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1 SOME KEY RESULTS

In 2017–18 Copyright Agency:

- enabled copying and sharing of content by millions of Australians without the individual copyright clearances otherwise required, including:
 - more than 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
 - students in more than 1,000 other education institutions, such as registered training providers; and
 - more than 800,000 government employees³
- paid \$123.9m to more than 11,600 content creators
- paid nearly \$670,000 in artists' resale royalties to 468 artists, of which 181 received a royalty for the first time
- allocated nearly \$1.8m from its Cultural Fund (members' contribution of 1.5% of licence revenue) to support 88 projects, 20 IGNITE grants, 4 CREATE grants and 3 fellowships
- licensed 176 new commercial clients and extended 72 licences to cover additional content and uses, resulting in a 7.7% increase in licence fees from the corporate sector
- licensed 77 new independently licensed education institutions
- commenced negotiations with Universities Australia for a new agreement for the university sector, and Copyright Advisory Group for the COAG Education Council for a new agreement for the school sector and most of the TAFE sector
- merged with Viscopy, resulting in benefits to artists (including reduced administrative fees), benefits to licensees, and a new position of Artist Director on Copyright Agency's board
- processed nearly 88,000 survey records of copying in schools (comprising more than 450,000 pages) and more than 6,000 survey records of copying in universities (comprising nearly 300,000 pages)
- increase in subscribers and participating publishers (from 16 to 21) for LearningField (subscription to online platform providing, among other things, textbook chapters from multiple publishers)
- increased Reading Australia subscribers by 67% to 13,712, and added 17 new teaching resources for schools
- participated in government reviews of the copyright legislation (Copyright Modernisation review) and of the Code of Conduct for Copyright Collecting Societies

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

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

³ 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 also represent our members on matters affecting their rights. 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 34,000 members, who include writers, artists, agents and more than 70 copyright management organisations in other countries. Through our membership we represent more than 40,000 Australian writers, artists and publishers, as well as writers, artists and publishers from around the world.
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.
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 ⁴ supports cultural projects through the Cultural Fund.
Other Australian copyright management organisations	We coordinate with other Australian copyright management organisations that manage licensing for other types of content. ⁵
Copyright Tribunal	The Copyright Tribunal can determine licensing and distribution arrangements that are not resolved by agreement. ⁶
Code of Conduct	Copyright Agency is a signatory to the Code of Conduct for Australian Collecting Societies.

⁴ From statutory and voluntary licences, but not the artists' resale royalty scheme.

⁵ Principally Screenrights (broadcast content), APRA AMCOS (music compositions), and PPCA (recorded music).

⁶ 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'.⁷

Copyright rights are granted by the Copyright Act.⁸ 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.⁹ 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.¹⁰

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.¹¹

Rights usually last for 70 years after the creator's death.¹²

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.¹³

The copyright system is international, involving national legislation that conforms with standards in international treaties.¹⁴

3.1 ABOUT STATUTORY LICENCES

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'.¹⁵

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.¹⁶ Content creators have adjusted to the statutory licences, which were introduced a long time ago and enable efficient licensing solutions.

⁷ *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.

⁸ *Copyright Act 1968* (Cth), available at jade.io/article/218245.

⁹ Other forms of intellectual property include patents, trade marks and designs: see ipaustralia.gov.au/understanding-intellectual-property

¹⁰ Creators have these rights in their work even if they do not own copyright.

¹¹ 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.

¹² copyright.com.au/duration

¹³ For an overview of all the statutory licences, see Ricketson & Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* at [12.0]ff.

¹⁴ 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.

¹⁵ Ricketson & Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* at [12.0].

¹⁶ 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.¹⁷

A statutory licence for education was introduced in 1980 following the recommendations of an expert committee,¹⁸ revised in 1989, and extensively amended in 2000 to enable digital uses of content (such as making content available on an intranet).¹⁹ In 1990, the Attorney-General's Department produced guidelines for 'declared' collecting societies, which are reflected in Copyright Agency's Constitution.²⁰ 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 governments was introduced in 1968 as part of the current Copyright Act, following the recommendation of an expert committee,²¹ and was amended in 1998 to facilitate collective management.²²

Statutory licences are consistent with Australia's international treaty obligations, and exist in other countries, but are more prevalent in Australia than elsewhere.²³

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.

¹⁷ Copyright Agency was 'declared' by the Attorney General in 1990 as the collecting society for the statutory licence for education, and by the Copyright Tribunal in 1998 as the collecting society for government copies of 'works' and 'published editions'.

¹⁸ *Report of the Copyright Law Committee on Reprographic Reproduction* (AGPS, Canberra, 1976), known as the Franki Report.

¹⁹ By the *Copyright Amendment (Digital Agenda) Act 2000* (Cth).

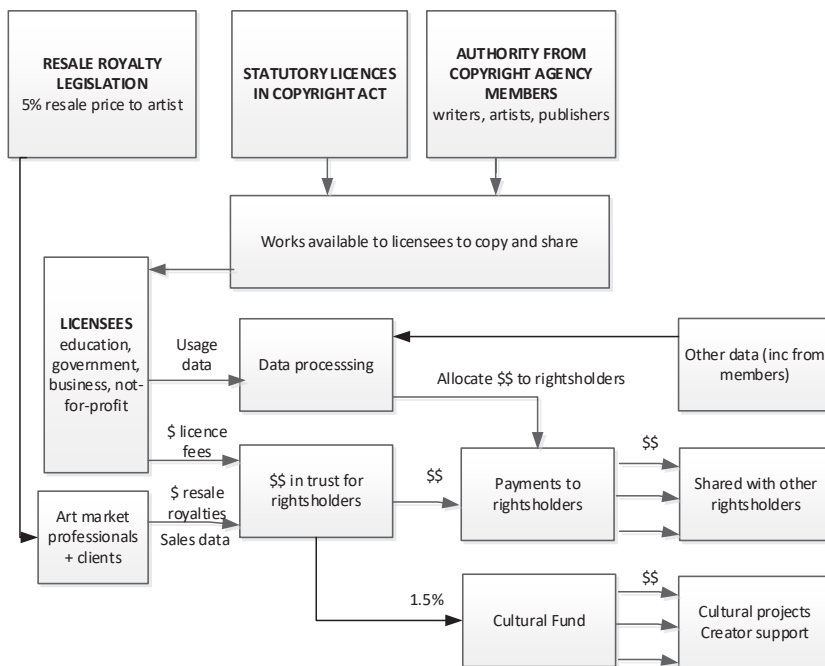
²⁰ The Guidelines and Constitution are available at copyright.com.au/governance.

²¹ 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]

²² 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.

²³ 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.

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.

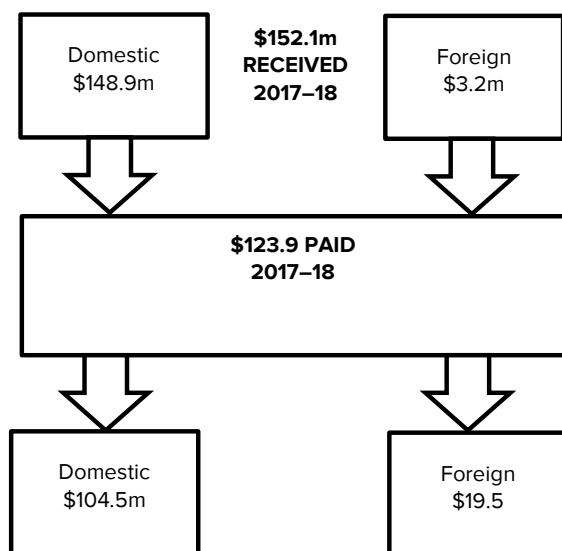
4.1 REVENUE BY CATEGORY

These figures are for licence fees payable for the 2017–18 financial year, rather than received in that period.

\$ Million	2013–14	2014-15	2015–16	2016–17	2017–18
Schools	60.8	61.8	62.7	63.4	64.6
Universities	29.0	30.7	30.7	31.6	32.5
TAFEs	3.6	3.3	3.3	3.4	3.5
Other education providers	5.1	5.3	6.3	7.0	7.2
Education total	98.5	101.1	103.0	105.4	107.8
States & territories	4.7	2.0	3.9	4.1	4.0
Commonwealth	2.8	2.5	1.5	1.6	1.5
Survey plans ²⁴	0.2	3.8	2.7	0.8	0.9
Government total	7.7	8.3	8.1	6.5	6.4
Media monitoring organisations	12.0	12.5	12.1	18.7	19.5
Other commercial	4.9	5.7	5.9	6.7	7.1
Overseas	2.7	4.1	4.1	3.8	3.2
Resale royalty	0.6	0.9	0.8	0.8	1.0
Visual Arts	-	-	-	-	1.6
LearningField	0.6	2.5	3.1	3.0	3.5
Investment income	2.4	2.2	2.0	1.9	1.8
Other	1.0	0.9	0.6	0.7	0.2
Other total	24.2	28.8	28.6	35.6	37.9
TOTAL	130.4	138.2	139.7	147.5	152.1

4.2 REVENUE AND DISTRIBUTIONS AT A GLANCE

Each year's distributions include some money received before that year, depending on when the funds and data for allocation were received. For more on payments to content creators, and funds received in 2017–18 for distribution in 2018–19, see Parts 11 and 13. Our operating costs in 2017–18 were \$21.2m (13.9% of revenue).



