

**Annual Report
for Parliament**

For the year ended 30 June 2019

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1 SOME KEY RESULTS

In 2018–19 Copyright Agency:

- enabled copying and sharing of content by millions of Australians without the individual copyright clearances otherwise required, including:
 - nearly 3.9 million school students in more than 9,400 schools¹
 - nearly 300,000 teaching staff
 - 1.4 million university students
 - 130,000 university staff²
 - students in more than 1,000 other education institutions, such as registered training providers; and
 - more than 640,000 government employees³
- paid \$116m to more than 9,500 content creators
- paid more than \$690,000 in artists' resale royalties to 351 artists
- allocated more than \$1.5m from its Cultural Fund (members' contribution of 1.5% of licence revenue) to support 58 projects, 11 IGNITE grants, 6 CREATE grants and 5 fellowships
- licensed 104 new commercial clients and extended 853 licences to cover additional content and uses, resulting in a 10.5% increase in licence fees from the corporate sector
- reached new agreements with:
 - the Copyright Advisory Group for the COAG Education Council for the school sector, for four years
 - the Copyright Advisory Group for the COAG Education Council for most of the TAFE sector, for three years
 - representatives of Victorian TAFEs, for three years
- licensed, under individual agreements, 1,043 other education institutions (such as registered training organisations), 74 of which are newly licensed institutions
- commenced proceedings in the Copyright Tribunal for review of the copyright fees paid by the university sector and monitoring mechanisms
- processed nearly 88,000 survey records of copying in schools (comprising nearly 480,000 pages) and more than 17,000 survey records of copying in universities (comprising more than 500,000 pages)
- increased Reading Australia subscribers by 20% to 16,500, and added 22 new teaching resources for schools
- represented members' interests in government reviews (Copyright Modernisation and Australian Competition and Consumer Commission inquiry into digital platforms)
- launched (with other collecting societies) a new website for the Code of Conduct for Copyright Collecting Societies and substantially revised the Code in line with recommendations from a government review

1 abs.gov.au/ausstats/abs@.nsf/mf/42210.

2 <https://www.universitiesaustralia.edu.au/stats-publications/>

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 36,700 members, who include writers, artists, agents and more than 70 copyright management organisations in other countries.
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, including how usage is monitored, 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

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 ipaaustralia.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.

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.

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.

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.

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).

