4.9	5.7	5.9	6.7
Overseas	2.3	2.6	2.7	4.1	4.1	3.8
Resale royalty	0.4	0.8	0.6	0.9	0.8	0.8
LearningField	-	-	0.6	2.5	3.1	3.0
Net investment income	4.0	2.7	2.3	2.1	1.9	1.9
Other total	23.3	23.3	23.1	27.8	27.9	34.8
TOTAL	126.1	127.8	129.2	137.2	139.0	146.8

4.2 DISTRIBUTIONS AT A GLANCE

Each year's distributions include some funds received before that year, depending on when the funds and data for allocation were received.



See further 11. *Payments to content creators.*

²⁶ The table represents licence fees payable for the 2016–17 financial year, rather than received in that period. It does not include the \$686,798 of other income referred to in the audited accounts in Note 2: Revenue (page 22). That amount includes fees paid by Viscopy under the services agreement between Viscopy and Copyright Agency.

²⁷ The licence fees from states and territories recognised for 2016–17 reflects adjustments for licence fees expected for previous years that have not been received in full and are now not expected to be received.

²⁸ Includes voluntary licences for quasi-government entities (about \$80,000 in 2016–17)

5 STATUTORY LICENCE SCHEMES: EDUCATION

The statutory licence scheme for education in the Copyright Act allows educational use of text and images provided there is fair compensation to content creators.²⁹ Copyright Agency was appointed by the Australian Attorney General in 1990 to manage the scheme.

There is a similar scheme for broadcast content (e.g. documentaries, films and current affairs), managed by Screenrights.³⁰

The schemes now apply to both not-for-profit and for-profit educational institutions. The amount of fair compensation can be determined by the Copyright Tribunal if it cannot be agreed. The last Tribunal determination on fair compensation from schools for text, images and print music was in 2002, and for universities in 1999.

Most schools (all government schools, and most Catholic and independent schools) are represented by the Copyright Advisory Group (CAG)³¹ in negotiations for fair compensation. Most Technical and Further Education (TAFE) colleges (apart from those in Victoria)³² are also represented by CAG. Australian universities are represented by Universities Australia.³³ Copyright Agency also negotiates individual agreements with more than 1,000 independent educational institutions.

For total revenue from the education sector, see *4.1 Licence fees received by sector*.

5.1 DEVELOPMENTS IN 2016–17

- passage of amendments to simplify the statutory licence for education, implementing a joint proposal from education representatives, Copyright Agency and Screenrights
- new agreement with Universities Australia for 2017–18
- commencement of negotiations with CAG for a new agreement for the school sector

5.2 TOTAL COST OF EDUCATION FOR SCHOOL STUDENTS

According to the Australian Curriculum and Assessment Authority, the recurrent government funding for school education in 2014–15 was **\$53 billion: \$14,300 per student**.³⁴

Compensation to content creators under the statutory licence is less than 0.12% of this funding.

5.3 LICENCE FEES PAID FOR SCHOOL STUDENTS OVER TIME

When adjusted for student numbers, volume of copying and consumer price index, licence fees have remained stable over the last 10 years.

Under the agreements for 2013–15, 2016–17 and 2018 the rate per student is fixed at the 2012 rate (\$16.93), but (unlike in previous agreements) without an annual increase for the Consumer Price Index (CPI).

In real terms, the per-student rate for school students is lower now than in 2012.

5.4 UNIVERSITIES

The agreements with the university sector set a flat rate for the agreement period, but, unlike the agreements for the school sector, it has been a single lump sum for the sector as a whole rather than a per-student rate.

Of the \$25.8 billion of expenditure in universities in 2014, the copyright fee of \$30.7m was 0.12%.

²⁹ The current statutory licence, in Part VB of the Copyright Act, came into operation in 1990. It replaced the former statutory licence provisions in section 53B, introduced in 1980. The statutory licence was extended to digital uses in 2000, by the Copyright Amendment (Digital Agenda) Act.

³⁰ There are also arrangements for use of music in schools and universities through the music collecting societies, APRA/AMCOS and PPCA.

³¹ CAG represents schools on copyright matters to the Council of Australian Governments (COAG) Education Council. CAG is assisted by the National Copyright Unit (NCU), based in the NSW Department of Education.

³² Since 2006, Victorian TAFEs have been represented by their own self-funded association, Victorian TAFE Association (VTA).

³³ There are 40 Australian Universities registered by TEQSA. UA represent 39 – the last one, Torrens University Australia is individually licensed.

³⁴ <http://www.acara.edu.au/reporting/national-report-on-schooling-in-australia-data-portal/school-funding>

5.5 INDIVIDUALLY LICENSED INSTITUTIONS

As at 30 June 2017, we had 1,017 individual licences with education institutions, 78 of which are newly licensed institutions (49 commercial institutions, and 29 non-commercial institutions).

About 60% of the individually licensed institutions are not-for-profit, and the remainder for-profit. The institutions included pre-schools, schools and colleges offering higher education degrees, as well as Vocational Education and Training (VET) level diplomas and certificates 1–4. Some offer specialist education, such as theological studies, business studies and English language training.

The for-profit institutions are mostly very large private colleges and registered training organisations (RTOs) offering tertiary education. The not-for-profit institutions include training arms of government bodies, private or community kindergartens, community colleges, neighbourhood houses, smaller RTOs and charitable RTOs.

While we license these institutions individually, we liaise with peak bodies for various classes of institution with a view to:

- increasing understanding of copyright and licensing issues;
- providing licensing information to their members; and
- designing licences that are appropriate to the needs of their members.

5.6 ENGAGEMENT WITH EDUCATION SECTOR

Our statutory licensing staff engage with the education sector in a variety of ways, including participation in education conferences and other events, webinars and individual training sessions. For example, in 2016–17 staff participated in:

- Community Colleges Conference – Melbourne July 2017
- ACPET Conference – Brisbane August 2017
- VELG Conference – Sydney September 2017
- English Australia Conference – Adelaide September 2017

6 HOW CONTENT IS USED IN THE EDUCATION SECTOR

The statutory licence managed by Copyright Agency allows copying and sharing of text and images for educational purposes:

- from any source (e.g. print, digital, legitimate or infringing); and
- for any type of reproduction or communication (e.g. printing, scanning, photocopying, downloading, making available on a server, emailing).

The key limitation is that works that are available for purchase cannot be copied in their entirety.

Each year, a small sample of schools and universities participate in surveys of usage conducted by an independent research company.³⁵ The design of each survey is agreed with CAG (for schools) and UA (for universities), and those organisations participate in training of survey participants. By agreement with education sector representatives, survey participants record some uses made outside the statutory licence.³⁶

Uses made outside the statutory licence are identified and excluded when the usage data is processed by Copyright Agency, in accordance with protocols agreed with education sector representatives.

The extent and type of information gathered about usage is affected by:

- the technology available to collect and process data;
- administrative burden on licensees; and
- cost of collecting and processing data.

6.1 SURVEYS OF USAGE

Licensees participate in surveys of usage for two quite distinct reasons:

1. to provide an indication of the overall levels of usage ('volume'); and
2. to provide information about content used, to assist with distribution of fair compensation and licence fees.

Some survey records are useful for the first purpose but not for the second (because they do not contain sufficient information to identify a rightsholder). In identifying survey records for distribution purposes, we exclude those that do not contain sufficient identifying information.³⁷ Conversely, some information gathered in surveys is relevant to distribution, but does not affect compensation negotiations.

The design of surveys is agreed with licensee representatives. This includes the sample design and the survey duration.

6.2 SURVEY RECORDS FROM SCHOOLS AND UNIVERSITIES PROCESSED

The table shows the number of records from surveys in schools and universities that we processed in 2016–17. In most cases, these survey records comprise a cover sheet with information about the copying, and a copy of the content copied.

Each survey record may show that numerous 'pages' were copied, and may show that those 'pages' included a number of separate 'works'. For example, a survey record may show that 10 pages from a book were copied, and that those pages included narrative text, a poem, and images. Survey records from universities include course packs, which comprise extracts from a variety of sources.

Components of copied pages may be processed separately: there are different relative values for different types of content, and there may be different owners of copyright for various components.

The table gives an indication of the volume of processing, rather than a comprehensive report on all processing in 2016–17. The processing includes research to determine whether or not a use was made in reliance on the statutory licence (e.g. a use that has been directly licensed by a copyright owner is excluded). The table includes records for uses made outside the statutory licence, and therefore excluded from estimates of the overall extent of reliance on the statutory licence, and from distribution.

³⁵ Currently AMR. There are different arrangements with the TAFE sector and individually licensed institutions. Recent distributions of licence fees from those sectors have largely been based on 'indicative' rather than survey data.

³⁶ This is partly in recognition that the teachers completing the surveys would have difficulty determining whether a particular use is made in reliance on the statutory licence or not. Uses not made in reliance on the statutory licence are identified by Copyright Agency's researchers, following protocols agreed with education sector representatives.

³⁷ This does not necessarily mean that the work used is a 'orphan work': it means that insufficient information has been provided to enable us to identify its copyright owner.

	survey records processed	'usage' records	'pages' processed	Survey period
schools: hardcopy	73,570	99,164	376,952	2016: terms 1–4
schools: digital	22,597	36,662	118,237	
universities: hardcopy	1,659	3,588	31,321	2016: semester 2
universities: digital	8,120	10,826	200,041	2017: semester 1
	105,946	150,240	726,551	

Copyright Agency employs experienced data researchers who extract relevant information from the survey data, and supplement it with additional information about the content and the rightsholders (such as International Standard Book Number and publisher name). There are detailed descriptions of the role of the data researchers in the Data Processing Protocols (DPPs) agreed with education sector representatives.³⁸

As noted in the DPPs agreed with education sector representatives:

*It is not always possible for researchers to retrieve comprehensive bibliographic information so as to verify rightsholders. Researchers are constrained by the quality of original data provided in the survey and the complex nature of the publishing industry. However, the role of the researcher is to identify and complete the citation as far as possible in the circumstances.*³⁹

Given the need to confine costs to a reasonable level, the researchers do not identify every rightsholder for every survey record. They do, however, identify rightsholders for 90–95% of survey records (92% of the survey records from schools).⁴⁰ This includes records on which a teacher has marked 'source unknown' on the cover sheet. At the end of processing, about 10% of the total pages are not linked to a rightsholder.

6.3 2016 SCHOOLS SURVEYS

Every year, an independent research company conducts two surveys of copying in a sample of schools for Copyright Agency. One survey records printing, scanning and photocopying in 252 schools over a two-year period, each for a term:

- NSW, ACT, South Australia and Northern Territory in the 'even' years (e.g. 2014, 2016)
- Victoria, Tasmania, Queensland and Western Australia in the 'odd' years (e.g. 2013, 2015).

The other survey records 'electronic use' (e.g. uploading to a server, downloading, emailing) in 100 schools each year, for a four week period.

6.4 NUMBER OF SCHOOLS AND STUDENTS IN AUSTRALIA IN 2016

In 2016, there were **9,414 schools** in Australia, with nearly **3.8 million students**: 65.4% in government schools, 20.2% in Catholic schools and 14.4% in independent schools.⁴¹

³⁸ copyright.com.au/about-us/what-we-do/collecting-and-distributing-royalties/data-processing-protocols. As noted in the DPPs, the researchers' tasks include to 'complete (add missing information such as author, publisher full title, ISBN etc.) information provided on the survey records by the survey participants'.