²⁴ Revenue includes one-off 'retrospective' payments for past sales of survey plans.

5 STATUTORY LICENCE SCHEMES: EDUCATION

The statutory licence scheme for education in the Copyright Act allows educational copying and sharing of text and images provided there is fair compensation to content creators.²⁵ 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.²⁶

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.

Most schools (all government schools, and most Catholic and independent schools) are represented by the Copyright Advisory Group (CAG)²⁷ in negotiations for fair compensation and data collection arrangements. Most Technical and Further Education (TAFE) colleges (apart from those in Victoria)²⁸ are also represented by CAG. Australian universities are represented by Universities Australia.²⁹ Copyright Agency also negotiates individual agreements with more than 1,000 independent educational institutions.

For total revenue from the education sector, see *4.1 Revenue by category*.

5.1 DEVELOPMENTS IN 2017–18

- amendments to simplify the statutory licence for education – implementing a joint proposal from education representatives, Copyright Agency and Screenrights – came into force in December 2017
- negotiations commenced with Universities Australia for a new agreement for the university sector,³⁰ and with CAG for new agreements for the school sector and for most TAFEs
- renewal of agreement for the Victorian TAFE 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 2015–16 was **\$55.7 billion: \$14,800 per student**.³¹

Compensation to content creators under the statutory licence is less than 0.11% 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.

²⁵ 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.

²⁶ There are also arrangements for use of music in schools and universities through the music collecting societies, APRA AMCOS and PPCA.

²⁷ 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.

²⁸ Since 2006, Victorian TAFEs have been represented by their own self-funded association, Victorian TAFE Association (VTA).

²⁹ There are 40 Australian Universities registered by TEQSA. UA represent 39 – the last one, Torrens University Australia is individually licensed.

³⁰ The external auditors' report, annexed, notes (at page 4) potential litigation with the universities sector if a new agreement is not reached.

³¹ www.acara.edu.au/reporting/national-report-on-schooling-in-australia-data-portal/school-funding/government-recurrent-expenditure-on-government-and-non-government-schools

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 \$28.6 billion of expenditure in universities in 2016,³² the copyright fee of \$30.7m was 0.11%.

5.5 INDIVIDUALLY LICENSED INSTITUTIONS

As at 30 June 2018, we had 1,032 individual agreements in place with education institutions, 77 of which are newly licensed institutions (48 commercial institutions, and 29 non-commercial institutions).

Roughly 57% of the individually licensed institutions are not-for-profit, and the remainder for-profit. The institutions include 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, smaller RTOs and charitable RTOs.

While we enter into agreements with 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 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 2017–18 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
- NEAS Conference – Sydney May 2018
- VET CEO Conference – Brisbane May 2018
- U3A Network Queensland State Conference – Brisbane May 2018

³² docs.education.gov.au/system/files/doc/other/finance_2016.pdf

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, in any format, from anywhere in the world; 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.

6.1 SURVEYS OF USAGE

Each year, a small sample of schools and universities participate in surveys of usage conducted by an independent research company.³³ The design of each survey (including sample design and duration) 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.³⁴

Uses made outside the statutory licence are identified and excluded when the usage data is processed by Copyright Agency's researchers, 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 staff; and
- cost of collecting and processing data.

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

1. to provide an indication of the overall levels of usage (to assist negotiations on fair compensation to content creators); and
2. to provide information about content used, to assist with distribution of fair compensation to content creators.

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.³⁵ Conversely, some information gathered in surveys is relevant to distribution, but does not affect compensation negotiations.

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 2017–18. 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 2017–18. The processing includes research to determine whether or not a use was made in

³³ See Copyright Agency surveys in schools and universities at static-copyright-com-au.s3.amazonaws.com/uploads/2018/03/R02134-CA-surveys-in-schools-and-unis-Jan-2018.pdf.

³⁴ 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. Licence fee negotiations take into account both these 'exclusions' from the usage data, and global 'discounts' for uses made outside the licence.

³⁵ This does not necessarily mean that the work used is an 'orphan work': it means that insufficient information has been provided to enable us to identify its copyright owner (the licensee may have additional information that has not been provided to us).

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.

	survey records processed	'usage' records	'pages' processed	Survey period
Schools: hardcopy	66,903	83,294	329,825	2017: terms 1–4
Schools: digital	20,758	29,394	120,543	
Universities: hardcopy	1,002	5,617	75,850	2017: semester 2 2018: semester 1
Universities: digital	5,111	12,651	219,861	
TOTAL	93,774	130,956	746,079	

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.³⁶

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.

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). 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 multiplied pages' are not linked to a rightsholder.

6.3 2017 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.

Different schools are surveyed each year. A surveyed school does not participate in another survey for at least eight years.

6.4 NUMBER OF SCHOOLS AND STUDENTS IN AUSTRALIA IN 2017

In 2017, there were **9,444 schools** in Australia, with more than **3.8 million students**: 65.6% in government schools, 19.9% in Catholic schools and 14.5% in independent schools.³⁷

³⁶ copyright.com.au/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'.

³⁷ abs.gov.au/ausstats/abs@.nsf/mf/4221.0

6.5 PRINTING, SCANNING AND PHOTOCOPYING BY SURVEYED SCHOOLS IN 2016

In 2017, surveys of printing, scanning, photocopying were conducted in the following number of schools:

School sector		2016					2017					Grand Total
		NSW	ACT	SA	NT	Total	VIC	QLD	WA	TAS	Total	
Government	Primary	50	2	2	1	55	23	16	12	1	52	107
	Secondary	26	2	3	1	32	10	8	4	1	23	55
	<i>Total government</i>	76	4	5	2	87	33	24	16	2	75	162
Non-government	Primary	18	2	1	0	21	7	12	4	1	24	45
	Secondary	15	1	3	1	20	15	4	4	1	24	44
	<i>Total non-government</i>	33	3	4	1	41	22	16	8	2	48	89
GRAND TOTAL		109	7	9	3	128	55	40	24	4	123	251

In total, there were **84,485 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.³⁸

The 123 schools surveyed:

- **photocopied 2.6 million 'pages'** of content³⁹
- **printed 412,000 'pages'**
- **scanned 13,500 'pages'**

Taking into account the survey results for both 2016 and 2017,⁴⁰ the calculated 'pages' per student is 157.88.

6.6 ELECTRONIC USE BY THE SURVEYED SCHOOLS

In addition, a survey of electronic use was conducted in **101 schools**, with **3,913 registered participants**.

The schools surveyed for electronic use copied or shared **1.67 million 'pages'** of content.

The calculated 'pages' per student for 2017 is:

Activity	'pages'
'Displayed' (e.g. from a learning management system)	87.6
'Published' to students online (e.g. from a learning management system)	31.9
Downloaded, saved to computer, screenshot or digital photo	14.3
Printed, saved or copied by students (authorised by teacher)	10.2
Emailed	6.3
TOTAL	150.4

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;⁴¹

³⁸ In accordance with protocols agreed with the sector. For example, content covered by a Creative Commons licence, a licence that allows free use by schools, or a subscription licence that allows the use.

³⁹ 'Pages' means the 'units' of content (such as a page from a book, an image, or a page printed from a website) times the 'consumption' (e.g. number of copies or viewers).

⁴⁰ Taking into account the two-year cycle of states and territories.

⁴¹ 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;⁴²
- 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 fee negotiations:

1. uses recorded in surveys that are excluded in accordance with the protocols agreed with CAG and UA; and
2. overall discounts for a 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 releases;
- examination papers/materials used for assessment purposes;
- logos;
- advertisements and branded material; and
- content published by government departments and agencies.

Discounts are negotiated for uses such as the following:

- ‘small portions’;
- copying from ‘blackline masters’;⁴³ and
- content that may lack sufficient ‘originality’ to be protected by copyright.⁴⁴

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 2011–16.⁴⁵ The lists represent how widely the books were copied (that is, in the highest number of schools), rather than amounts allocated to those titles.⁴⁶

⁴² Such as from a website with terms of use that allow ‘non-commercial use’.

⁴³ ‘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.

⁴⁴ Such as the TV guides at issue in the High Court decision in *Ice TV*.

⁴⁵ 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.

⁴⁶ 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.⁴⁷ 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.⁴⁸ Copyright Agency also licenses, as agent for its members, the communication of text, images and print music.⁴⁹

The statutory licence does not apply to government-related entities that are not 'the Crown', or to local governments, but Copyright Agency offers other licences for them (based on authorisation from members).

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 2017–18

- agreement negotiated with Western Australian government on payments for past and future sales of survey plans
- negotiations in train with ACT government on payments for past and future sales of survey plans
- agreement with ACT government on remuneration for general government use of content and the conducting of a high-level survey of content use
- negotiations in train with Tasmanian government on payments for past sales of survey plans
- arrangements in train for renewal of agreements with the Commonwealth, other states and Northern Territory for 2018–19
- proceedings commenced in Copyright Tribunal for determination of equitable remuneration payable by the State of New South Wales since 2012⁵⁰

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

⁴⁷ The statutory licence is in Part VII Division 2 of the Copyright Act

⁴⁸ Screenrights is similarly declared for broadcast content.

⁴⁹ The legislation does not enable the Tribunal to 'declare' Copyright Agency for communication, only for 'government copies'.

⁵⁰ See external auditors' report, annexed, at page 3.