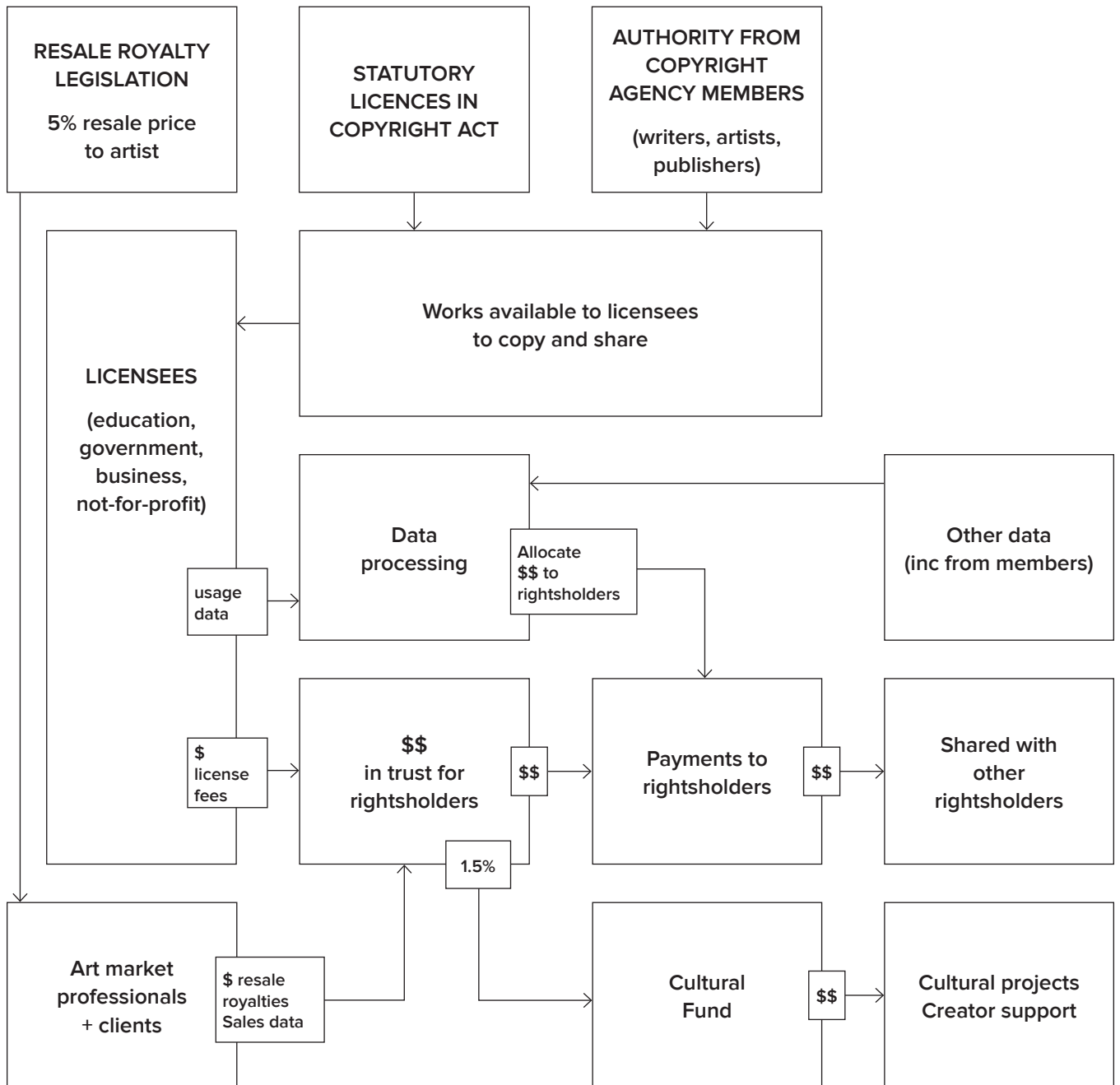
20 The Guidelines and Constitution are available at copyright.com.au/governance.

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



4.1 Revenue by category

These figures are for revenue recognised for the 2018–19 financial year, rather than received in that period.²⁴