³⁹ copyright.com.au/about-us/what-we-do/collecting-and-distributing-royalties/data-processing-protocols/

⁴⁰ This represents about 10% of the 'total multiplied pages'.

⁴¹ abs.gov.au/ausstats/abs@.nsf/mf/4221.0

6.5 PRINTING, SCANNING AND PHOTOCOPYING BY SURVEYED SCHOOLS IN 2016

In 2016, surveys of printing, scanning, photocopying were conducted in the following number of schools:

		NSW/ACT	SA/NT	Total
Government	Primary	52	3	55
	Secondary	28	4	32
	<i>Total government schools</i>	80	7	87
Non-government	Primary	20	1	21
	Secondary	16	4	20
	<i>Total non-government schools</i>	36	5	41
GRAND TOTAL		116	12	128

In total, there were **83,364 students** in those schools.

The following figures represent content copied and shared in reliance on the licence managed by Copyright Agency: that is, uses that would otherwise have required a copyright clearance. Any uses recorded in surveys that were not done in reliance on the licence are excluded.⁴²

The 128 schools surveyed:

- **photocopied 3.5 million ‘pages’** of content⁴³
- **printed 490,000 ‘pages’**
- **scanned 13,000 ‘pages’**

Taking into account the survey results for both 2015 and 2016,⁴⁴ the calculated ‘pages’ per student for 2016 is:

Activity	‘pages’
Photocopied	164.3
Printed or scanned	22.9
Total	187.2

6.6 ELECTRONIC USE BY THE SURVEYED SCHOOLS

In addition, a survey of electronic use was conducted in 99 schools, with 4,132 registered participants.

The schools surveyed for electronic use copied or shared **2.19 million ‘pages’** of content.

The calculated ‘pages’ per student for 2016 is:

Activity	‘pages’
‘Displayed’ (e.g. from a learning management system)	122.5
‘Published’ to students online (e.g. from a learning management system)	57.7
Printed, saved or copied by students (authorised by teacher)	13.0
Downloaded, saved to computer, screenshot or digital photo	19.4
Emailed	6.4
Total	218.9

Both Copyright Agency and the schools sector recognise that the current system is not perfect, but it has to balance burden and cost with accuracy. Copyright Agency and the schools sector regularly review current methods with a view to improvements and alternatives.

6.7 USES EXCLUDED FROM LICENCE FEE NEGOTIATIONS

Not all uses of content are taken into account in licence fee negotiations. Uses excluded from consideration include those that:

- do not ordinarily require copyright permission;⁴⁵

⁴² In accordance with protocols agreed with the sector: copyright.com.au/about-us/what-we-do/collecting-and-distributing-royalties/data-processing-protocols. For example, content covered by a Creative Commons licence, a licence that allows free use by schools, or a licence (such as a subscription licence) that allows the use.

⁴³ A ‘page’ is a ‘unit’ of content that has been copied or shared, such as a page from a book, an image, or a page printed from a website.

⁴⁴ Taking into account the two-year cycle of states and territories.

⁴⁵ E.g. because the content is not protected by copyright; because part used is not ‘substantial’; because the use is covered by a free exception.

- the content creator has notified us are directly licensed for educational use;
- are presumed to be directly licensed for educational use;⁴⁶
- are presumed to have no value (such as ‘technical’ copies); and
- are not practicable to ‘measure’.

There are two mechanisms for taking these uses into account in compensation negotiations:

1. uses recorded in surveys that are excluded in the course of processing the survey records (which follows protocols agreed between Copyright Agency and CAG and UA); and
2. overall discounts in the flat fees, to reflect the class of excluded use.

Processing exclusions include:

- quotations and extracts of three paragraphs or less;
- material created exclusively by the surveyed institution’s current employees: teacher’s own work;
- media or press releases;
- examination papers/materials if used for assessment purposes;
- logos;
- advertisements; and
- content published by Commonwealth departments and agencies.⁴⁷

Discounts are negotiated for uses such as the following:

- the use of ‘small portions’;
- copying from ‘blackline masters’;⁴⁸ and
- use of content that may lack sufficient ‘originality’ to be protected by copyright.⁴⁹

6.8 BOOKS SCHOOL TEACHERS CHOOSE TO COPY

See our website for lists of the books teachers most often chose to copy in primary and secondary schools from 2011–16.⁵⁰ The lists represent how widely the books were copied (that is, in the highest number of schools), rather than amounts allocated to those titles.⁵¹

⁴⁶ Such as from a website with terms of use that allow ‘non-commercial use’.

⁴⁷ unless we have been instructed by the relevant agency not to exclude it

⁴⁸ ‘Blackline masters’ are workbooks sold with a licence to the purchaser to photocopy. Survey records do not indicate whether or not the recorded use was covered by the licence.

⁴⁹ Such as the TV guides at issue in the High Court decision in *Ice TV*

⁵⁰ The lists were compiled from data provided by the schools that participated in surveys of usage from 2011 to mid-2016. From this data we extracted records that related to publications for which we could identify an ISBN (International Standard Book Number) or ISSN (International Standard Serial Number). We then counted the number of schools in which each book and periodical was copied, but not the number of pages copied, or the number of copies made, both of which are taken into account for distribution of licence fees.

⁵¹ <http://copyright.com.au/licences-permission/educational-licences/top-100-books-teachers-chose-to-copy/>

7 STATUTORY LICENCES: GOVERNMENTS

The statutory licence for governments allows Commonwealth, State and Territory government departments and agencies to make any use of any copyright content for the services of the government.⁵² Copyright Agency has been ‘declared’ by the Copyright Tribunal as the collecting society authorised to collect and distribute ‘equitable remuneration’ for government copying of text images and print music.⁵³ Copyright Agency also licenses, as agent for its members, the communication of text, images and print music.⁵⁴

The statutory licence does not apply to government-related entities that are not ‘the Crown’, or to local governments, but Copyright Agency offers ‘voluntary’ licences for them.

Copyright Agency has received limited recent usage data from governments, which means that recent distributions of licence fees have been based on data indicating content available for use, rather than reported as used.

For total revenue from the government sector, see *4.1 Licence fees by sector*.

7.1 DEVELOPMENTS IN 2016–17

- agreement signed with Victorian government on payments for past and future sales of survey plans
- agreements finalised with the Commonwealth and the Northern Territory for 2017–18
- in-principle agreements with Victoria, Queensland, Western Australia, South Australia, Tasmania and Australian Capital Territory for 2017–18
- ongoing negotiations with New South Wales⁵⁵

7.2 NUMBER OF GOVERNMENT EMPLOYEES

The table below indicates the number of employees (full-time equivalent: FTE), according to the most recent reports we have received.

State	Reported for	FTEs
Commonwealth	2016-2017	208,824.33
ACT	2016-2017	14,841
NSW	2011-2012	208,308
Northern Territory	2015-2016	16,292
Queensland	2015-2016	140,912
Victoria	2015-2016	72,439
Western Australia	2016-2017	75,797
Tasmania	2015-2016	18,505
South Australia	2015-2016	58,929
Total		814,847

7.3 ENGAGEMENT WITH SECTOR

Engagement with the government sector in 2016–17 included:

- participation in the Australian Library Information Association (ALIA) Information Online 2017 national conference and exhibition
- regular meetings and communication with the representatives from each government responsible for management of the licence arrangements.

⁵² The statutory licence is in Part VII Division 2 of the Copyright Act

⁵³ Screenrights is similarly declared for broadcast content.

⁵⁴ The legislation does not enable the Tribunal to ‘declare’ Copyright Agency for communication, only for ‘government copies’. Copyright Agency has asked the Australian Law Reform Commission to recommend amendment to the legislation to enable declaration for communication.

⁵⁵ Copyright Agency made an application to the Copyright Tribunal in November 2017 for determination of equitable remuneration payable by New South Wales.

8 COMMERCIAL AND OTHER ‘VOLUNTARY’ LICENCES

Members can appoint us as their agent to include their works in various licence schemes we offer. The licences also cover the works of rightholders represented by our international affiliates. Licensees include organisations in the corporate and not-for-profit sectors.

We offer ‘blanket’ annual licences, which cover uses of all works we represent. We also offer ‘pay-per-use’ (transactional) licences, including through an online automated facility.⁵⁶

The licences do not cover works that are listed on Copyright Agency’s website as excluded works,⁵⁷ but do include an indemnity for uses of other works not represented by us.

Licence fees reflect the value of the licences (e.g. compared to other commercial licensing arrangements).

For total revenue from commercial and other voluntary licences, see *4.1 Licence fees by sector*.

8.1 DEVELOPMENTS IN 2016–17

- 84 new clients and 26 extended licences to cover additional content and uses resulting in a 15% increase in licence fees from the corporate sector
- Continuation of monitoring program for corporate websites with infringing publication of newspaper content with a view to increased uptake of licences in the corporate sector
- Renegotiation of licensing arrangements for digital press clippings
- Extension of online licensing portal RightsPortal to enable pay-per-use licensing for journal articles

8.2 LICENCES FOR THE CORPORATE SECTOR

In addition to our general licence for corporations, we have licences covering the specific requirements of:

- pharmaceutical companies
- public relations (PR) companies
- law firms
- Australian-based firms with offices in other countries

Other licence schemes include:

- digital press clippings (as agent for newspaper and magazine publishers)
- inclusion of journal articles and other works in commercial subscription services

8.3 NOT-FOR-PROFIT SECTOR

We offer licences (which we refer to as Associations Licences) for a range of not-for-profit entities, including incorporated associations, unincorporated associations, societies and unions. We have specific sector licences for:

- local governments;
- religious organisations; and
- civil celebrants

8.4 QUASI-GOVERNMENT BODIES

We have a special licence for quasi-government bodies that may not be able to rely on the statutory licence for governments because they are not part of the Commonwealth or a State or Territory government. The licence operates in a similar way to the government statutory licence, but does not allow the copying of entire works that are available for purchase (only a portion may be copied).

⁵⁶ rightsportal.com.au

⁵⁷ copyright.com.au/excluded-works

In 2016–17:

Sector	Number of licensees	Licence fees \$
State and Territory	9	59,086
Commonwealth	2	19,691

8.5 TRANSACTIONAL (PAY PER USE) LICENCES

We offer transactional (pay per use) licences in two ways:

- an automated online service (RightsPortal);⁵⁸ and
- a manual clearance service.

The automated service currently applies to newspaper content (text, but not images), and articles from scholarly journals.

For content not yet covered by the online facility, we offer a manual clearance service. Licensees make a request by email, and we respond within 48 hours. We liaise with the rightsholder, who decides whether or not to license and sets a price, and manage the licence arrangements, invoicing and payment.

Most of the users of these services are publishers.

8.6 ENGAGEMENT WITH LICENSEES

The Commercial Licensing team engages with current and potential licensees in a variety of ways. In 2016–17, they conducted 55 training sessions with a range of organisations around Australia.

And the team participated in the following conferences and events:

- Public Relations Institute of Australia (PRIA) National Conference
- General Counsel Summit
- ARCS (Association of Regulatory and Clinical Scientists) – Regulatory and Science
- Australian Corporate Counsel (ACC) NSW
- ACC WA
- ACC National

⁵⁸ rightsportal.com.au

9 VISCOPY SERVICES

Copyright Agency began managing Viscopy's services on 2 July 2012, pursuant to an agreement approved by the Australian Consumer and Competition Authority.⁵⁹ The services include managing Viscopy's relationships with its members, international affiliates and licensees.