8 COMMERCIAL AND OTHER NON-STATUTORY LICENCES

Members, including copyright management organisations in other countries, can appoint us as their agent to include their works in various licence schemes we offer. Licensees include corporations and not-for-profit organisations.

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.⁵¹

The licences do not cover works that are listed on Copyright Agency's website as excluded works,⁵² 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 2017–18

- 167 new clients and 721 extended licences to cover additional content and uses resulting in a 7.7% increase in licence fees from the corporate sector
- Continuation of monitoring program for corporate websites with infringing newspaper content, with a view to increased uptake of licences in the corporate sector
- Relaunch of the RightsPortal website with enhanced look and feel, additional functionality and an increase in the rights available for clearance for newspaper content
- Applications to Copyright Tribunal by media monitoring organisations regarding licence fees payable under digital press clipping licences⁵³

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 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 TRANSACTIONAL (PAY PER USE) LICENCES

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

- an automated online service (RightsPortal);⁵⁴ and
- a manual clearance service.

⁵¹ rightsportal.copyright.com.au/

⁵² copyright.com.au/excluded-works

⁵³ See external auditors' report, annexed, at page 3.

⁵⁴ rightsportal.copyright.com.au/

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 via the RightsPortal, 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.

8.5 ENGAGEMENT WITH LICENSEES

The Commercial Licensing team engages with current and potential licensees in a variety of ways. In 2017–18, they conducted 60 training sessions with a range of organisations around Australia.

And the team participated in the following conferences and events:

- Australian Property Institute (API) – National Property Conference Nov 2017
- Public Relations Institute of Australia (PRIA) – Golden target Awards Oct 2017
- Australian Reporting Awards (ARA) June 2018

9 LEARNINGFIELD

LearningField is an online platform providing access to resources linked to the Australian curriculum and state curriculums.⁵⁵ It is an 'all you can eat' annual subscription, allowing use of all LearningField resources: more than 17,179 chapters from 1,467 textbooks, as well as interactive content.

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

9.1 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).
- Academic Associates
- Australia Geography Teachers' Association
- John Wiley & Sons Australia
- National Educational Advancement Programs (Neap)
- Tactic Publications

⁵⁵ copyright.com.au/learningfield

10 ARTWORK LICENCES

Copyright Agency licenses the use of fine art and other artworks. Most of the artwork licences are pay-per-use (rather than 'all of repertoire'). There are also 'blanket' licences that cover agreed uses for all artist 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 assist administration of high volume uses.

10.1 MERGER WITH VISCOPY

On 30 November 2017, Copyright Agency and Viscopy merged. Copyright Agency had been managing Viscopy's services since 2 July 2012, which included managing Viscopy's relationships with its members, international affiliates and licensees.

Copyright Agency's Constitution was changed to create a new class of member (Visual Artist) and a new Board Director position for a visual artist. As a result of the merger, the Viscopy members who were not already members of Copyright Agency became Visual Artist members of Copyright Agency.

Benefits to artists include reductions in deductions from licence fees for administrative or operating costs.

10.2 DEVELOPMENTS IN 2017–18

- over \$1.1m was collected for members from artwork licences in 2017–18 (that is, both before and after the merger)
- significant licences included those for the Westin Hotel, Perth and a Qantas Dreamliner plane
- the John Fries Award continued to be recognised as an important national award for emerging and early career artists, with the finalist exhibition attracting over 1,000 attendees for the opening evening and 2,500 attendees throughout the course of the exhibition⁵⁶

10.3 LICENCE FEES BY SOURCE

The major licensees were auction houses, public galleries and corporations.

Domestic Licensing (by client sector)	\$'000 (approx)	Total Licences
National and state galleries/museums	276	211
Auction Houses	261	84
Corporate/Commercial	256	96
Education, university, & regional galleries/museums	118	255
Magazine and newspaper publishers	53	27
Broadcasting, film and television	31	29
Non-profit organisation	27	44
Government	24	31
Book publishers	17	45
Commercial galleries	16	26
Other	26	39
TOTAL	1.1m	887

⁵⁶ www.johnfriesaward.com/

11 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 for certain resales of artworks by Australian artists.⁵⁷ 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.

11.1 SCHEME RESULTS

- since its commencement to 30 June 2018, the scheme had generated over **\$6.3m** in royalties for **1,621** artists from more than **17,000** resales
- the artists who received royalties are at different stages of their careers, from early to senior, and from different parts of Australia, including urban and remote areas
- 64% of the artists receiving royalties are Aboriginal and Torres Strait Islander artists, who received 38% of the royalties
- 38% of recipients live in the Northern Territory and 18% in South Australia and Western Australia (mostly in regional and remote areas)
- in 2017–18 we paid nearly \$670,000 in artists' resale royalties to 468 artists, of which 181 received a royalty for the first time

	2017–18	Since June 2010
Resales reported ⁵⁸	6,898	66,370
Resales subject to royalty ⁵⁹	2,145	17,042
Royalties invoiced	1,003,223	\$5.5m
Royalties collected	873,163	\$5.3m
Royalties paid (exc admin fee)	667,776	\$4.5m

The following shows the percentage of resales reported to Copyright Agency that met the eligibility criteria for payment of a royalty, by payment range.⁶⁰

Royalty Amount	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016-17	2017–18
\$50–99	40%	45%	44%	42%	41%	40%	40%	38%
\$100–999	60%	54%	53%	54%	52%	54%	55%	56%
\$1,000–4,999	1%	1%	2%	3%	4%	5%	4%	5%
\$5,000–19,999	0%	0%	0%	1%	1%	1%	1%	1%
\$20,000+	0%	0%	0%	0%	1%	0%	0%	0%

⁵⁷ 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.

⁵⁸ Resales for \$1,000 or more.

⁵⁹ 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.

⁶⁰ 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).

11.2 STAKEHOLDER ENGAGEMENT

Stakeholder engagement included:

- information sessions in conjunction with key art industry events to reach artists, art centre managers, arts workers and art market professionals;
- information provision via email alerts and our e-newsletter CANVAS; and
- articles written and circulated on the following topics:
 - why wills matter for artists
 - what does 'second resale' of an artwork mean?
 - could your resold artworks be eligible?
 - accurate reporting vital for resale royalties

12 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 content creators. The processes are sometimes complex, accounting for the time between receipt of licence fees, allocation, and payment.

Distribution policy is overseen by the Board, and published on our website.⁶¹

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

12.1 PAYMENTS TO CONTENT CREATORS BY LICENCE SOURCE

The following table shows the sources of payments distributed in 2017–18.

Licensee sector	\$m	%
Education	86.70	70%
Commercial ⁶²	26.96	21%
Government	3.54	3%
Overseas	1.57	1%
Surveyors	0.70	1%
Artists resale royalty	0.78	1%
Other ⁶³	3.66	3%
TOTAL	123.91	100%

12.2 PAYMENTS TO CONTENT CREATORS BY CONTENT SOURCE

The following tables show estimates of payments according to sources of content.⁶⁴

Source	\$m			Total
	Education	Gov	Other	
Book	69.4	1.6	5.2	76.1
Website ⁶⁵	7.0	0.0	0.0	7.0
Journal	4.1	1.7	3.1	8.8
Magazine	0.6	0.0	0.6	1.2
Newspaper	2.0	0.3	18.7	21.0
Survey plans	0.0	0.0	0.8	0.8
Other ⁶⁶	3.7	2.9	2.4	9.0
TOTAL	86.7	6.5	30.7	123.9

⁶¹ copyright.com.au/distribution-policy

⁶² Includes artwork licence fees since December 2017, previously managed by Copyright Agency for Viscopy.

⁶³ Includes pools for creators from multiple licence sources: for artist-owned images; for contributors to newspapers and magazines; and for contributors to journals.

⁶⁴ 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.

⁶⁵ Includes downloaded documents, such as reports and images.

⁶⁶ Includes sources such as information sheets, content from CD-ROMs, posters, previous years' exam papers, student theses from other universities. Also includes artists' resale royalties.

Source	Education	Gov	Other	% Overall
Book	80%	25%	12%	61%
Website	8%	0%	0%	6%
Journal	5%	26%	15%	7%
Magazine	1%	0%	3%	1%
Newspaper	2%	4%	59%	17%
Survey plans	0%	0%	4%	1%
Other	4%	45%	8%	7%
	100%	100%	100%	100%

12.3 PAYMENTS TO BE SHARED

Our payments reach rightsholders in two ways: directly (from us) and indirectly (through a member who receives a payment from us).

In 2017–18, we paid more than \$17m to ‘author’ and ‘artist’ members. Some of those payments (principally for books) were made with an obligation to share with other rightsholders (e.g. a publisher and/or co-authors). Other payments (e.g. most payments for artworks) were made without any obligation to share.

We paid nearly \$16m to foreign collecting societies to pass on to their creator and publisher members. And we paid nearly \$91m to members who are not authors, artists or foreign collecting societies. They are principally publishers of books, journals, newspapers and magazines. A large proportion of these payments were made with an obligation to share with other rightsholders, such as authors.

In addition to the payments shared with non-staff creators, publishers also have writers and illustrators on staff, and Copyright Agency payments contribute to their salaries.

12.4 PAYMENTS TO INDIVIDUAL CREATORS FROM SCHOOL AND UNIVERSITY LICENCE FEES

In 2016, we requested information from the members who received the largest payments from us of licence fees from the school and university sectors (accounting for 80% of the payments to Australian members). Based on information provided, we estimated that individual (non-staff) creators received about 39% of licence fees distributed. The basis of that estimate is set out in our annual report for 2015–16.