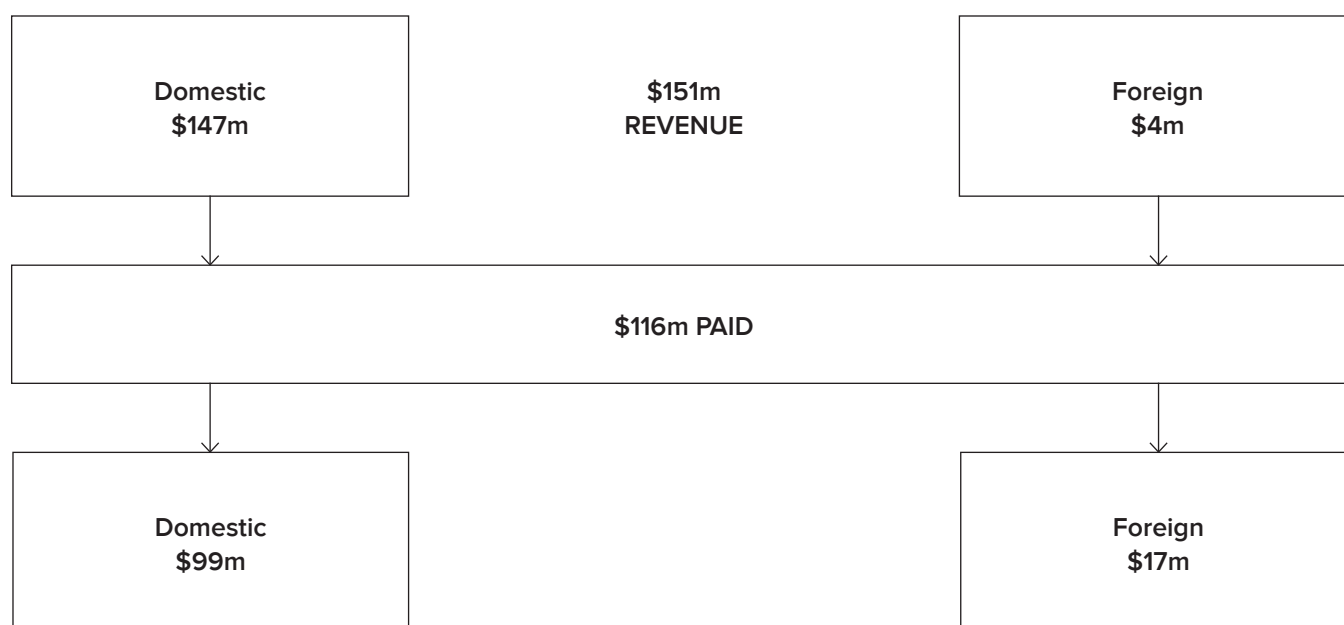
\$ Million	Financial year					
	2014	2015	2016	2017	2018	2019
Schools	60.8	61.8	62.7	63.4	64.6	61.5
Universities	29.0	30.7	30.7	31.6	32.5	32.5
TAFEs	3.6	3.3	3.3	3.4	3.5	3.5
Other education providers	5.1	5.3	6.3	7.0	7.2	7.4
Education total	98.5	101.1	103.0	105.4	107.8	104.9
States & territories	4.7	2.0	3.9	4.1	4.0	4.2
Commonwealth	2.8	2.5	1.5	1.6	1.5	1.5
Survey plans ²⁵	0.2	3.8	2.7	0.8	0.9	2.2
Government total	7.7	8.3	8.1	6.5	6.4	7.9
Media monitoring	12.0	12.5	12.1	18.7	19.5	17.6
Other commercial	4.9	5.7	5.9	6.7	7.1	7.6
Overseas	2.7	4.1	4.1	3.8	3.2	4.1
Resale royalty	0.6	0.9	0.8	0.8	1.0	0.9
Visual Arts	-	-	-	-	1.6	2.1
LearningField	0.6	2.5	3.1	3.0	3.5	4.0
Investment income	2.4	2.2	2.0	1.9	1.8	1.6
Other	1.0	0.9	0.6	0.7	0.2	0.1
Other total	24.2	28.8	28.6	35.6	37.9	38.0
Total	130.4	138.2	139.7	147.5	152.1	150.8

²⁴ This includes licence fees that are currently the subject of proceeding in the Copyright Tribunal, from media monitoring companies, the New South Wales Government, and universities. See external auditors' report, annexed, at pages 3–4.

²⁵ Revenue includes one-off 'retrospective' payments for past sales of survey plans.

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 2018–19 for distribution in 2019–20, see Parts 11 and 13. Our gross costs in 2018–19 were \$21.6m (14.3% of revenue) including operating costs of \$20.8 (13.8% of revenue) and \$0.8m of non-operating costs.



4.3 Revenue and distributions 2014–19

	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	130.4	138.2	139.7	147.5	152.1	150.8
Distributions	103.3	136.6	115.5	117.8	123.9	116.4

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.²⁶ 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.²⁷

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)²⁸ in negotiations for fair compensation and data collection arrangements. Most Technical and Further Education (TAFE) colleges (apart from those in Victoria)²⁹ are also represented by CAG. Australian universities are represented by Universities Australia.³⁰ 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 2018–19

- reached new agreements with:
 - the Copyright Advisory Group for the COAG Education Council for the school sector, for four years
 - the Copyright Advisory Group for the COAG Education Council for most of the TAFE sector, for three years
 - representatives of Victorian TAFEs, for three years
- commenced proceedings in the Copyright Tribunal for review of the copyright fees paid by the university sector and monitoring mechanisms
- licensed, under individual agreements, 1,043 other education institutions (such as registered training organisations), 74 of which are newly licensed institutions

26 The current statutory licence, in Part 4A of the Copyright Act, came into operation in December 2017. It replaced the former statutory licence provisions in Part VB, in operation from 1990, and before that section 53B, introduced in 1980. The statutory licence was extended to digital uses in 2000, by the Copyright Amendment (Digital Agenda) Act.