Viscopy represents more than 13,000 artists, artists' estates and beneficiaries. Through its international affiliations, Viscopy also represents more than 40,000 foreign artists.

Viscopy's major licensees are auction houses and public galleries. Most of Viscopy's licences are pay-per-use (rather than 'all of repertoire').⁶⁰

Viscopy also offer 'blanket' licences for select uses. Blanket licences cover agreed uses for all Viscopy members, in advance of the use. The uses are reported after the event. This type of licence is used in conjunction with long-term licence agreements and to ease administration of high volume uses.

9.1 MERGER WITH COPYRIGHT AGENCY

In June 2017, Viscopy and Copyright Agency announced that they had agreed in principle to begin the formal arrangements to merge.⁶¹ The merger has since been approved by Viscopy members, and Copyright Agency members have approved changes to Copyright Agency's Constitution to create an additional board position for a visual artist, and an additional membership class for visual artists. The merger has also been approved by the Australian Securities and Investment Commission (ASIC) and the Supreme Court, with effect from 1 December 2017.

9.2 DEVELOPMENTS IN 2016–17

- first year in which over \$1m in direct licence fees was collected for members – an increase of 19% over the prior year
- highest ever number of attendees at the John Fries Award Finalist exhibition opening with 1,000 attendees
- Indigenous education program for visual artists

9.3 ARTISTS REPRESENTED

Year	Australian artists represented
2009	7,300
2010	7,581
2011	8,761
2012	8,876
2013	10,074
2014	11,399
2015	11,642
2016	13,362
2017	13,425

9.4 TOTAL REVENUE

Revenue Class	\$m
Viscopy licence fees	1.10
Statutory compensation (collected by Copyright Agency and Screenrights)	1.34
Foreign licence fees (from international affiliates)	0.12
Interest	0.04
Total Revenue	2.60

⁵⁹ <http://transition.accc.gov.au/content/index.phtml/itemId/1022091/fromItemId/278039/display/acccDecision>

⁶⁰ www.viscopy.org.au/licensing

⁶¹ <https://www.copyright.com.au/2017/06/copyright-agency-viscopy-merge/>

9.5 VISCOPY LICENCE FEES

Domestic Licensing (by client sector)	\$'000 (approx)	Total licences
National and state galleries/museums	255	192
Auction Houses	326	93
Corporate/Commercial	271	72
Education, University, & regional Galleries/Museums	97	199
Magazine and newspaper publishers	43	15
Book publishers	38	66
Non-profit organisation	25	39
Commercial galleries	20	23
Government	19	36
Broadcasting, film and television	8	13
Total	1,101	748

9.6 AMOUNTS DISTRIBUTED

Amount	When paid
\$1,213,224	September 2016
\$169,668	December 2016
\$171,491	March 2017
\$217,278	June 2017
\$1,771,661	

9.7 DISTRIBUTION RECIPIENTS

	ANZ members	International members	Total
Direct income	1186	433	1,619
International income	519	0	519
Statutory income	185	180	365
Total	1,890	613	2,503

10 ARTISTS' RESALE ROYALTY SCHEME

The artists' resale royalty scheme commenced on 9 June 2010. Copyright Agency was appointed by the Minister for the Arts to manage the scheme in May 2010.

The scheme requires payment of a 5% royalty of the sale price on certain resales of artworks by Australian artists.⁶² It also requires the reporting of all resales with a sales value of \$1,000 or more to Copyright Agency, with sufficient information to determine if a royalty is payable. A royalty is not payable if the seller acquired the work before the scheme commenced.

There is a dedicated website – resaleroyalty.org.au – which has an online reporting facility, and online registration for artists and art market professionals to provide contact details.

10.1 DEVELOPMENTS IN 2016–17

At 30 June 2017, the scheme had generated over **\$5.27 million** in royalties for **1,440** artists from more than **14,800** resales.

- The artists who received royalties were at different stages of their careers and from different parts of Australia, including urban and remote areas.
- 63% of the artists receiving royalties Aboriginal and Torres Strait Islander artists, who received 38% of the royalties.
- 38% of recipients live in the Northern Territory and 16% in South Australia and Western Australia (mostly in regional and remote areas).
- The number of artists benefitting from the scheme continues to increase, with 240 receiving a royalty for the first time in 2016–17.

10.2 RESULTS FOR 2016–17

	2016–17	Since June 2010
Resales reported ⁶³	8,530	59,472
Resales subject to royalty ⁶⁴	2,076	14,897
Royalties invoiced	\$810,533	\$4.5m
Royalties collected	\$914,901	\$4.4m
Royalties paid (exc admin fee)	\$664,491	\$3.7m

⁶² Royalties are paid to successors in title after an artist's death. The legislation allows for the scheme to be extended to artists and successors in title from other countries with similar schemes, by listing those countries in regulations. At the time of writing, no countries were listed.

⁶³ Resales for \$1,000 or more.

⁶⁴ All resales must be reported, and Copyright Agency determines which resales are subject to a royalty. A royalty is not payable if the artwork was acquired by the vendor before the commencement of the scheme. Other reasons for a royalty not being payable are: the artist is not an Australian national or resident, and (if the artist has died), there are no beneficiaries with the requisite connection to Australia.

10.3 PERCENTAGE OF RESALES SUBJECT TO ROYALTIES, BY PAYMENT RANGE

The following shows the percentage of resales reported to Copyright Agency that met the eligibility criteria for payment of a royalty, by payment range.⁶⁵

	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016-17
Royalty amount							
\$50–99	40%	45%	44%	42%	41%	40%	40%
\$100–999	60%	54%	53%	54%	52%	54%	55%
\$1,000–4,999	1%	1%	2%	3%	4%	5%	4%
\$5,000–19,999	0%	0%	0%	1%	1%	1%	1%
\$20,000+	0%	0%	0%	0%	1%	0%	0%

10.4 STAKEHOLDER ENGAGEMENT

Stakeholder engagement included:

- delivery of the 2016–17 Indigenous Education Program including information sessions and workshops on resale royalty at key events reaching artists, art centre managers and workers, such as the Desart Art Centre Conference and Artform - artist forum in Perth.
- information sessions to artists via the professional development component of their tertiary education course and artist studio talks.
- information provision to artists and art market professionals via our own email alerts and newsletters continued through our visual arts eNewsletter, CANVAS – Copyright Agency and Viscopy News for Visual Artists. Canvas is performing extremely effectively with a distribution of over 6,000 and an open rate of 38%, which is double the industry standard.

⁶⁵ In some cases artists elect to receive payment directly from the art market professional and in some cases artists decline payment for particular resales (e.g. charity auctions).

11 PAYMENTS TO CONTENT CREATORS

Licence fees and royalties are held in trust for content creators until paid. Licence fees are paid to owners of copyright whose works have been used, or are available for use, by licensees.

Copyright Agency acquires data for distribution from a variety of sources, including surveys of usage by licensees and data that indicates content available to licensees. There are a series of processes involved in allocating payments to content creators based on the best data available at a reasonable cost within the relevant time period. These include analysing the available data, applying relative values for different types of content and uses, and identifying and contacting content creators. The processes are sometimes complex, accounting for the time between receipt of licence fees, allocation, and payment.

In some cases, there is more than one person entitled to receive an allocated amount: for example an author and a publisher, or an author and a co-author. In these situations, we pay one person on their undertaking to share the payment with any others entitled to a share.

Distribution policy is overseen by the Board, and published on our website.⁶⁶

The Copyright Tribunal has power to review distribution arrangements for statutory licence fees.

11.1 PAYMENTS TO CONTENT CREATORS BY INCOME SOURCE

The following table shows the sources of payments distributed in 2016–17.

Licensee sector	\$ m	%
Education	86.10	73%
Government	4.54	4%
Surveyors	1.85	2%
Artists Resale Royalty	0.67	1%
Commercial	21.94	19%
Overseas	2.74	2%
Total	117.83	100%

11.2 PAYMENTS TO CONTENT CREATORS BY CONTENT TYPE

The following tables show estimates of payments according to sources of content.⁶⁷

Source	\$m Education	\$m Gov	\$m Other	\$m Total
Book	69.62	1.67	4.57	75.86
Website ⁶⁸	6.58	0.00	0.02	6.60
Journal	4.59	1.84	3.16	9.59
Magazine	0.61	0.01	0.86	1.48
Newspaper	0.75	0.41	15.45	16.61
Survey plans	-	1.85	-	1.85
Other ⁶⁹	3.96	0.61	1.28	5.84
Total	86.10	6.39	25.34	117.83

⁶⁶ copyright.com.au/distribution-policy

⁶⁷ Distributions of licence fees from the education sector were based on surveys of usage in statistical samples of educational institutions. Distributions of licence fees from governments (apart from those for sales of survey plans) were based on data indicating content available for use.

⁶⁸ Includes downloaded documents, such as reports and images.

⁶⁹ Includes sources such as information sheets, content from CD-ROMs, posters, previous years' exam papers, student theses from other universities.

Source	Education	Gov	Other	% overall
Book	81%	26%	18%	64%
Website	8%	0%	0%	6%
Journal	5%	29%	12%	8%
Magazine	1%	0%	3%	1%
Newspaper	1%	6%	61%	14%
Survey plans		29%		2%
Other	5%	10%	5%	5%

11.3 DISTRIBUTION BY STATE AND TERRITORY

State	Education licence fees	Government licence fees ⁷⁰	Artists' resale royalties
NSW	52%	37%	35%
VIC	30%	36%	27%
QLD	10%	17%	3%
WA	5%	1%	7%
ACT	1%	1%	<1%
SA	2%	8%	2%
NT	<1%	<1%	27%
TAS	<1%	<1%	1%
Total	100%	100%	100%

11.4 DISTRIBUTION PAYMENTS TO BE SHARED

Our payments reach rightsholders in two ways: directly (from us) and indirectly (through a member or another collecting society).

Where there is more than one rightsholder for a book (e.g. publisher and author), we can pay each rightsholder directly where we have information about the payment shares they have agreed between or among them. Otherwise, we pay one rightsholder on their undertaking to on-pay any amounts due to other rightsholders.

The following shows the amounts that that were to be shared in 2016–17.

Initial recipient	Obligation to share ⁷¹	No obligation to share ⁷²	Total
	\$m		
Organisations	63.2	26.3	89.5
Individual creators	6.6	5.5	12.1
Local collecting societies	1.6	-	1.6
Foreign collecting societies	14.7	-	14.7
TOTAL	86.0	31.8	117.8

⁷⁰ Includes fees paid for sale of survey plans in previous years.

⁷¹ Such as authors with a contractual entitlement.

⁷² In accordance with notified payment shares (information we have received from members about contractual arrangements for sharing Copyright Agency payments).

11.5 PAYMENT RECIPIENTS FOR 2016–17 BY CATEGORY

		\$m	%	recipients ⁷³
Australian recipients	Education resources creators ⁷⁴	54.19	46%	1147
	Other core content creators ⁷⁵	38.04	32%	6,916
	Not-for-profit bodies ⁷⁶	2.36	2%	565
	Education/training bodies ⁷⁷	1.27	1%	121
	Government bodies ⁷⁸	0.48	0%	37
	Other ⁷⁹	0.78	1%	419
	Total	97.11	82%	9,205
Foreign recipients	Foreign collecting societies	14.59	12%	24
	Other foreign recipients	6.13	5%	205
	Total	20.72	18%	229
GRAND TOTAL		117.83	100%	9,434

11.6 ALLOCATION BREAKDOWN BY LICENCE FEE SOURCE

The following tables are based on amounts *allocated* in 2016–17 of \$10 or more.⁸⁰ Some allocations are paid in a subsequent financial year: for example, because payment is dependent on a recipient's confirmation of that they are a rightsholder for the relevant content.