12.5 DISTRIBUTION BY STATE AND TERRITORY

State	Education licence fees	Government licence fees ⁶⁷	Artists’ resale royalties
NSW	54%	49%	13%
VIC	28%	22%	12%
QLD	10%	23%	5%
WA	6%	1%	7%
ACT	1%	1%	1%
SA	1%	3%	12%
NT	<1%	<1%	49%
TAS	<1%	<1%	2%
TOTAL	100%	100%	100%

⁶⁷ Includes fees paid for sale of survey plans in previous years.

12.6 PAYMENT RECIPIENTS FOR 2017–18 BY CATEGORY

12.6.1 All payments

		\$m	%	Recipients ⁶⁸
Australian recipients	Education resources creators ⁶⁹	57,100,665	46%	1,269
	Other core content creators ⁷⁰	42,735,926	34%	916
	Not-for-profit bodies ⁷¹	2,511,061	2%	576
	Education/training bodies ⁷²	1,337,202	1%	122
	Government bodies ⁷³	298,663	0%	30
	Other ⁷⁴	475,505	0%	258
	Total	104,459,021	84%	11,416
Foreign recipients	Foreign collecting societies	15,198,902	12%	38
	Other foreign recipients	4,256,962	3%	221
	Total	19,455,866	16%	259
GRAND TOTAL	123,914,887	100%	11,675	

12.6.2 Schools

		\$m	%	Recipients
Australian recipients	Education resources creators	35,981,625	70%	812
	Other core content creators	7,241,927	14%	1,339
	Not-for-profit bodies	837,930	2%	235
	Education/training bodies	622,052	1%	70
	Government bodies	272,696	1%	8
	Other	152,643	0%	143
	Total	45,108,873	88%	2,607
Foreign recipients	Foreign collecting societies	5,587,676	11%	34
	Other foreign recipients	397,799	1%	49
	Total	5,985,475	12%	83
TOTAL	51,094,348	100%	2,690	

12.6.3 Universities

		\$m	%	Recipients
Australian recipients	Education resources creators	10.69	41%	88
	Other core content creators	6.43	25%	818
	Not-for-profit bodies	0.18	1%	84
	Education/training bodies	0.15	1%	37
	Government bodies	0.00	0%	1
	Other	0.04	0%	23
	Total	17.48	68%	1,051
Foreign recipients	Foreign collecting societies	6.17	24%	27
	Other foreign recipients	2.23	9%	70
	Total	8.40	32%	97
TOTAL	25.88	100%	1,148	

⁶⁸ 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.

⁶⁹ 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.

⁷⁰ Including journal publishers and contributors, trade publishers and authors, artists, print media and film/tv companies

⁷¹ Including cultural institutions, arts organisations, community groups, charities, religious organisations, health and disability organisations, special interest associations, industry groups, professional associations, sporting groups

⁷² Including colleges, universities and TAFEs

⁷³ Including government departments and agencies, and local government.

⁷⁴ Includes recipients of small payments that we have not categorised

12.6.4 TAFEs

		\$m	%	Recipients
Australian recipients	Education resources creators	1.07	42%	188
	Other core content creators	0.78	31%	550
	Not-for-profit bodies	0.20	8%	90
	Education/training bodies	0.05	2%	39
	Government bodies	0.00	0%	1
	Other	0.01	1%	26
	Total	2.11	83%	894
Foreign recipients	Foreign collecting societies	0.34	13%	28
	Other foreign recipients	0.10	4%	34
	Total	0.44	17%	62
TOTAL	2.55	100%	956	

12.6.5 Other education providers

		\$m	%	Recipients
Australian recipients	Education resources creators	1.83	25%	318
	Other core content creators	3.01	42%	907
	Not-for-profit bodies	0.39	5%	176
	Education/training bodies	0.17	2%	50
	Other	0.09	1%	58
	Total	5.49	77%	1,511
Foreign recipients	Foreign collecting societies	1.22	17%	20
	Other foreign recipients	0.46	6%	50
	Total	1.68	23%	70
TOTAL	7.17	100%	1,581	

12.6.6 Governments

The distribution of licence fees compensation from governments in 2017–18 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.⁷⁵

		\$m	%	Recipients
Australian recipients	Core content creators	1.11	31%	844
	Education resources creators	1.01	28%	223
	Not-for-profit bodies	0.07	2%	129
	Education/training bodies	0.05	1%	53
	Other	0.01	0%	31
	Total	2.24	63%	1,280
Foreign recipients	Foreign collecting societies	0.81	23%	21
	Other foreign recipients	0.49	14%	45
	Total	1.30	37%	66
TOTAL	3.54	100%	1,346	

12.6.7 Corporations and associations 'blanket' licences

The following table summarises the distribution of 'blanket' licence fees from corporations and associations in 2018. The distribution was based on data indicating content available for copying by licensees.

⁷⁵ We had regard to the Attorney-General's Department's guidelines for declared collecting societies (2001) in determining the approach to the distribution.

		\$m	%	Recipients
Australian recipients	Core content creators	2,778,995	57%	803
	Education resources creators	952,511	19%	216
	Not-for-profit bodies	69,301	1%	113
	Education/training bodies	38,182	1%	43
	Other	31,404	1%	31
	Total	3,870,394	79%	1206
Foreign recipients	Foreign collecting societies	689,948	14%	21
	Other foreign recipients	354,282	7%	43
	Total	1,044,230	21%	64
TOTAL	4,914,624	100%	1270	

12.6.8 Amounts distributed from artwork licences

Since the merger with Viscopy on 30 November 2017, Copyright Agency has distributed more than \$380,000 in fees from licences for the use of artworks by galleries, auction houses, corporations and others. Other amounts were distributed by Viscopy to its members before the merger.

12.6.9 Other payments to artists

Apart from the artwork licences, artist members also received payments from Copyright Agency resulting from:

- artworks in television programs recorded and retransmitted under licences managed by Screenrights (\$931,000);
- artworks used in other countries under licences managed by copyright management organisations;
- artworks used under 'blanket' licences for text and images managed by Copyright Agency for the education, government and corporate sectors; and
- artworks resold under the artists' resale royalty scheme (see next section).

12.7 LIST OF DISTRIBUTIONS FOR 2017–18

We publish our distribution schedule on our website, with links to information sheets on the major distributions. The following is a list of distributions processed in 2017–18.⁷⁶

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.⁷⁷ The deductions for digital press clippings and RightsPortal are fixed.

Licence fee source	Times per year	Total \$ distributed for 2017–18	Deduction %
Schools	1	51,094,347	15.40
Universities	2	25,883,914	15.24–16.29
Digital press clippings	4	16,102,236	10
Individually licensed education institutions	1	7,171,230	15.95
Corporations and associations	1	4913434	15.40–16.29
State CW governments	1	3,537,115	15.64–16.29
Informat: full text databases	1	2,846,203	16.29
TAFE	1	2,552,812	15.40
Various, for writers	1	2,066,663	15.98–16.08
Overseas collecting societies	4	1,573,623	15.40–16.29
Various, for images	1	1,565,633	15.19–15.47
Resale royalty		776,084	15.00
Sale of survey plans: NSW	4	272,405	15.40–16.29
Sale of survey plans: QLD	4	285,323	15.40–16.29
Sale of survey plans: VIC	4	103,422	15.40–16.29
Sale of survey plans: SA	4	55,909	15.40–16.29
Artwork licences	2	383,998	10.00–25.00
RightsPortal	4	121,967	15.00
Document delivery	1	30,327	15.82–16.29

⁷⁶ A small proportion of the amounts allocated in 2017–18 was paid after 30 June 2018, mostly because payment was contingent upon recipients confirming entitlement to receive an allocation. Similarly, some payments in 2017–18 were from distributions processed in 2016–17.

⁷⁷ www.copyright.com.au/membership/administration-fees/

13 CULTURAL FUND

Copyright Agency's Constitution allows the Board to allocate up to 1.5% of income to cultural development through the Cultural Fund.⁷⁸ The Cultural Fund supports a wide variety of projects each year.

In 2017–18, \$1,777,406 was approved through the Cultural Fund for 88 projects, 20 applicants for the IGNITE Fund, four for CREATE Fund and three Copyright Agency Fellowships. Some of the funds approved are for release in subsequent years.

	Applications	Approved	Declined
Cultural projects	228	88	140
IGNITE Grant	153	20	133
CREATE Grant	64	4	60
CA Author Fellowship	51	1	50
CA Publisher Fellowships	13	2	11

13.1 RECIPIENTS BY CATEGORY 2017–18

Some of the amounts paid were approved in previous years.

Category	Total	%
Children's Literature	\$54,000	3.04
Creation/new work, CREATE	\$65,000	3.66
Cultural Institution	\$51,975	2.92
Education	\$187,900	10.57
Fellowships	\$110,000	6.19
Festival/Event	\$153,600	8.64
Journal/Review	\$166,500	9.37
Mentorship/residency/skills dev, IGNITE	\$62,395	3.51
Poetry	\$53,650	3.02
Prize/Award	\$70,000	3.94
Publisher	\$127,400	7.17
Research	\$15,099	0.85
Theatre	\$114,000	6.41
Trade Association	\$307,460	15.61
Visual Arts Organisations/projects	\$89,117	5.01
Writing Organisations/projects	\$179,310	10.09
TOTAL	\$1,777,406	100%

13.2 PROJECTS SUPPORTED BY THE CULTURAL FUND IN 2017–18

The following projects were approved for funding in 2017–18. These, and projects supported in previous years, are described in more detail on our website.⁷⁹ In some cases, the funding was approved for a project spanning up to three years.