11.6.1 Schools

		\$m	%	recipients
Australian recipients	Education resources creators	35.57	68%	933
	Other core content creators	8.18	16%	1,675
	Not-for-profit bodies	1.00	2%	312
	Education/training bodies	0.67	1%	90
	Government bodies	0.26	0%	32
	Other	0.38	1%	316
	Total	46.06	88%	3,358
Foreign recipients	Foreign collecting societies	5.68	11%	25
	Other foreign recipients	0.80	2%	69
	Total	6.48	12%	94
TOTAL		52.53	100%	3,452

⁷³ Most recipients give an undertaking to on-pay any amounts due to others, so the number of ultimate recipients exceeds the number of initial payees.

⁷⁴ Including educational publishers in the private sector, educational writers and illustrators, and other bodies that create resources specifically for the education sector, such as teacher associations.

⁷⁵ Including journal publishers and contributors, trade publishers and authors, artists, print media and film/tv companies

⁷⁶ Including cultural institutions, arts organisations, community groups, charities, religious organisations, health and disability organisations, special interest associations, industry groups, professional associations, sporting groups

⁷⁷ Including colleges, universities and TAFEs

⁷⁸ Including government departments and agencies, and local government.

⁷⁹ Includes recipients of small payments that we have not categorised

⁸⁰ We make payment an allocation or allocations to a member total \$10 or more. Allocations under \$10 are paid if, combined with other allocations, the total is \$10 or more.

11.6.2 Universities

		\$m	%	recipients
Australian recipients	Education resources creators	10.92	42%	89
	Other core content creators	6.43	25%	865
	Not-for-profit bodies	0.27	1%	121
	Education/training bodies	0.16	1%	51
	Government bodies	0.04	0%	10
	Other	0.09	0%	70
	Total	17.90	69%	1,206
Foreign recipients	Foreign collecting societies	5.14	20%	21
	Other foreign recipients	2.89	11%	73
	Total	8.03	31%	94
TOTAL	25.94	100%	1,300	

11.6.3 TAFEs and individually licensed education institutions

		\$m	%	recipients
Australian recipients	Education resources creators	1.26	49%	138
	Other core content creators	0.82	32%	492
	Not-for-profit bodies	0.06	2%	64
	Education/training bodies	0.02	1%	26
	Government bodies	0.00	0%	4
	Other	0.02	1%	48
	Total	2.19	85%	772
Foreign recipients	Foreign collecting societies	0.28	11%	15
	Other foreign recipients	0.11	4%	27
	Total	0.39	15%	42
TOTAL	2.58	100%	814	

11.6.4 Governments

The distribution of licence fees compensation from governments in 2016–17 was (apart from that from survey plans) mostly based on data from various sources indicating content that was available to governments to use during the licence period (rather than information about actual use). We used different data sources for different types of content (such as books, journals, newspapers and images), in accordance with the best data available to us at the time at a reasonable cost.⁸¹

		\$m	%	recipients
Australian recipients	Core content creators	1.15	28%	2045
	Education resources creators	1.00	25%	191
	Not-for-profit bodies	0.08	2%	64
	Education/training bodies	0.04	1%	34
	Other	0.03	1%	74
	Total	2.30	56%	2408
Foreign recipients	Foreign collecting societies	0.97	24%	19
	Other foreign recipients	0.80	20%	53
	Total	1.77	44%	72
TOTAL	4.07	100%	2480	

11.6.5 Surveyors

The following table shows the number of unique recipients from distributions of licence fees for government sale of survey plans, state by state.

⁸¹ We had regard to the Attorney-General's Department's guidelines for declared collecting societies (2001) in determining the approach to the distribution.

State	Licence period	Total allocated	Number of distributions	Unique recipients
NSW	July 2015– June 2016	\$0.27m	4	510
QLD	July 2015– Sep 2016	\$0.35m	4	163
SA	2003–16	\$0.40m	1	164
VIC	2003–16	\$1.23M	1	270
TOTAL		\$2.25M	10	1,046

11.6.6 Corporations

The following table summarises the distribution of ‘blanket’ licence fees from corporations and quasi-government organisations in 2017. The distribution was based on data indicating content available for copying by licensees. The data used included books and journals lent to, and copied for, corporations by libraries, and digital press clippings supplied to corporations.⁸²

Content type	\$m	Allocations	Unique recipients
books	1.35	1,923 books	175
journals	1.53	1,501 journals	223
newspapers and magazines	0.75	3,461 newspaper and magazine articles	2464
images ⁸³	0.14		
Total	3.64		

11.7 PAYMENTS TO INDIVIDUAL CREATORS FROM SCHOOL AND UNIVERSITY LICENCE FEES

Individual creators can receive Copyright Agency payments in a number of ways. These include:

- directly from Copyright Agency; and
- indirectly, for example via a publisher, a co-author, an agent or another collecting society.

In addition, many creators are employees of Copyright Agency members (for example, they are staff writers or illustrators), so that payments by Copyright Agency to their employers contribute to their salaries.

Based on information provided by the organisations that received about 80% of the payments to organisations (other than foreign collecting societies) in 2015–16, we estimate that individual (non-staff) creators receive about 39% of licence fees distributed. The basis of that estimate is set out in our annual report for 2015–16.

11.8 LIST OF DISTRIBUTIONS FOR 2016–17

We publish our distribution schedule on our website, with information about how each distribution was calculated, including the source or sources of data used for the distribution and the licence period. The following is a list of distributions processed in 2016–17.⁸⁴

We make a deduction when we receive licence fees rather than when they are distributed. The deductions are in most cases based on projected operating costs, plus the 1.5% authorised by members for Copyright Agency’s Cultural Fund. The deductions for digital press clippings and RightsPortal are fixed.

⁸² See further the information sheet for this distribution on the website.

⁸³ The amount for images was distributed separately, together with similar amounts set aside for images from other sources of licence fees.

⁸⁴ A small proportion of the amounts allocated in 2016–17 was paid in 2017–18, mostly because payment was contingent upon recipients confirming entitlement to receive an allocation. Similarly, some payments in 2016–17 were from distributions processed in 2015–16.

Licence fee source	Times per year	Total \$ distributed for 2016–17	Deduction %
Schools	1	\$52,535,506	16.29
Universities	2	\$25,937,278	16.29
Digital press clippings	4	\$13,059,923	10.00
Individually licensed education institutions	1	\$5,550,744	14.44
Governments	1	\$4,098,347	15.09
Corporations (other content)	1	\$3,636,834	15.50–16.29
Overseas collecting societies	3	\$3,071,498	7.95–16.13
TAFE	1	\$2,578,621	16.29
Corporations (use of newspapers)	4	\$1,619,476	15.92–16.29
Sales of survey plans: VIC (2003–16)	1	\$1,230,368	14.44
Informit full text databases	1	\$928,938	14.44
Various, for images	1	\$763,803	14.55–15.06
Sales of survey plans: SA (2003–16)	1	\$403,141	14.44
Local governments	1	\$364,351	14.10
Sales of survey plans: Queensland	4	\$354,005	14.44–16.29
Sales of survey plans: NSW	4	\$266,874	14.44–16.29
Celebrants	1	\$253,942	14.57
RightsPortal	4	\$206,421	15.00
Document delivery	1	\$85,602	10.63–18.55
Australian Poetry Library	1	\$5,155	16.27

12 CULTURAL FUND

Copyright Agency's Constitution allows the Board to allocate up to 1.5% of income to cultural development through the Cultural Fund.⁸⁵ The Cultural Fund supports a wide variety of projects each year.

In 2016–17, \$2.06 million was approved through the Cultural Fund for 114 projects, 23 applicants for the Career Fund, and five Copyright Agency Fellowships. Some of the funds approved are for release in subsequent years.

	Applications	Approved	Declined
Cultural Fund	227	114	113
Career Fund	282	23	259
CA Fellowships (Author & Publisher)	79	5	74

12.1 RECIPIENTS BY CATEGORY 2016-17

Some of the amounts paid were approved in previous years.

Category	Total	%
Children's Literature	49,000	2.1
Cultural Institution	47,025	2.0
Education	217,500	9.4
Prize/Award	240,500	10.4
Fellowships	120,000	5.2
Festival/Event	179,400	8
Mentorship/residency/skills dev	45,500	2
Government	87,500	4
Journal/Review	233,000	10
Publisher	145,890	6.3
Poetry	10,000	0.4
Trade Association	282,760	12.20
Theatre	112,000	4.8
Creation/new work	105,000	4.55
Writing Organisations/projects	188,410	8
Visual Arts Organisations/projects	149,555	6.5
Reading Australia	95,900	4.15
TOTAL	\$2,308,940	100%

12.2 PROJECTS SUPPORTED BY THE CULTURAL FUND IN 2016–17

The following projects were approved for funding in 2016–17. These, and projects supported in previous years, are described in more detail on our website.⁸⁶ In some cases, the funding was approved for a project spanning up to three years.

Applicant	Amount	Project
Books Illustrated	\$20,000	Hello! From Australia promotion at Bologna Book Fair 2017
National Gallery of Victoria	\$19,800	Melbourne Art Book Fair 2017
Artspace	\$13,000	52 Artists 52 Actions (2 years)
University of Queensland Library	\$45,000	Creative Writing Fellowship (2 years)
Swinburne University of Technology	\$30,000	Inside Story Freelance Feature Series (2 years)
AATE	\$20,000	2017 AATE/ ALEA National Conference for teachers of English and Literacy
Queensland Poetry Festival Inc	\$5,000	Queensland Poetry Festival 2017
Emerging Writers' Festival	\$3,400	SeaACT Project Playwrights Residency
Australian Embassy Beijing	\$20,000	Australian Authors Week 2017

⁸⁵ copyright.com.au/cultural-fund. The deduction does not apply to artists' resale royalties.

⁸⁶ copyright.com.au/cultural-fund/projects-supported

Applicant	Amount	Project
Department of Education	\$32,500	Premier's Copyright Agency Creativity across the Curriculum Scholarship (2 years)
Queensland Dept of Education and Training	\$35,000	2017 Queensland Regional Author Tour and Online Literature Festival (2 years)
Sydney Review of Books	\$21,000	2017 CA-SRB Emerging Critics Fellowships (3 years)
Perpetual Limited	\$112,500	2017 Miles Franklin Literary Award (3 years)
Library Board of Queensland	\$38,000	Queensland Literary Awards - David Unaipon Award 2017-2019 (3 years)
Writers Bloc	\$2,190	Writers Bloc Short Courses
The Melbourne Press Club	\$10,000	Supporting Young Journalists Project
Australian Children's Literature Alliance	\$24,000	Australian Children's Laureate Second Term Stipend (2 years)
Association for the Study of Australian Literature	\$57,960	ASAL Public Conference Project (3 years)
Australian Booksellers Association	\$27,000	Australian Booksellers Association Conference 2017-19 (3 years)
Craft ACT: Craft + Design Centre	\$9,995	Fresh perspective: an Australian craft and design writers' symposium
Boomalli Aboriginal Artists Co-operative	\$9,500	Boomalli Conversations - intimate encounters with prominent Aboriginal knowledge leaders
Monash University Museum of Art	\$15,000	Multilingual Knowledges of the Collection (3 years)
Guildhouse	\$16,000	The Collections Project
ACT Writers Centre	\$22,500	ACT Writer-in-Residence Program 2017-19 (3 years)
Fellowship of Australian Writers (WA)	\$13,600	Copyright Agency/FAWWA Writers in Residency Program for 2017
Children's Book Council of Australia (CBCA) Vic) Inc.	\$11,000	Maurice Saxby Creative Development Program
Ipswich District Teacher Librarian Network	\$8,000	StoryArts Festival Ipswich 2017
The Literature Centre	\$10,000	Celebrate Reading National Conference 2017
Art Gallery of NSW	\$20,725	HOME: Aboriginal art in regional NSW – AGNSW outreach education program
AATE/ALEA National Conference for the Teaching of English and Literacy	\$20,000	2018 AATE/ALEA National Conference for teachers of English/Literacy (Perth)
AustLit, School of Comms Arts, UQ	\$21,500	Teaching with Fantasy : Connecting Teachers, Writers, and Digital Outcomes
Boyer Educational Resources	\$6,000	Authors in Schools - Storytelling relating to the Australian History Curriculum
Royal Melbourne Institute of Technology	\$75,000	WrICE (Phase 2): RMIT Copyright Agency Asia-Pacific Partnership Program (one year)
Canberra Writers Festival	\$5,000	2017 Canberra Writers Festival
Geelong Regional Library Corporation	\$15,000	Word for Word Festival "Getting it Write" Workshop Program
Melbourne Writers Festival	\$90,000	Education Partner of Melbourne Writers Festival Schools' Program (3 years)
National Young Writers Festival	\$45,000	NYWF 2018-20 Mentorship & National Bursary program (3 years)
Newcastle Writers Festival Incorporated	\$10,000	2018 and 2019 Newcastle Writers Festival Schools Program (2 years)
Tasmanian Writers Centre	\$5,000	Tasmanian Writers & Readers Festival 2017
WORD Christchurch	\$1,000	Clementine Ford to attend WORD Christchurch, Christchurch Arts Festival
Australian Book Review	\$52,000	Promote Australian Book Review to new audiences (3 years)
Crinkling News	\$20,000	Crinkling News and improving media literacy in young Australians
Griffith REVIEW	\$20,000	The Novella & Narrative Non-Fiction Project V Competition
Island Magazine	\$20,000	Increasing Island's Writers' payments
Meanjin	\$60,000	Meanjin Papers (3 years)
The Big Issue	\$20,000	The Big Issue Fiction Edition
Westerly Magazine	\$13,500	Westerly Magazine's Writers' Development Program 2017-19 (3 years)
Xou Pty Ltd	\$6,000	To publish "Stories of ..."
Slamalamadingdong	\$2,000	Slamalamadingdong National Poetry Slam Team
University of Canberra: IPSI	\$8,000	The Poetry Editor
La Trobe University	\$30,000	National Indigenous Story Awards (3 years)
Stella Prize	\$60,000	Stella Prize Winners promotion (3 years)

Applicant	Amount	Project
Magabala Books	\$51,200	Magabala Books Education Strategy - Promoting Indigenous Secondary Titles (2 years)
Melbourne University Publishing	\$25,000	Australia's National Heritage
The Guardian	\$30,000	Guardian increased book coverage
University of Queensland Press	\$37,500	UQP: A Cultural Legacy - 70th anniversary program (2 years)
Belvoir Company B Ltd	\$90,000	Belvoir's Commission Series - Investing in Australian Stories (3 years)
La Boite Theatre Company	\$10,000	The Practice Project: Phase One - Script commission and Resource Development
Red Stitch Actors' Theatre	\$12,000	Red Stitch 'Ink' Writers' Residency
AALITRA (Australian Association for Literary Translation)	\$3,800	AALITRA Symposium: Translating Australian Literature
Australian Historical Association	\$27,000	AHA-Copyright Agency Early Career Researcher Scheme (3 years)
Australian Library and Information Assoc	\$30,000	The Australian Reading Hour 2017
Australian Publishers Association	\$40,000	FutureBook Australia 2018: Where next for Australia's book industry
Australian Society of Authors	\$20,000	Virtual Professional Development
The Walkley Foundation	\$33,000	Walkley Journalism Explored quarterly essay series
The Walkley Foundation	\$10,000	Walkley Foundation Freelance Program
Artsource The Artists Foundation WA	\$34,800	ArtsHouse Artists in Residence (2 years)
Bus Projects	\$19,620	Concentric Curriculum, connecting artists/writers
KickArts Contemporary Arts	\$20,000	Indigenous Residential Printmaking Program
University of New South Wales	\$25,000	Support artists/writers, development for Beijing Media Arts Biennale exhibition (2 years)
Abbotsford Convent Foundation (ACF)	\$6,000	Convent Children's Program, Summer 2017/18 & Kids' Own Publishing Project
Aboriginal History Incorporated	\$15,000	Celebrating and supporting Indigenous-authored history
Djilpin Arts Aboriginal Corporation	\$17,310	Jaowyn Country Writers Workshops
NSW Writers' Centre	\$10,000	Boundless Festival: Showcasing Culturally Diverse Writers
The Eleanor Dark Foundation Ltd	\$30,000	Copyright Agency Fellowships for Indigenous Writers (3 years)
WestWords Ltd	\$60,000	Western Sydney Emerging Writers' Fellowships (3 years)
Wiradjuri Condobolin Corporation	\$14,000	Wiradjuri Skywriters Pilot Project

12.3 CAREER FUND SUPPORT 2016–17

The following applicants were successful for Career Fund support in 2016–17.

Recipient	Amount	For
Jessye Wdowin-McGregor	\$3,800	Artist residency at Acme Studios London
Bek Berger	\$2,000	Structured residency with Forest Fringe (UK)
Beth Dillon	\$2,800	Mentorship with performance company, Le Cabinet des Curiosities
Sue Wright	\$2,850	To attend SXSW in Austin, Texas
Hayley Megan French	\$4,150	Learning Relationship with Yolgnu Artist Nonggirnga Marawili, Yirrkala
Sarah Breen Lovett	\$1,100	Attend a Natural Building Materials Workshop by Milkwood at Jamberoo Valley Farm
Vanessa Berry	\$2,300	Participate in Nonfiction Now, in Reykjavik Iceland
Shalini Kunahlan	\$2,000	Attend 2017 Digital Book World Conference, New York
Patrice Sharkey	\$2,000	Mentorship with Joe Scotland, Director of Studio Voltaire, London
Ellena Savage	\$2,000	Structured residency at HANGAR Artistic Research Centre, Lisbon, Portugal
Pilar Mata Dupont	\$20,000	To create a new visual art work
Angela Slatter	\$15,000	To create a new work of speculative fiction/fantasy
Alex McDermott	\$15,000	To create a new graphic novel
Bianca Robinson	\$3,000	Attend the World Federation of Science Journalists biennial conference in San Francisco
Mizz De Zoysa-Lewis	\$4,000	Participate in Yale Publishing Course – Leadership Strategies in Book Publishing
Claudia Chaseling	\$3,000	Residency at Art Omi Residency, USA
Philippa Mott	\$4,000	Attend intensive summer course at the Royal College of Art, London
Kate Sherington	\$2,500	Attend Digital Publishing Innovation Summit, London
Georgia Saxelby	\$2,000	Mentorship with renowned architect Travis Price, Washington DC

Recipient	Amount	For
Rochelle Haley	\$2,000	Structured workshops with researcher Sang-won Leigh at Fluid Interfaces Group MIT Media Lab, Boston USA.
Julia De Ville	\$15,000	To create new visual art work
MTC Cronin	\$20,000	To write a new collection of poetry
Sally Morgan	\$20,000	To write a novel in verse.

12.4 FELLOWSHIPS

Fellowship	\$	Awarded to
Author Fellowship	80,000	Melissa Lucashenko – to create a new work of fiction
Publisher Fellowships	10,000	Mary Coe – Attend a book indexing symposium
	10,000	Louise Cornege – How books are promoted in digital first media environments
	10,000	Bradley Gaylard – Attend Summit for Educational Technology in US
	10,000	Alexandra Payne – How will publishers' practice evolve with new opportunities in digital publishing

13 MONEY HELD IN TRUST FOR CONTENT CREATORS

At any given time, we are holding money in trust for content creators. The balance of money in the trust fund changes significantly over the course of a year, increasing with the receipt of licence fees, and decreasing with the distributions of licence fees.

The reasons that licence fees may not have been paid at a given date include:

- the payment was only recently received;
- we have not yet received the information needed to allocate to rightsholders; and
- fees have been allocated, but not yet paid, to rightsholders.

13.1 TRUST FUND COMPONENTS AT 30 JUNE 2017

As at 30 June 2017, there was \$58.55m in trust, representing:

	\$m	%
Licence fees allocated but not yet paid ⁸⁷	18.39	31%
Licence fees to be allocated: received in 2016–17	16.00	27%
Licence fees to be allocated: received in 2015–16	0.37	1%
Future Fund reserve	15.11	26%
Indemnity Fund reserve	2.95	5%
Other reserve	0.37	1%
Provision for operating costs	5.36	9%
TOTAL	58.55	100%

13.2 FUNDS FOR DISTRIBUTION

	Allocated but not yet paid	To be allocated
Education	\$13.69m	\$4.98m
Government	\$2.13m	\$3.88m
Other	\$2.57m	\$7.51m
Total	\$18.39m	\$16.37m

⁸⁷ This includes \$1.49m allocated in 2012–13 that will be 'rolled over' in December 2017: see further 13.5.

13.3 FUNDS ALLOCATED BUT NOT YET PAID, BY REASON

	Education	Gov	Other	Total
We have not yet received confirmation of entitlement to claim from a member.	\$9.73m	\$0.94m	\$0.91m	\$11.57m
We have invited a non-member to join and claim payment, or we are in the process of making contact	\$1.44m	\$1.00m	\$1.35m	\$3.79m
We allocated a payment to a presumed rightsholder, but they are not entitled to claim and we are in the process of identifying alternative rightsholders	\$0.95m	\$0.08m	\$0.12m	\$1.15m
Payments allocated to foreign rightsholders from a country: <ul style="list-style-type: none"> with a collecting society with which we have a 'Type B' agreement (repertoire exchange but not fee exchange); with a collecting society that is not authorised by its members for the type of content or use (e.g. digital use); or no collecting society 	\$0.11m	\$0.04m	\$0.06m	\$0.21m
There is not enough information to identify a rightsholder, or we have exhausted all attempts to identify a rightsholder (where a number of potential rightsholders have informed us they are not entitled to claim the payment)	\$0.65m	\$0.02m	\$0.05m	\$0.71m
There is a dispute about who is entitled to claim, or clarification of entitlement is pending.	\$0.82m	\$0.07m	\$0.07m	\$0.95m
Total	\$13.69m	\$2.14m	\$2.55m	\$18.39m

13.4 'ROLLOVER' OF ALLOCATIONS HELD IN TRUST

We hold allocations to rightsholders (who may or may not be members) in trust. Most licence fees are allocated using data from surveys of statistical samples of licensees. These allocations do not represent payment per use, but rather distribution of licence fees in accordance with the best data available.⁸⁸

An allocation that has not been paid to a rightsholder after four years can be 'rolled over'. The Board determines how funds rolled over are applied for the benefit of members.⁸⁹

Unpaid allocations from 2012–13 were not rolled over in 2016–17 due to our system upgrade program. Those allocations will be rolled over in December 2017.