Applicant	Amount	Project
AALITRA (Australian Association for Literary Translation)	\$3,800	AALITRA SYMPOSIUM: TRANSLATING AUSTRALIAN LITERATURE
AATE/ALEA National Conference for the Teaching of English & Literacy	\$20,000	AATE/ALEA 2017 National Conference for the Teaching of English & Literacy
AATE/ALEA National Conference for the Teaching of English & Literacy	\$20,000	AATE/ALEA 2018 National Conference for the Teaching of English & Literacy (Perth)

⁷⁸ copyright.com.au/cultural-fund. The deduction does not apply to artists' resale royalties.

⁷⁹ copyright.com.au/cultural-fund/projects-supported

Applicant	Amount	Project
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
Adelaide Writers Week	\$20,000	Writers' panel discussions at AWW 2018
Art Gallery of NSW	\$20,725	HOME: Aboriginal art in regional NSW – AGNSW outreach education program
Artsource The Artists Foundation WA	\$22,200	ArtsHouse Artists in Residence (2 years)
AustLit, School of Comms Arts, UQ	\$21,500	Teaching with Fantasy: Connecting Teachers, Writers, and Digital Outcomes
Australian Book Review	\$16,500	Promote Australian Book Review to new audiences
Australian Children's Literature Alliance	\$24,000	Australian Children's Laureate Program 2018-19
Australian Embassy Beijing	\$40,000	Australian Writers Series 2018-20
Australian Historical Association	\$9,000	AHA-Copyright Agency Early Career Researcher Scheme (3 years)
Australian Library and Information Assoc	\$80,000	The Australian Reading Hour 2017 - 19
Australian Poetry Ltd	\$11,000	Australian Poets Festival 2018-19
Australian Publishers Association	\$40,000	FutureBook Australia 2019: Where next for Australia's book industry?
Australian Society of Authors	\$20,000	Virtual Professional Development
Belvoir Company B Ltd	\$30,000	Belvoir's Commission Series - Investing in Australian Stories (3 years)
Boyer Educational Resources	\$6,000	Authors in Schools - Storytelling relating to the Australian History Curriculum
Byron Writers Festival	\$15,000	Writers' panel discussions at BWF 2018
Bus Projects	\$19,260	Concentric Curriculum, connecting artists/writers
Canberra Writers Festival	\$5,000	2017 Canberra Writers Festival
CBCA NSW Branch Inc	\$5,000	The CBCA Short List Professional Development Conference (One Year)
Children's Book Council of Australia (CBCA) Vic) Inc.	\$11,000	Maurice Saxby Creative Development Program
Crinkling News	\$20,000	Crinkling News and improving media literacy in young Australians
Djilpin Arts Aboriginal Corporation	\$17,310	Jaowyn Country Writers Workshops
Express Media Inc	\$20,000	Express Media's 2018 Program for Young Writers
Geelong Regional Library Corporation	\$15,000	Word for Word Festival "Getting it Write" Workshop Program
Griffin Theatre Company Ltd.	\$22,000	Griffin Award (3 years)
Griffith Review	\$25,000	Griffith Review: The Novella Project VI, VII & VIII Competitions
Griffith REVIEW	\$20,000	The Novella & Narrative Non-Fiction Project V Competition
IBBY Australia Inc	\$20,000	Showcasing Australian youth literature in a global market
International Performing Writers' Association	\$18,000	Australian Poetry Slam (APS) 2018, 2019, 2020
Ipswich District Teacher Librarian Network	\$8,000	StoryArts Festival Ipswich 2017

Applicant	Amount	Project
Island Magazine	\$20,000	Increasing Island's Writers' payments
KickArts Contemporary Arts	\$20,000	Indigenous Residential Printmaking Program
La Boite Theatre Company	\$10,000	The Practice Project: Phase One - Script commission and Resource Development
La Trobe University	\$10,000	National Indigenous Story Awards (3 years)
Magabala Books	\$20,000	Magabala Youth Literature Award
Magabala Books	\$38,400	Magabala Books Education Strategy - Promoting Indigenous Secondary Titles (2 years)
Mascara Literary Review	\$2,500	Editing Mentorships for Equality: Mascara Literary Review 2018 & 2019
Meanjin	\$20,000	Meanjin Papers (3 years)
Melbourne Press Club	\$10,000	Supporting Young Journalists Project 2018
Melbourne University Publishing	\$25,000	Australia's National Heritage
Melbourne Writers Festival	\$30,000	Education Partner of Melbourne Writers Festival Schools' Program (3 years)
Murdoch University	\$15,099	Teacher Librarians as Australian Literature Advocates in Schools
National Gallery of Victoria	\$21,250	Melbourne Art Book Fair 2018
National Young Writers Festival	\$15,000	NYWF 2018-20 Mentorship & National Bursary program (3 years)
Newcastle Writers Festival Incorporated	\$5,000	2018 and 2019 Newcastle Writers Festival Schools Program (2 years)
Ninti One Ltd	\$15,000	Innovation, Diversification + Commercialisation for Aboriginal & Torres Strait Islander Artists
NSW Writers' Centre	\$7,000	Honouring Australian Writers 2018-20
NSW Writers' Centre	\$10,000	Boundless: Showcasing Culturally Diverse Writers
Playwriting Australia	\$20,000	2018 National Play Festival
Perth Festival Writers Week	\$15,000	Writers' panel discussion at Perth Writers' Week 2018
Primary English Teaching Association Australia	\$20,400	Writing the Future Showcase
Red Room Company	\$14,650	Mother Tongues - Poetry in First Languages
Red Stitch Actors' Theatre	\$12,000	Red Stitch 'Ink' Writers' Residency
Royal Melbourne Institute of Technology	\$75,000	WriCE (Phase 2): RMIT Copyright Agency Asia-Pacific Partnership Program
Slamalamadingdong	\$2,000	Slamalamadingdong National Poetry Slam Team
Spineless Wonders Publishing Pty Ltd	\$7,000	The Carmel Bird Digital Literary Award
State Library of Western Australia	\$10,000	Creative Fellowship (One Year)
Stella Prize	\$20,000	Stella Prize Longlist (3 years)
Sydney Story Factory	\$30,000	The Year of Poetry 2018
Sydney Writers Festival	\$27,600	Writers' panel discussions at SWF 2018
Sydney Theatre Company	\$20,000	The Emerging Writers Group
Tasmanian Writers Centre	\$5,000	Tasmanian Writers & Readers Festival 2017/18
The Australian Society of Authors	\$15,000	The Rejuvenation of the Style File
The Big Issue	\$20,000	The Big Issue Fiction Edition

Applicant	Amount	Project
The Eleanor Dark Foundation Ltd	\$10,000	Copyright Agency Fellowships for Indigenous Writers (3 years)
The Guardian	\$30,000	Guardian increased book coverage
The Institute of Professional Editors (IPEd)	\$12,660	Educating editors and their authors
The Literature Centre	\$10,000	Celebrate Reading National Conference 2017
The University of Queensland Art Museum (UQ Art Museum)	\$12,657	Shirley Macnamara: Spinifex
The Walkley Foundation	\$13,000	Walkley Award for Arts Journalism and the Walkley Pascall Prize for Arts Criticism
The Walkley Foundation	\$33,000	Walkley Journalism Explored Quarterly Essay Series
The Walkley Foundation	\$10,000	Walkley Foundation Freelance Program
un Projects	\$12,000	un Projects: Indigenous-led contemporary art discourse
University of Canberra: IPSI	\$8,000	The Poetry Editor
University of New South Wales	\$15,000	Support artists/writers, development for Beijing Media Arts Biennale exhibition (2 years)
University of Queensland Press	\$34,000	UQP: A Cultural Legacy - 70th anniversary program (2 years)
University of Sydney, Sydney School of Education & Social Work	\$10,000	SSESW / Copyright Agency Writer-in-Residence 2018
UNSWriting - School of the Arts and Media	\$10,000	Two writers' residencies for South-Asian Australian Writers
Westerly Magazine	\$4,500	Westerly Magazine's Writers' Development Program 2017-19
WestWords Ltd	\$20,000	Western Sydney Emerging Writers' Fellowships (3 years)
Wiradjuri Condobolin Corporation	\$14,000	Wiradjuri Skywriters Pilot Project
WORD Christchurch	\$1,000	Clementine Ford to attend WORD Christchurch, Christchurch Arts Festival
Xou Pty Ltd	\$6,000	Stories of ...