13.5 UNPAID ALLOCATIONS FROM 2012–13 TO BE ROLLED OVER DECEMBER 2017

The following provides a breakdown of unpaid allocations from 2012–13 to be rolled over in December 2017.

	Education	Government	Other	Total
Allocated 2012–13	\$81.63m	–	\$14.24m	\$95.87m
Paid	\$80.22m	–	\$14.16m	\$94.38m
Rolled over (not paid)	\$1.41m	–	\$0.08m	\$1.49m
Rollover as % of total allocated	2%	–	1%	2%

⁸⁸ Not every survey record provides information suitable for distribution. For example, a survey record may show that a use occurred in reliance on a licence, but not sufficient information to identify a rightsholder.

⁸⁹ See Note 14 in Notes to Financial Statements for the year ended 30 June 2016 for amounts rolled over in 2015–16.

13.6 REASONS ALLOCATIONS WERE NOT PAID

	Education	Government	Other	Total
Allocated to member but not claimed	\$0.38m	–	\$0.01m	\$0.38m
Work identified: rightsholder unknown	\$0.18m	–	\$0.01m	\$0.18m
Rightsholder identified, but not contacted or did not join ^[1]	\$0.84m	–	\$0.07m	\$0.91m
Very small aggregate amount allocated to rightsholder	\$0.00m	–	\$0.00m	\$0.00m
Foreign recipients: no agreement with foreign collecting society	\$0.02m	–	\$0.00m	\$0.02m
Total	\$1.41m	–	\$0.08m	\$1.49m

There will be no funds rolled over from government licence fees in December 2017, as fees from that sector were not distributed in 2012–13 due to insufficient data. The fees were distributed in subsequent years.

13.7 FUTURE FUND

Funds held as retained earnings are used for the benefit of members at the discretion of the Board. This includes funds set aside for the Future Fund and the Indemnity Fund.

In June 2013, the Board considered the issues which would arise in the event of a sudden and material decrease of revenue following a substantial change to the legislative structure or the unremunerated exceptions in the Copyright Act 1968. The consideration was prompted by recommendations by the Australian Law Reform Commission for changes to copyright legislation, and the consequences of similar changes in Canada. The Board resolved that in order to safeguard and manage the rights of members, including but not confined to taking such necessary actions in litigation, communications, research and advocacy, it would establish a Future Fund to provide adequate reserves to resource such activity to the extent required consistent with its prudent judgement.

The following shows the amounts reserved for the fund, and paid from it, since then. The balance at 30 June 2017 was \$15.11m. There are no further amounts being reserved for the fund. The Board will periodically review the need for the fund, and any amounts no longer required for safeguarding members' interests will be returned to members.

13.7.1 Funds allocated and spent

	2013–14	2014–15	2015–16	2016–17
interest	1.84	1.61	1.88	0
unpaid allocations	3.19	2.72	4.41	0
total inputs for year	5.03	4.33	6.29	0
returned to operating costs				(0.20)
public awareness and advocacy	0.00	(0.06)	(0.12)	(0.16)
net movement for year	0.00	4.27	6.17	(0.36)
net balance	5.03	9.30	15.47	15.11

13.7.2 Use of the Fund

The Board resolved that the fund be retained primarily for operating costs in the event of significantly changed circumstances, and that a small proportion could be allocated to long term projects approved by the Board. These are projects that promote awareness, understanding and discussion of the copyright system and proposed changes to it that affect Copyright Agency's members.

In 2016–17, around \$160,000 was spent from the fund for these purposes. This included representing the interests of Copyright Agency members to government, research on community attitudes to copyright,

^[1] This covers a range of scenarios such as: deregistered companies; estates and individuals where we have a name but cannot find any further information to enable contact; organisations that we have contacted but have not joined; and small allocations where the cost of identification and contact exceeds the allocated amount.

member information events on proposed changes to copyright legislation and a tool kit to enable members to make their views known to Members of Parliament.

13.8 INDEMNITY FUND

The Indemnity Fund comprises \$445,871.47 paid by licensees under voluntary licence agreements as an indemnity against copyright infringement actions for certain uses of content not covered by the licences, and \$2.5m for other payments to rightsholders arising from licences managed by Copyright Agency. For example, Copyright Agency's Distribution Policy provides for an ex gratia payment to a rightsholder who can establish that their work was substantially copied under a licence, but who received little or no payment for that use (for example, because the use occurred in a school that did not participate in the surveys of copying that were used for distribution).

13.9 DISTRIBUTION PAYMENTS AND TRUST FUND BALANCE 2011–17

\$ Million	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Revenue	126.1	127.8	129.2	137.2	139.0	146.6
Distributions	141.64	90.68	103.33	136.62	115.59	117.83
Trust Fund balance 30 June	44.2	57.8	68.47	48.34	47.64	58.55

13.10 LICENCE FEES FROM SCHOOLS AND UNIVERSITIES HELD IN TRUST OVER TIME

The chart below shows the payments in and out of the trust fund for licence fees for the school and university sectors respectively. The starting balance for universities includes some licence fees paid in the previous financial year for the 2016–17 financial year.

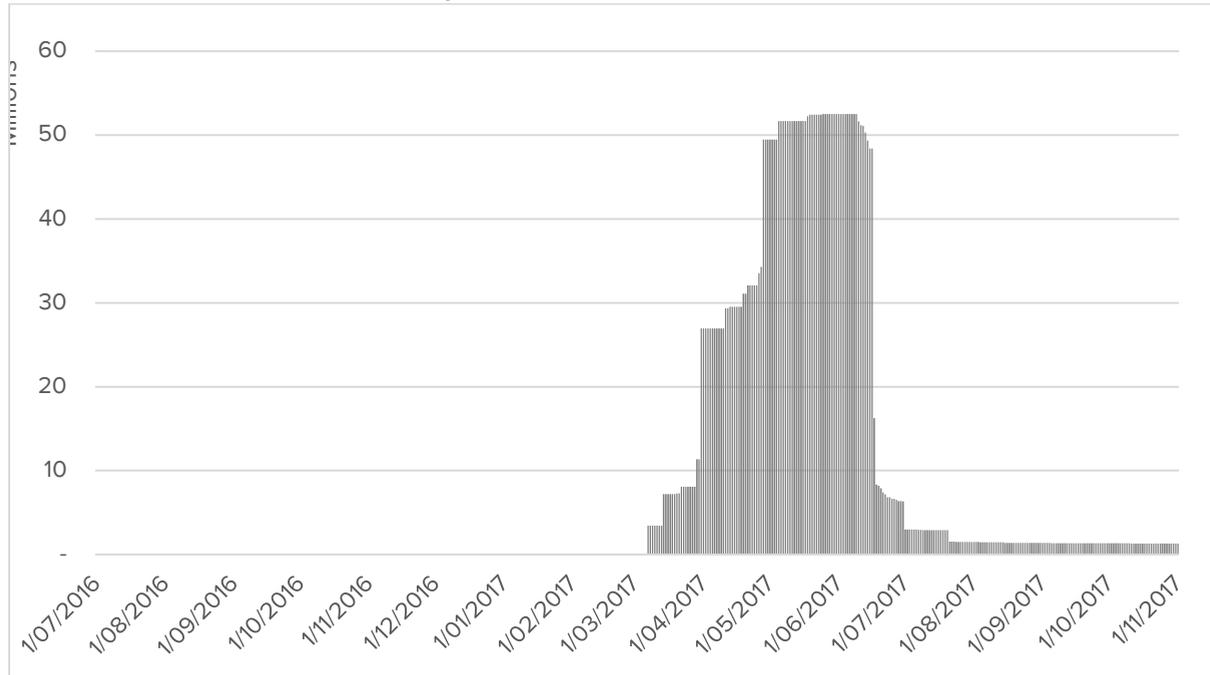
At 30 June 2017, there remained \$9.4m in unpaid allocations from licence fees received from schools and universities in 2016–17. Most of this was paid by 31 July 2017.

Month	\$m					
	Schools			Universities		
	Licence fees	Distribution payments	Cumulative balance	Licence fees	Distribution payments	Cumulative balance
Jul 2016				4.66		5.59
Aug 2016				1.64		7.23
Sep 2016						7.23
Oct 2016	0.01		0.01	6.30		13.53
Nov 2016			0.01			13.53
Dec 2016			0.01		11.87	1.66
Jan 2017			0.01		0.11	1.55
Feb 2017			0.01		0.13	1.42
Mar 2017	26.95		26.96		0.06	1.36
Apr 2017	22.53		49.49		0.04	1.32
May 2017	3.05		52.54	4.40		5.72
Jun 2017		46.18	6.36	8.93	11.17	3.48
Jul 2017		4.83	1.52		1.75	1.74
Aug 2017		0.14	1.38		0.02	1.72
Sep 2017		0.04	1.34		0.03	1.69
Oct 2017		0.02	1.32		0.01	1.68

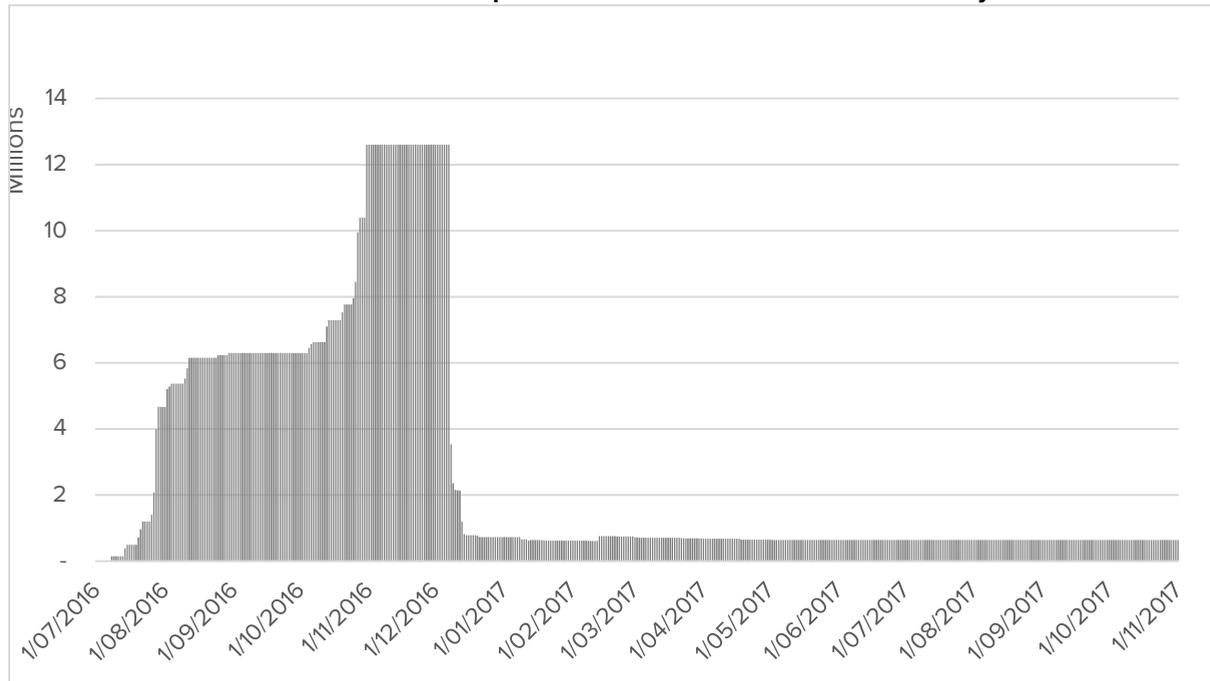
13.11 TIME BETWEEN RECEIPT AND DISTRIBUTION OF LICENCE FEES

The charts below show the time between receipt and distribution of licence fees for the school sector for the 2017 calendar year, and for the university sector for the 2016–17 financial year. There was one major distribution of licence fees from schools (in June 2017) and two for universities (in December 2016 and June 2017).