13.3 IGNITE FUND SUPPORT 2017–18

The following applicants were successful for IGNITE Grants in 2017–18

Recipient	Amount	For
Naomi Eller	\$5,000	A six-week residency at the NUOVE in Bassano del Grappa, Italy, to work towards curated exhibitions at the Museo d'Arte Contemporane, Lissone and at NUOVE art space.
Katherine Battersby	\$2,250	Attend the 2018 Society of Children's Book Writers and Illustrators (SCBWI) Winter Conference in New York.
Rose Michael	\$3,300	Attend The Writer's Hotel, a seven-day workshop in New York.
Owen Heitmann	\$1,800	Attend the 2017 Comic Art Workshop in Yogyakarta, Indonesia.
Jessica Clark	\$4,000	Curatorial and cultural mentorship with Tina Baum, a leading First Nations Curator at the National Gallery of Australia, to develop a curatorial practice that prioritises First Peoples ways of working
Spence Messih	\$2,500	Professional development program in North America, with a two-week mentorship with Chicago based theorist David Getsy, a period of mentorship and new work development with artist Gordon Hall and periods of self-directed research at The Chinati Foundation and selected LGBTIQ archives
Cherry (Cher) Tan	\$1,605	A mentorship with Writers Victoria and a creative non-fiction short course with RMIT University.
Susan Jacobs	\$4,000	Attend a structured residency and mentoring program, London Summer Intensive, in August 2018.
Madeleine Preston	\$4,000	Attend the Slade London Summer Intensive 2018 to work on a series of paintings, ceramic objects and textiles.
Terri-ann White	\$4,000	Participate in Yale School of Management Leadership Strategies in Book Publishing course
Ashleigh Hardcastle	\$500	Participate in the Maurice Saxby Creative Development Program, run by the Victorian Branch of the Children's Book Council of Australia
Omar Sakr	\$5,000	Novella mentorship with Michael Mohammed Ahmad for one year, to transition from a poetry-based practice into fiction, with the eventual goal of writing a novel
Julia Tsalis	\$2,300	Attend the Edinburgh Exchange, a structured professional development opportunity for literary programmers to build international ties, see a range of events, develop programming skills, and explore the industry
Tara June Winch	\$2,000	Attend a structured learning writer-in-residency program to work on novel-in-progress at the Nietzsche Haus, Sils Maria, Switzerland
Esther Anatolitits	\$4,000	International mentoring for national visual arts best practice with Robert Lynch, CEO of Americans for the Arts; attend and present at the CARFAC conference; meet with CEO April Britski, Status of the Artist pioneer Wendy Nelson, and President Ingrid Mary Percy
Emma Hall	\$5,000	Latin American Playwriting Tour.
Maryann Ballantyne	\$2,440	Publishing mentorship at Magabala Books
Kylie Maslen	\$2,700	Creative non-fiction writing structured mentorship with Fiona Wright
Aviva Tuffield	\$4,000	Develop a report/strategic plan for The Australian Reading Agency to bring together all the industry stakeholders that recognise the importance of reading
Jane Skelton	\$2,000	Attend a structured writing residency at Allenheads Contemporary Arts in the North of England, to work on a literary historical fiction novel

13.4 CREATE FUND SUPPORT 2017–18

The following applicants were successful for CREATE Grants in 2017–18

Recipient	Amount	For
Anna Krien	\$15,000	To create a work of fiction set around the time of the 2003 Iraq War.
Jonathan Jones	\$20,000	Create a major installation that explores the Wiradjuri philosophy of dhawura (wind), created in collaboration with Dr Uncle Stan Grant Snr, leading Wiradjuri language expert and elder, for the 9th Asia Pacific Triennial at the Queensland Art Gallery Gallery of Modern Art over 2018–19
Michael Vale	\$10,000	Create a suite of paintings that depict a parallel, absurdist universe
Suneeta Peres da Costa	\$20,000	A new novel, reimagining Virginia Woolf's Mrs Dalloway, from an Indian postcolonial perspective

13.5 FELLOWSHIPS

Fellowship	Amount	Awarded to
Author Fellowship	\$80,000	Kathryn Heyman – to write a memoir
Publisher Fellowship	\$15,000	Bronwyn Mehan - Interview producers, curators and multi-disciplinary practitioners working in the literary, audio-visual and performing arts fields in New York
Publisher Fellowship	\$15,000	Nathan Hollier - Explore development of Australian book publishing in key emerging majority-world markets: India, Indonesia and Malaysia

13.6 READING AUSTRALIA

Reading Australia (readingaustralia.com.au) is a Copyright Agency initiative to assist the teaching and reading of Australian literature in Australian schools and universities. The Cultural Fund allocates approximately \$100,000 a year to Reading Australia for:

- commissioning new resources and material for teachers;
- partnerships with education, libraries and writers' organisations; and
- conferences and stakeholder engagement and for website development.

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.

Reading Australia began as a list of 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 150 titles, covering all genres and periods of Australia's literary history.

There are now 155 resources 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.

20 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.

13.7 DEVELOPMENTS IN 2017–18

- 67.5% increase in subscriber numbers from 8,184 to 13,712.
- new resources:
 - 9 new teacher resources for secondary students – 95 in total.
 - 8 new resources for primary schools – 61 in total.
 - Grace Fielding and Leigh Hobbs 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. Nine published to date.
- partnership with Australian Library and Information Association to create a series of competitions aimed at reaching more teacher librarians.
- conference participation:
 - July 2017, AATE/ALEA National Conference in Hobart.
 - November 2017, ETA NSW conference in Sydney.
 - December 2017, VATE conference in Melbourne.
 - March 2018, CBCA NSW professional development conference in Sydney.

14 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 trust 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.

14.1 LICENCE FEES IN TRUST FOR MEMBERS AND RESERVES AS AT 30 JUNE 2018

As at 30 June 2018, there was \$54.8m in trust for members and reserves, representing:

	\$m	%
Licence fees allocated but not yet paid	15.9	29%
Licence fees received but not yet allocated ⁸⁰	19.5	35%
Future Fund reserve	15.1	28%
Indemnity Fund reserve	3.4	6%
Other reserve	0.9	2%
TOTAL	54.8	100%

14.2 LICENCE FEES TO BE ALLOCATED

The table below shows licence fees invoiced to 30 June 2018 that have not yet been allocated. The amounts are fees for allocation after we have made deductions for anticipated operating costs. They include some licence fees that were invoiced before 30 June 2018, but received in the 2018–19 financial year.

Licence sector	To be allocated \$m
Education	\$3.2m
Government	\$3.0m
Other	\$11.7m
TOTAL	\$17.9m

14.3 REVENUE AND DISTRIBUTIONS 2014–18

	\$m				
	2013–14	2014–15	2015–16	2016–17	2017–18
Revenue	130.4	138.2	139.7	147.5	152.1
Distributions	103.3	136.6	115.5	117.8	123.9

14.4 FUNDS FOR DISTRIBUTION AND RESERVES AT 30 JUNE 2014–18

	\$m				
	30/6/14	30/6/15	30/6/16	30/6/17	30/6/18
Funds for distribution	61.7	36.1	29.2	40.2	35.4
Reserves	6.8	12.2	18.4	18.4	19.4
TOTAL	68.5	48.3	47.6	58.6	54.8

⁸⁰ This includes amounts that will be deducted for operating costs.

14.5 TIME BETWEEN INVOICE AND DISTRIBUTION OF LICENCE FEES FROM SCHOOLS AND UNIVERSITIES

Licence fees of \$64.8m were due from the school sector in April 2018, and allocated to rightsholders in June 2018. Most allocations were paid by 30 June.

Licence fees from the university sector were due in July 2017, October 2017, January 2018 and April 2018, totalling \$32.5m. The fees received in 2017 were allocated to rightsholders in December 2017. The fees received in 2018 were allocated to rightsholders in June 2018. Most allocations were paid by 30 June.

14.6 WHY ALLOCATED FUNDS HAVE NOT YET BEEN PAID

	\$m			
	Education	Government	Other	Total
We have not yet received confirmation of entitlement to claim from a member.	6.10	1.06	1.28	8.45
We have invited a non-member to join and claim payment, or we are in the process of making contact	1.50	0.24	2.50	4.24
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	0.17	0.02	0.02	0.20
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)	1.50	0.07	0.23	1.80
There is a dispute about who is entitled to claim, or clarification of entitlement is pending.	1.03	0.08	0.12	1.24
TOTAL	10.30	1.48	4.15	15.92

14.7 'ROLLOVER' OF UNPAID ALLOCATIONS

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 se, but rather distribution of licence fees in accordance with the best data available.⁸¹

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.⁸²

14.8 UNPAID ALLOCATIONS FROM 2013–14 ROLLED OVER IN 2017–18

The following provides a breakdown of unpaid allocations from 2013–14 rolled over in 2017–18.

	Education	Government	Other	Total
Allocated 2013–14: \$m	82.47	8.55	19.64	110.67
Paid: \$m	82.07	8.52	19.45	110.05
Rolled over (not paid): \$m	0.40	0.03	0.19	0.62
Rollover as % of total allocated	0.5%	0.4%	1.0%	0.6%

⁸¹ 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.

⁸² See Note 14 in Notes to Financial Statements for the year ended 30 June 2016 for amounts rolled over in 2015–16.

14.9 REASONS ALLOCATIONS WERE NOT PAID

	\$m			
	Education	Government	Other	Total
Allocated to member but not claimed	0.21	0.02	0.04	0.27
Work identified: rightsholder unknown	–	–	<0.01	<0.01
Rightsholder identified, but not contacted or did not join ⁸³	0.18	0.01	0.14	0.33
Very small aggregate amount allocated to rightsholder	<0.01	<0.01	<0.01	0.01
Foreign recipients: no agreement with foreign collecting society	<0.01	–	<0.01	0.01
TOTAL	0.40	0.03	0.19	0.62

14.10 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.