13.11.1 Schools: time between receipt and distribution of licence fees for 2017



13.11.2 Universities: time between receipt and distribution of licence fees for July to December 2016



14 OPERATING COSTS

Our administrative costs are met from licence fees.⁹⁰ For most licence schemes, we make a deduction for anticipated operating costs when licence fees are received, rather than a fixed commission.⁹¹ Deductions therefore vary from year to year, and from licence scheme to licence scheme. Copyright Agency's Constitution also allows a deduction of up to 1.5% of revenue for support of cultural projects (the Cultural Fund).⁹²

Copyright Agency's Board must approve the company's annual operating budget. Any proposed changes to directors' remuneration must be approved by members at a general meeting. The largest component of operating costs is salaries.

For the past five years, total operating costs have been around 14% of total revenue.

14.1 OPERATING COSTS IN 2016–17

- Licence fee revenue and investment income recognised: \$147.4m⁹³
- Operating costs: \$20.8m⁹⁴

Cost	\$'000
Employee benefits	\$12,809
Consultancy	\$1,456
Sampling (surveys of content usage by licensees)	\$1,304
Information technology	\$1,171
Marketing and communications	\$730
Occupancy	\$578
Depreciation and amortisation	\$574
Legal	\$340
Office running and other expenses	\$1,885
TOTAL	\$20,847

14.2 EXPENDITURE TO REVENUE RATIO

The following represents our total expenditure as a proportion of our total revenue.

The methodology applied in this year, to both the ratio for this year and to the ratios for previous years for comparison, is slightly different to that applied in previous years. It is aligned to the accounting standards for the auditor's financial report rather than the management accounts. The different methodology has no effect on cash flow, or on the deductions for operating costs from licence fees (which are listed at 11.11).

	FY13	FY14	FY15	FY16	FY17
Cost Ratio	14.8%	15.0%	14.3%	14.3%	14.1%

14.3 STAFF REMUNERATION AND PERFORMANCE

All employees have a position description outlining the responsibilities and key competencies required for their role. Key Performance Indicators (KPIs) are set each financial year and cascaded down from the senior management team to ensure alignment with the business requirements. They are then reviewed and agreed upon by employees with their manager, and performance objectives and targets are determined.

Our employees have one formal performance review each year, during which an individual's performance is reviewed against the agreed objectives. Recommendations for annual remuneration are based on:

- the assessment of each employee's performance against those objectives;
- benchmarking against similar positions in comparable organisations;

⁹⁰ In accordance with the *Copyright Act*, the *Copyright Regulations*, the Attorney-General's Guidelines and Copyright Agency's Constitution.

⁹¹ There is a fixed commission from some of the commercial licence schemes.

⁹² Deductions are not made from artists' resale royalties or LearningField subscriptions.

⁹³ Includes fee paid by Viscopy under services agreement with Copyright Agency.

⁹⁴ Includes expenses associated with Viscopy services agreement.

- overall company performance; and
- market and economic conditions.

Final decisions regarding remuneration are made after considering managers' recommendations, external benchmarks and environment, salary relativities within the company and our financial capacity.

14.4 STAFFING IN 2016–17

- In 2016–17, employee benefits expense was 8.5% of total revenue (61% of our operating costs)
- Staffing levels vary from time to time in accordance with requirements
- Staff include full-time employees, part-time employees and contractors
- In 2016–17, staffing levels ranged from 86.33 full-time equivalent (FTE) to 97.73 FTE
- At 30 June 2017, there were 92.93 FTE staff
- As at 30 June 2017, the median remuneration (including superannuation) for all staff was \$100,750.

Staff remuneration greater than \$150,000 as at 30 June 2017 was as follows:

Remuneration range*	\$150–200k	\$200-250k	\$250k+
Staff in range 2016-17	11	1	2

*includes superannuation but not incentive payments

15 MEMBERS

Membership of Copyright Agency is free. Anyone with a copyright interest in a text work or image can apply for membership.⁹⁵ Applications for membership are approved by the Board

In 2016–17 there were three classes of membership: ‘author’, ‘publisher’ and ‘collecting society’.⁹⁶ From 1 December 2017, there is an additional class of member – artist – as a result of the merger with Viscopy.

People can choose to be a member solely for entitlement to any statutory licence compensation allocated for use of their works, or they can choose to also authorise Copyright Agency to license reproduction and communication of their works.

For a number of reasons, we only make payments to members, but our systems enable payment to new members for past usage recorded in surveys of usage. And members who receive payments share them with others, including non-members. For example, many authors receive Copyright Agency payments indirectly via their publisher rather directly from Copyright Agency.

15.1 MEMBERS AT 30 JUNE 2017

Member type	2013	2014	2015	2016	2017
Author ⁹⁷	18,445	19,891	20,994	21,823	22,269
Publisher	8,078	8,187	8,243	8,222	8,289
Creator/Publisher	182	270	273	388	400
Collecting Society	27	27	29	29	29
Total	26,732	28,375	29,539	30,462	30,987

15.2 PROFILE OF NEW MEMBERS IN 2016–17

Of the 525 new members in 2016–17, there were:

- 410 individuals and 115 organisations;
- 67 ‘publisher’, 446 ‘author’, and 12 author/publisher applications
- of the ‘author’ member applications:
 - 95 visual artists, 17 artist beneficiaries and three art centres (who also joined Viscopy)
 - 26 writer beneficiaries
 - 64 surveyors
- 8 applicants from overseas
- 352 applications for participation in our voluntary licence schemes, and 161 for statutory only. Of those, most (139) were visual artists applying for joint Copyright Agency and Viscopy membership (for whom participation in Copyright Agency voluntary licences is through Viscopy)
- 80 applications were solicited by us, and 443 were unsolicited.

15.3 RIGHTSHOLDERS REPRESENTED BY OUR MEMBERS

Many rightsholders are not direct members of Copyright Agency, but are represented by (and receive payments from) our members. For example, there are more than 1,800 writers represented by literary agents who are members. Thousands of writers and illustrators also receive payments via their publishers, rather than directly as members.

⁹⁵ Membership is open to owners of copyright and their agents.

⁹⁶ A member can be both an author and a publisher member. The class of membership determines voting entitlements for the two elected members of the board: the elected ‘author’ and the elected ‘publisher’ director.

⁹⁷ 1,396 are also members of Viscopy.

15.4 MEMBER ENQUIRIES

The Member Services team answered nearly 16,000 enquiries in 2016–17, mostly from members:

	2016						2017						total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
phone	240	108	229	117	102	276	163	205	191	189	231	908	2,959
email	1290	968	1646	802	759	1082	780	981	1098	631	1,152	1,844	13,033
total	1,530	1,076	1,875	919	861	1,358	943	1,186	1,289	820	1,383	2,752	15,992

16 INTERNATIONAL AGREEMENTS AND ENGAGEMENT

The non-statutory licences offered by Copyright Agency and Viscopy are dependent upon the authorisation given by members to license their content, and the authorisation of foreign content creators through their collective management organisations (CMOs). Copyright Agency and Viscopy therefore have agreements with foreign CMOs that enable us to include foreign works in Australian licences, and foreign CMOs to include Australian works in their licences. The maintenance of those agreements requires active management, affected by a range of external developments including changes in regulatory frameworks and business practices.

Copyright Agency and Viscopy are members of the International Federation of Reproduction Rights Organisations (IFRRO)⁹⁸ and the International Confederation of Societies of Authors and Composers (CISAC).⁹⁹ Copyright Agency plays an active role on the IFRRO Committees.¹⁰⁰ Copyright Agency is also a member of the International Association of STM Publishers¹⁰¹ and the Press Database and Licensing Network (PDLN)¹⁰²

16.1 DEVELOPMENTS IN 2016–17

- Chaired IFRRO Asia-Pacific Committee
- Participation in IFRRO Asia-Pacific Committee meetings 22–23 August 2016, Sydney Australia and 11–12 May 2017, Seoul Republic of Korea
- Series of meetings with partner CMOs including Copyright Clearance Center (CCC, US), CLA (Copyright Licensing Agency, UK), Korea Reproduction and Transmission Rights Association (KORRA), Korean Society of Authors (KOSA), Perkumpulan Reproduksi Cipta Indonesia (PRCI, Indonesia), Vietnam Reproduction Rights Organisation (VIETRRO, Vietnam), Japan Reproduction Rights Center (JRRC, Japan) and Japan Academic Association for Copyright Clearance (JAC) to coincide with IFRRO Asia-Pacific Committee (APC) meetings.
- Participation in CISAC’s International Council of Creators of Graphic Plastic and Photographic Arts (CIAGP) Annual Meeting 25 – 27 Oct 2016, including presentation on the Australian Resale Royalty Scheme and developments in Asia-Pacific region
- Series of meetings with partner visual arts societies including VEGAP (Spain), ARS (US), Bildrecht (Austria), DACS (UK), Pictoright (Netherlands), Copydan Billeder (Denmark), and ACS (UK) to coincide with CIAGP meeting
- Participation in IFRRO Annual World Congress, 31 Oct – 3 Nov 2016, Amsterdam The Netherlands including presentations at the Legal Issues Forum, the Newspapers and Periodicals Working Group, Visual Arts Working Group, and Asia Pacific Committee
- Series of meetings with partner CMOs including CCC, CLA, Newspaper Licensing Agency (NLA, UK), Publishers Licensing Society (PLS, UK), Stichting Reprrecht (The Netherlands), JAC, Authors Coalition of America (ACA, US), ProLitteris (Switzerland), Copyright Licensing and Administration Society of Singapore (CLASS, Singapore), Pictoright (Netherlands), and BildKunst (Germany) to coincide with IFRRO AGM.
- Hosted visit from CLA (UK) to Copyright Agency Viscopy offices 20–22 Feb 2017
- Participation in WIPO’s International Conference on the Artists’ Resale Right 28 April 2017, Geneva Switzerland – Judy Grady, Manager Visual Arts, via video conference
- Participation CISAC Asia-Pacific Committee Meeting, 10–12 May 2017, Seoul Republic of Korea, including meetings with CISAC Director General Gadi Oron and Regional Director, Benjamin Ng as well as South Korean visual arts society, SACK
- Participation in IFRRO mid-term meetings 30–31 May 2017, Helsinki Finland, including presentations at the Legal Issues Forum, Visual Arts Working Group, and Newspapers and Periodicals Working Group
- Series of meetings with partner CMOs across text, visual arts, and media sectors – including CCC (US), CLA (UK), Bildkunst (Germany), ARS (US), BUS (Sweden), Pictoright (Netherlands), ProLitteris (Switzerland), NLA (UK)

⁹⁸ www.ifrro.org

⁹⁹ www.cisac.org

¹⁰⁰ In 2016-17 Sarah Tran Chaired the Asia Pacific Committee. Adam Suckling and Sarah Tran also participated in the Legal Issues Forum, and were members of the Newspapers and Periodicals Working Group and the Visual Arts Working Group.

¹⁰¹ <http://www.stm-assoc.org/>

¹⁰² <http://www.pdln.info/>

- Guest speaker for National Copyright Administration of China (NCAC) delegation hosted by APRA AMCOS, 7 July 2017, Sydney Australia

17 POLICY AND ADVOCACY

We monitor and seek to influence policy developments that affect copyright-based licence fees and other income. We form policy positions in consultation with a range of stakeholders, including industry and professional bodies representing content creators.

We are a member of bodies that have a key advocacy role, such as the Australian Copyright Council. We seek to influence policy at the international level primarily through our membership of IFRRO.

17.1 DEVELOPMENTS IN 2016–17

The major development was the Productivity Commission’s final report on its inquiry into intellectual property arrangements, released in December 2016. The Government’s response to the report was released in August 2017.

Another important development was the passage of the Copyright (Disabilities and Other Measures Act) in June 2017. The amendments simplified the statutory licence for education, updated the exceptions for people with disabilities, updated the provisions that enable libraries and other cultural institutions to make ‘preservation’ copies of items in their collection, and introduced a fixed term of copyright for unpublished works. Most amendments come into effect on 22 December 2017. The amendments introducing a fixed term for unpublished works come into effect on 1 January 2019.

The amendments were passed as ‘non-controversial’. The amendments to the education statutory licence implemented a joint proposal from Copyright Agency, Screenrights, Copyright Advisory Group (representing the school sector) and Universities Australia.

Internationally, copyright was under review in various countries, including by the US House Judiciary Committee, and by the European Commission.

17.2 SUBMISSIONS AND REPRESENTATIONS IN 2016–17

Engagement in policy and advocacy included:

- response to the Productivity Commission final report (February 2017);
- submission to the Parliamentary inquiry into innovation and creativity: workforce for the new economy (January 2017); and
- submission to the Singapore Government on proposed changes to Singapore’s copyright regime (October 2016).

18 STAKEHOLDER ENGAGEMENT

Copyright Agency's stakeholders include content creators, content users and the Australian government.

Content creator stakeholders include members of Copyright Agency and of Viscopy, potential members, professional organisations for content creators (such as Australian Society of Authors, Australian Publishers Association, Media Entertainment and Arts Alliance, National Association for the Visual Arts, and Australian Institute for Professional Photography), and international affiliates.

Content user stakeholders include people who use content under licences (e.g. teachers, government employees), professional associations for those users (such as teacher associations and unions), and people who negotiate licence fees and other arrangements for their sector (such as Copyright Advisory Group and Universities Australia).

Copyright Agency's main stakeholder relationship with the Australian government is related to its appointments by the government to manage statutory schemes and the artists' resale royalty scheme.

Copyright Agency also has a stakeholder relationship with the Australian government, and with State and Territory governments, in their capacity as licensees, and as owners of copyright.

Other important stakeholders include other copyright management organisations (such as Screenrights and APRA AMCOS), and industry associations for content creators (such as those for music and film).

18.1 DEVELOPMENTS IN 2016–17

- Insights events held in Perth, Adelaide, Brisbane, Melbourne
- Regular meetings and presentations to staff and boards of key industry organisations
- Meetings with various Departments and Ministers (Communications, Attorney-General and Prime Minister's Office) on copyright issues
- Keep Creators Creating review developed for Copyright Agency and Viscopy
- This Book Changed My Life social media campaign
- Free Is Not Fair campaign
- Monthly eNews, Creative Licence, issued to members and other stakeholders
- Engagement with stakeholders via Facebook, Twitter, LinkedIn and Instagram
- Media coverage of Copyright Agency activities and issues
- Publication of Opinion pieces in media on copyright issues
- Major sponsorship of Miles Franklin Literary Award
- Literary agents and publishers briefed in Sydney and Melbourne
- Training sessions about the Copyright Agency's processes with members on request

18.2 SURVEYORS

We have a targeted engagement program for surveyors in connection with the agreements with governments for payment of royalties for their sales of survey plans. It included:

- sponsorship of the NSW State Conference for surveyors
- sponsorship of the 2016 NSW Awards for Excellence in Surveying and Spatial Information
- sponsorship of the 2017 National Surveyors Congress

18.3 PEOPLE WITH A DISABILITY

Copyright Agency was appointed by the government in 1990 to manage statutory licences for organisations assisting people with a disability. Copyright Agency's board decided not to seek payment under these licences, but to provide practical assistance relating to conversion to accessible formats.

18.3.1 Master Copy Catalogue

This included an online database of 'master' copies, known as the Master Copy Catalogue, to assist institutions to share information about their holdings of 'master copies' that can be made available to other institutions under the statutory licences.

There are more than 80 institutions participating in the Master Copy Catalogue, and there are now more than 14,000 accessible format master copies made under the statutory licence, recorded in the catalogue, available to Australian institutions assisting people with a disability.

The statutory licences will be replaced by a new regulatory framework in December 2017, and Copyright Agency will no longer have a formal role in managing the scheme (principally accepting notifications of 'master copies'). We will, however, maintain the Master Copy Catalogue as long as it remains a useful resource.

18.3.2 Clearances for Accessible Books Consortium

Copyright Agency provides copyright clearances for the Accessible Books Consortium's Global Book Service.¹⁰³ There were 12 titles cleared in 2016–17, in a variety of genres, such as general fiction, children's fiction and non-fiction. The files were requested for:

- Vision Australia
- South African Library for the Blind
- VisAbility: Association for the Blind, Western Australia
- Blind Foundation, New Zealand
- US Library of Congress National Library Service for the Blind
- Swedish Agency for Accessible Media
- Seeing Ear, UK

18.3.3 Stakeholder engagement

Stakeholder engagement included:

- presentation at the 2017 Print Disability Roundtable (May 2017)¹⁰⁴
- participation in Australian Publishers' Association Marrakesh Treaty Forum (November 2016)¹⁰⁵

18.4 LIBRARIES AND CULTURAL INSTITUTIONS

We have been working with representatives from libraries and cultural institutions to develop collaborative approaches to resolving some copyright-related issues. These include an agreed framework for digitisation of 'orphan works' and joint proposal on simplifying the library exceptions in the Copyright Act.

¹⁰³ <http://www.accessiblebooksconsortium.org/globalbooks/en/>

¹⁰⁴ <http://printdisability.org/conference/2017-round-table-conference/>

¹⁰⁵ <https://www.publishers.asn.au/policy-agenda/marrakesh-treaty-forum/marrakesh-treaty-forum>

19 LEARNINGFIELD

LearningField is an online platform providing access to resources linked to the Australian curriculum and state curriculums.¹⁰⁶ It is an ‘all you can eat’ annual subscription, allowing use of all LearningField resources: more than 14,500 chapters from 1,300 textbooks, as well as interactive content.

LearningField is a collaboration between Copyright Agency and three founding publishers, and is open to other participating publishers.

19.1 DEVELOPMENTS IN 2016–17

- significantly increased subscriber numbers
- partnership with interactive publishers Edrolo and Stile and addition of Macmillan interactive product list
- increase in participating publishers from 13 to 20, including NEAP, Titan, Academic Group, Tactic and Australian Geography Teachers’ Association Agreement
- integration of LearningField to SEQTA, Schoolbox and Simon LMS

19.2 PARTICIPATING PUBLISHERS

- Cambridge University Press
- Oxford University Press
- Pearson Australia
- Nelson-Cengage
- Macmillan Education Australia
- PCS Publications
- Helleman Press
- Impact Publishing
- Wet Paper
- Neap
- English Teachers’ Association
- Titan Education
- Edrolo
- Mathspace
- James Goold House Publications
- Australian Association for the Teaching of English (AATE).

¹⁰⁶ copyright.com.au/learningfield

20 READING AUSTRALIA

Reading Australia (readingaustralia.com.au) is a website to assist teaching and reading of Australian literature in Australian schools and universities.

It has been developed in partnership with the Australian Association for the Teaching of English, the Primary English Teaching Association Australia, the Australian Literacy Educators Association and the Association for the Study of Australian Literature, with funding from Copyright Agency's Cultural Fund.

The website initially listed 200 books chosen by a panel from the Australian Society of Authors to celebrate the work of leading Australian writers and illustrators. There are now a further 115 titles, covering all genres and periods of Australia's literary history.

There are 139 resources in total aimed at Foundation to Senior Secondary. The educational resources are designed to help teachers navigate Australian texts within the framework of the Australian Curriculum. The secondary-level titles are also accompanied by essays written by eminent authors, academics and critics. The website also has video interviews with authors, including 10 created in partnership with ABC Splash.

Twenty titles have had AustLit trails created for them. These trails are curated collections of information covering the title's context, themes, and more, as well as links to academic research and publications.

20.1 DEVELOPMENTS IN 2016–17

- 30% increase in subscriber numbers from 6,246 to 8,184
- Teachers' Corner: a new feature of the site designed to encourage a teacher community on Reading Australia and provide a variety of resources
- new resources:
 - 9 new teacher resources for secondary students – 86 in total
 - 14 new resources for primary schools – 53 in total
 - 19 new essays – 94 in total
 - 3 new videos
 - Freya Blackwood, Ann James and Gregg Dreise commissioned to create colouring sheets for the Reading Australia illustrator gallery
- partnership with Magabala Books to create resources for 22 titles on their list
- partnership with the Garret podcast to include podcast interviews with Reading Australia authors and illustrators on the site
- conference participation:
 - July 2016, AATE/ALEA National Conference in Adelaide
 - November 2016, ETA NSW conference in Sydney: celebrated Reading Australia's third birthday
 - December 2016, VATE conference in Melbourne
 - February 2017, ALIA conference in Sydney

21 GOVERNANCE AND ACCOUNTABILITY

Copyright Agency and Viscopy are signatories to the Collecting Societies Code of Conduct.¹⁰⁷ Matters covered in the Code include governance and accountability, education and awareness, and complaints and disputes.

We report annually to the Code Reviewer on our compliance with the requirements of the Code, and the Code Reviewer's report is published on our website.

In conjunction with the Government's appointment of Copyright Agency to manage the statutory licence for education in 1990, the Attorney-General's Department developed guidelines for collecting societies.¹⁰⁸

Our Constitution (which reflects some of the requirements in the guidelines) is available from our website, as is our Corporate Governance Statement, Client Service Charter, Privacy Policy and profiles of board directors.

Our Complaints Procedure and Disputes Resolution Procedure are available on our website.

The Copyright Tribunal has powers to determine aspects of licensing arrangements, including compensation fees payable under statutory licences, and distribution arrangements.

21.1 DEVELOPMENTS IN 2016–17

- Code Reviewer's report on collecting societies' compliance with the Code of Conduct in 2015–16 published
- Report to Code Reviewer on compliance with the Code of Conduct 2016–17
- Review of Code of Conduct recommended by the Productivity Commission in its report on intellectual property arrangements (accepted by the Government and launched in August 2017)

¹⁰⁷ The Code is available at copyright.com.au.

¹⁰⁸ There are links to the declaration and guidelines at copyright.com.au/governance

22 DIRECTORS' REPORT AND FINANCIAL REPORT

Click [here](#) to view directors' report and financial report.¹⁰⁹

¹⁰⁹ <https://static-copyright-com-au.s3.amazonaws.com/uploads/2016/06/Copyright-Agency-Limited-30-June-2017.pdf>