The Future Fund was established in 2013 in response to such issues as the Australian Law Reform Commission recommendation for radical changes affecting licensing arrangements. In Canada, comparable changes to Copyright law saw a catastrophic collapse in some licensing revenues. The Future Fund was built up over several years from interest on licence fees and allocations that were unpaid for four years. As noted in the 2016 Directors' Report, the purpose of the Fund is to '... safeguard and manage the rights of members including but not confined to taking such necessary actions in communications, research and advocacy ... to the extent required consistent with the Board's prudent judgment'. Further, the Board noted in the 2017 Directors' Report that 'The Fund may also be called upon to conduct litigation which is necessary to protect the rights of creators, for example, to clarify the role of exceptions in the Copyright Act 1968'.

In 2017, the Board reported that it had determined to maintain the Fund but that it would periodically review the need for it and any amounts no longer required for safeguarding members' interests will be returned to members.

14.10.1 Funds allocated and spent to 30 June 2018

	2013–14	2014–15	2015–16	2016–17	2017–18
Interest	1.84	1.61	1.88	0	0
Unpaid allocations	3.19	2.72	4.41	0	0
Total inputs for year	5.03	4.33	6.29	0	0
Returned to operating costs				(0.20)	0
Public awareness and advocacy	0.00	(0.06)	(0.12)	(0.16)	(0.04)
Net movement for year	0.00	4.27	6.17	(0.36)	(0.04)
Net balance	5.03	9.30	15.47	15.11	15.07

14.10.2 Use of the Fund in 2017–18

In 2017–18, around \$40,000 was spent from the fund for purposes that included representing the interests of Copyright Agency members to government, research on community attitudes to copyright, 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.

14.10.3 Reduction of Fund in July 2018

In July 2018, the Board reviewed the Fund and decided to reduce it to \$11m. The \$3m released from the fund will be returned to members over a three-year period (\$1m per year) by way of an offset against operating costs, in accordance with Copyright Agency's Distribution Policy.

⁸³ 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.

14.11 INDEMNITY FUND

Copyright Agency has an Indemnity Fund to compensate rightsholders for use of their content in connection with 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). The balance at 30 June 2018 was \$3.4m.

15 OPERATING COSTS

Our operating costs are met from licence fees.⁸⁴ For most licence schemes, we make a deduction for anticipated operating costs when licence fees are received, rather than a fixed commission.⁸⁵ Deductions therefore vary from year to year. Copyright Agency's Constitution also allows a deduction of up to 1.5% of revenue for support of cultural projects (the Cultural Fund).⁸⁶

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 14.3% of total revenue.

15.1 OPERATING COSTS IN 2017–18

- Revenue recognised: \$152.1m⁸⁷
- Operating costs: \$21.2m⁸⁸

Cost	\$'000
Employee benefits	13.3
Consultancy	1.0
Sampling (surveys of content usage by licensees)	1.2
Information technology	1.7
Marketing and communications	0.5
Occupancy	0.6
Depreciation and amortisation	0.9
Legal	0.4
Office running and other expenses	1.6
TOTAL	21.2

15.2 EXPENDITURE TO REVENUE RATIO

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

	FY14	FY15	FY16	FY17	FY18
Cost Ratio	15.0%	14.3%	14.3%	14.1%	13.9%

15.3 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;
- 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.

⁸⁴ In accordance with the *Copyright Act*, the *Copyright Regulations*, the government Guidelines for Declared Collecting Societies and Copyright Agency's Constitution.

⁸⁵ There is a fixed commission from some of the commercial licence schemes.

⁸⁶ We do not make any deductions for the Cultural Fund from artists' resale royalties or LearningField subscriptions.

⁸⁷ Includes fee paid by Viscopy under services agreement with Copyright Agency to 30 November 2017.

⁸⁸ Includes expenses associated with Viscopy services agreement to 30 November 2017.

- In 2017–18, employee benefits expense was 9% of total revenue (63% 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 2017–18, staffing levels ranged from 92 full-time equivalent (FTE) to 104 FTE
- At 30 June 2018, there were 98 FTE staff
- As at 30 June 2018, the median remuneration (including superannuation) for all staff was \$110,680

Staff remuneration greater than \$155,490⁸⁹ as follows:

Remuneration range⁹⁰	\$155–200k	\$200-250k	\$250k+
Staff in range 2017–18	8	4	2

⁸⁹ Employees who earn over the high-income threshold are considered “high income employees” under the Fair Work Act 2009. The threshold for 2017 is \$155,490 (includes superannuation guarantee contributions but not incentive payments)

⁹⁰ includes superannuation but not incentive payments

16 MEMBERS

Membership of Copyright Agency is free. Anyone with a copyright interest in a text work or image can apply for membership.⁹¹ Applications for membership are approved by the Board.

In 2016–17 there were three classes of membership: ‘author’, ‘publisher’ and ‘collecting society’.⁹² Since 30 November 2017, there has been an additional class of member – visual 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. This authorisation is non-exclusive; they can also license these uses themselves.

For a number of reasons, we only make payments to members, but our systems enable payment to new members for past 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.

16.1 MEMBERS AT 30 JUNE 2018

Member type	2013	2014	2015	2016	2017	2018
Author	18,445	19,891	20,994	21,823	22,269	22,544
Visual Artist	–	–	–	–	–	2907 ⁹³
Publisher	8,078	8,187	8,243	8,222	8,289	8,325
Author/Publisher	182	270	273	388	400	411
Collecting Society	27	27	29	29	29	70
TOTAL	26,732	28,375	29,539	30,462	30,987	34,257

16.2 PROFILE OF NEW MEMBER APPLICANTS IN 2017–18

In 2017–18, 454 new members applied for, and were admitted to, membership. In addition, more than 2,800 artists and others who were members of Viscopy (but not also members of Copyright Agency) became members of Copyright Agency as a result of the merger of Copyright Agency and Viscopy.

Of the 454 new members who applied for membership in 2017–18, there were:

- 344 individuals and 58 organisations;
- 36 ‘publisher’, 267 ‘author’, 11 author/publisher and 91 visual artist applications
- of the ‘author’ member applications:
 - 41 visual artists (who are now eligible for the new ‘visual artist’ member category)
 - 4 writer beneficiaries and 10 artist beneficiaries
 - 24 surveyors
- 8 applicants from overseas
- 385 applications for participation in our voluntary licence schemes, and 69 for statutory only
- 62 applications were solicited by us, and 292 were unsolicited

16.3 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, and more than 6,000 artists represented by Indigenous art centres.

⁹¹ Membership is open to owners of copyright and their agents.

⁹² 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.

⁹³ 2,816 became members as a result of the merger with Viscopy, and 91 applied for membership after the new ‘Artist’ member category was introduced.

Thousands of writers and illustrators also receive payments via their publishers, rather than directly as members.

16.4 MEMBER ENQUIRIES

The Member Services team answered more than 16,700 enquiries in 2017–18, mostly from members. These include enquiries from our online chat service, introduced in February 2018.

	Month	Phone	Email	Chats	LearningField	Total
2017	July	254	1,387		106	1,747
	August	210	1,094		92	1,396
	September	284	1,335		124	1,743
	October	208	1,143		151	1,502
	November	159	660		87	906
	December	101	720		111	932
2018	January	181	505		322	1,008
	February	205	905	49	380	1,539
	March	170	720	173	159	1,222
	April	180	763	96	113	1,152
	May	253	593	42	173	1,061
	June	820	1,400	163	118	2,501
TOTAL		3,025	11,225	523	1,936	16,709

In 2018 we launched a new customer service and engagement platform that has been well received by members. It includes a new online help centre⁹⁴ and automated requests for a satisfaction score for the service provided. Since February, the satisfaction score for the service we provided has remained over 97%, based on a 40.5% response rate. Our response time has been less than 50 minutes for 95% of enquiries.

The most common enquiries relate to:

- member payments, including dates for future payments
- prospective members asking about membership
- online member accounts, including updating details

⁹⁴ help.copyright.com.au/hc/en-gb

17 INTERNATIONAL AGREEMENTS AND ENGAGEMENT

The non-statutory licences offered by Copyright Agency 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 therefore has agreements with foreign CMOs that enable us to include foreign works in Australian licences, and to also collect payment from foreign CMOs on behalf of members when Australian works are included in foreign 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 is a member of the International Federation of Reproduction Rights Organisations (IFRRO)⁹⁵ and the International Confederation of Societies of Authors and Composers (CISAC).⁹⁶ Copyright Agency plays an active role on the IFRRO Committees, and is on the Executive Committee of CISAC visual arts body, CIAGP.⁹⁷ Copyright Agency is also a member of the International Association of STM Publishers,⁹⁸ the Press Database and Licensing Network (PDLN),⁹⁹ and We Create, the representative body for NZ creative industries.¹⁰⁰

17.1 AGREEMENTS

Copyright Agency currently has agreements with 34 rights management organisations around the world who represent rightsholders for the text/image sector. All agreements are with IFRRO members.

Additionally, to support our visual arts licensing schemes, we have 38 agreements in place with CISAC visual arts societies, as well as 5 foreign artist estates/foundations.

New agreements in 2017–18:

- Images Copyright Society of China (ICSC) – unilateral agreement, Oct 2017
- Le Centre Français d'exploitation du droit de Copie (CFC) – digital bilateral agreement, Nov 2017
- NLA Media Access (NLA) – mandate extension, Nov 2017

17.2 REVENUE

Foreign revenue is influenced by many external factors, including fluctuations in usage, legislative changes, and variations to foreign affiliates' business practices and distribution policies.

Revenue from foreign RROs over the past 5 years:

Year	2013–14	2014–15	2015–16	2016–17	2017–18
\$m	2.7	4.1	4.1	3.8	3.2

In 2017–18, the top five sources of international revenue were:

Copyright Clearance Center (CCC, USA)	\$1,314,486
Copyright Licensing New Zealand (CLNZ, NZ)	\$574,281
Authors Licensing and Collecting Society (ALCS, UK)	\$341,004
Copyright Licensing Agency (CLA, UK)	\$201,694
Japanese Academic Association for Copyright Clearance (JAC, Japan)	\$173,707

⁹⁵ www.ifrro.org

⁹⁶ www.cisac.org

⁹⁷ In 2017-18 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. Sarah Tran and Judy Grady sit on the Executive Committee of CIAGP, CISAC's visual arts arm

⁹⁸ www.stm-assoc.org

⁹⁹ www.pdln.info

¹⁰⁰ wecreate.org.nz/#1

17.3 INTERNATIONAL ENGAGEMENT IN 2017–18

- Participation in CISAC's International Council of Creators of Graphic Plastic and Photographic Arts (CIAGP) Annual Meeting 2–3 Oct 2017, New York City USA, including presentation on the Australian Resale Royalty Scheme, announcement of Copyright Agency's merger with Viscopy, and developments in Asia-Pacific region
- Series of meetings CISAC management, along with partner visual arts societies including VEGAP (Spain), ARS (US), Bildkunst (Germany), DACS (UK), Pictoright (Netherlands), BUS (Sweden), ADAGP (France) and ACS (UK) to coincide with CIAGP meeting
- Participation in IFRRO Annual World Congress, 6–9 November 2017, Tokyo Japan including presentations at the International Business Models Forum, Legal Issues Forum, the Newspapers and Periodicals Working Group, Visual Arts Working Group, Educational Licensing Forum, and chaired the Asia Pacific Committee Meeting
- Series of meetings with IFRRO and partner CMOs including CLA (UK), ALCS (UK), PLS (UK), CLASS (Singapore), CLNZ (NZ), ICLA (Ireland), DALRO (South Africa), ARS (USA), CFC (France), Pictoright (Netherlands), NLA (UK), CCC (USA), BUS (Sweden), and the Japanese Agency for Cultural Affairs to coincide with IFRRO World Congress
- Hosted research visit from Japanese Agency for Cultural Affairs, 2 Feb 2018, Sydney office in relation to licensing in the education sector
- Hosted visit from Taylor & Francis/ IRRO India, 30 April 2018, Sydney office in relation to licensing in the education sector
- Remote participation in CISAC's International Council of Creators of Graphic Plastic and Photographic Arts (CIAGP) Annual Meeting 1 May 2018, Dakar Senegal, including update on the Australian Resale Royalty Scheme, Copyright Agency's merger with Viscopy, and developments in Asia-Pacific region
- Chaired IFRRO Asia-Pacific Committee meeting 9–11 May, 2018 Hong Kong
- Series of meetings with IFRRO, IFPI, and CISAC as well as partner to coincide with IFRRO Asia-Pacific Committee meeting. CMOs included CCC (USA), JAC (Japan), HKRRLS (HK), KORRA (Korea), PRCI (Indonesia), VIETRRO (Vietnam), JRRC (Japan), JAC (Japan), IRRO (India), CWWCS (People's Republic of China), CLASS (Singapore), CLNZ (NZ)
- Participation in IFRRO mid-term meetings 28–29 May 2018, Brussels Belgium, 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 Copydan (Denmark), CCC (USA), CLA (UK), PLS (UK), VG Wort (Germany), Kopiosto (Finland), Reprobel (Belgium) to coincide with Brussels meeting
- Attendance at CISAC General Assembly, 1 June 2018, Warsaw Poland
- Participation in PDLN Annual Conference 4–5 June 2018, London UK including presentation on MMO licensing and side meetings with partner organisations across text and media sectors – including CCC (US), NLA (UK), and New York Times (USA)

18 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.

In their responses to member surveys and other communications with us, members have indicated that they want and expect Copyright Agency to advocate for their interests. In the 2016 member survey, members were asked how important it was to them that Copyright Agency promotes and defends sources of creator income such as payments for copying in schools and universities. The vast majority of the 1,856 members who responded said it was very important (77%) or quite important (17%). The results were virtually the same for recipients who had not received a payment in the last two years as they were for recipients who had received a payment.

18.1 DEVELOPMENTS IN 2017–18

The major developments were a government review of the Code of Conduct for Copyright Collecting Societies, and a government consultation on copyright modernisation.

The Copyright (Disabilities and Other Measures Act), which was passed in June 2017, came into operation in December 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.

18.2 SUBMISSIONS AND REPRESENTATIONS IN 2017–18

Engagement in policy and advocacy included:

- response to government issues paper on review of the Code of Conduct for Copyright Collecting Societies (September 2017);
- participation in External Reference Group for review of the Code of Conduct (2017–18);
- response to draft Copyright Regulations (October 2017);
- submission to Parliamentary committee on Copyright Amendment (Service Providers) Bill 2017 (January 2018);
- response to draft report on review of the Code of Conduct for Copyright Collecting Societies (March 2018);
- brief to Canadian Parliamentary committee on aspects of Australian copyright law relevant to review of Canadian copyright law (May 2018);
- participation in government roundtables on copyright modernisation (May 2018); and
- response to government issues paper on copyright modernisation (July 2018)

19 STAKEHOLDER ENGAGEMENT

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

Content creator stakeholders include members of Copyright Agency, 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, businesses), 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).

19.1 DEVELOPMENTS IN 2017–18

- Joint sponsorship of new Parliamentary Friends of Books and Writing group
- Meetings with various Departments and Ministers (Communications, Attorney-General and Prime Minister's Office) on copyright issues
- This Book Changed My Life social media campaign
- Free Is Not Fair campaign
- Fake Art Harms Culture Campaign (with Arts Law and Indigenous Art Code)
- John Fries Award
- Artists image royalty claim campaign V2
- Major sponsorship of Miles Franklin Literary Award
- Major sponsorship of the Reading Hour with the Publishers Association and ALIA
- Sponsorship of the Australian Book Industry Awards, Educational Publishing Awards, Cairns Indigenous Art Fair, Walkley Awards for Journalism
- Monthly eNews, Creative Licence, issued to members and other stakeholders
- Quarterly eNews, Canvas, issued to visual artist members and non-members
- Quarterly eNews, Licence Plus, issued to business licensees
- Regular meetings and presentations to staff and boards of key industry organisations
- 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
- Literary agents and publishers briefed in Sydney and Melbourne
- Training sessions about the Copyright Agency's processes with business licensees and members on request

19.2 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.

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.

The statutory licences were replaced by a new regulatory framework in December 2017, and Copyright Agency no longer has a formal role, but will maintain the Master Copy Catalogue as long as it remains a useful resource.

Copyright Agency also provides copyright clearances for the Accessible Books Consortium's Global Book Service.¹⁰¹

Stakeholder engagement in 2017–18 included:

- participation in the 2018 Print Disability Roundtable (May 2018)¹⁰²
- participation in Australian Publishers' Association Inclusive Publishing Forum (November 2017)¹⁰³

19.3 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 proposals for an agreed framework for digitisation of 'orphan works' and simplifying the library exceptions in the Copyright Act.

¹⁰¹ www.accessiblebooksconsortium.org/globalbooks/en/

¹⁰² printdisability.org/conference/2017-round-table-conference/

¹⁰³ www.publishers.asn.au/policy-agenda/marrakesh-treaty-forum/marrakesh-treaty-forum

20 GOVERNANCE AND ACCOUNTABILITY

Copyright Agency is a signatory to the Code of Conduct for Copyright Collecting Societies.¹⁰⁴ 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.¹⁰⁵

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.

20.1 DEVELOPMENTS IN 2017–18

- Code Reviewer's report on collecting societies' compliance with the Code of Conduct in 2016–17 published
- Report to Code Reviewer on compliance with the Code of Conduct 2017–18 (available on Copyright Agency's website)
- Review of Code of Conduct by Department of Communications and the Arts

20.2 GOVERNMENT REVIEW OF CODE OF CONDUCT FOR COPYRIGHT COLLECTING SOCIETIES

In August 2017, the Bureau of Communications and Arts Research (BCAR), in the Department of Communications and the Arts, released a Discussion Paper on review of the Code of Conduct for Copyright Collecting Societies,¹⁰⁶ following a recommendation by the Productivity Commission in its report on Intellectual Property Arrangements. BCAR released a draft report in February 2018,¹⁰⁷ and has published the responses to it on the Department's website. In its response, Copyright Agency said that it accepted in principle each of the recommendations in the draft report. They include establishment of a stand-alone website for the Code, amendments to the Code, additional information to members and licensees regarding licences and distribution of licence fees, and additional communications about any contraventions of the Code and implementation of recommendations by the Code Reviewer.

¹⁰⁴ The Code is available at copyright.com.au.

¹⁰⁵ There are links to the declaration and guidelines at copyright.com.au/governance

¹⁰⁶ www.communications.gov.au/have-your-say/review-code-conduct-copyright-collecting-societies

¹⁰⁷ www.communications.gov.au/have-your-say/reviewing-code-conduct-copyright-collecting-societies