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

28 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.

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

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

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 2016–17 was \$57.8 billion: about \$15,000 per student.³¹

Compensation to content creators under the statutory licence is less than 0.1% of this funding.

5.3 Licence fees paid for school students over time

Under the new four-year agreement with schools, the amount per student is less than it was in previous years, and will decrease further over the four-year period.

5.4 Universities

In September 2018, Copyright Agency made an application to the Copyright Tribunal to set a new rate and monitoring system for the university sector, when it became clear that these matters would not be resolved by negotiation. The last time that the Copyright Tribunal was asked to determine the rate for universities was 20 years ago. The Tribunal is scheduled to hear the case in September 2020. The Tribunal has made interim orders regarding the payments to be made by universities until it makes its final determination.³²

5.5 Individually licensed institutions

As at 30 June 2019, we had 1,043 individual agreements in place with education institutions, 74 of which are newly licensed institutions (43 commercial institutions, and 31 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.

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

32 <https://www.judgments.fedcourt.gov.au/judgments/Judgments/tribunals/acopyt/2019/2019acopyt0002>. See external auditors' report, annexed, at page 4.

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 2018–19 staff participated in:

- ACPET Conference – Canberra August 2018
- VELG Conference – Adelaide September 2018
- AIEC Conference – Sydney October 2018
- Community Colleges Conference – Sydney November 2018
- NEAS Conference – Sydney May 2018
- Early Childhood Australia Conference (with APRA AMCOS) – Sydney September 2018
- Insources VET Summit – Sydney March 2019
- VET CEO Conference – Sydney May 2019

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 a number of factors including:

- 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.

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. Universities self-exclude some uses not made in reliance on the statutory licence, for example where the university believes that the usage is governed by a direct licence with the copyright owner.

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).

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 2018–19. 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 2018–19. The processing includes research to determine whether or not a use was made in reliance on the statutory licence (e.g. a use that has been directly licensed by a copyright owner is excluded). The table includes records for uses made outside the statutory licence, and therefore excluded from estimates of the overall extent of reliance on the statutory licence, and from distribution.

	survey records processed	‘usage’ records	‘pages’ processed	survey period
Schools: hardcopy	70,242	88,768	368,747	2018: terms 1–4
Schools: digital	17,655	28,309	110,284	
Universities: hardcopy	878	1,411	18,780	2018: semester 2
Universities: digital	16,386	23,562	494,633	2019: semester 1
Total	105,161	142,050	992,444	

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

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’.

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 Surveys in schools

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, 2018)
- 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.

In accordance with their new agreement for 2019–22, Copyright Agency and the Copyright Advisory Group to the COAG Education Council are currently working together on new arrangements for monitoring hardcopy and electronic use.

6.4 Number of schools and students in Australia in 2018

In 2018, there were **9,477 schools** in Australia, with nearly than **3.9 million students**: 65.7% in government schools, 19.7% in Catholic schools and 14.6% in independent schools.³⁷

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

6.5 Printing, scanning and photocopying by surveyed schools

In 2017,³⁸ 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		
Gov	Prim	50	2	2	1	55	23	16	12	1	52	107
	Sec	26	2	3	1	32	10	8	4	1	23	55
	<i>Total gov</i>	76	4	5	2	87	33	24	16	2	75	162
Non-gov	Prim	18	2	1	0	21	7	12	4	1	24	45
	Sec	15	1	3	1	20	15	4	4	1	24	44
	<i>Total non-gov</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.³⁹

The 123 schools surveyed:

- **photocopied 2.6 million 'pages'** of content⁴⁰
- **printed 412,000 'pages'**
- **scanned 13,500 'pages'**

Taking into account the survey results for both 2016 and 2017,⁴¹ the calculated 'pages' per student was 157.88.

6.6 Electronic use by schools surveyed in 2018

In addition, a survey of electronic use was conducted in **100 schools**, with **3,617 registered participants**.

The schools surveyed for electronic use copied or shared **1.63 million 'pages'** of content.

³⁸ The 2018 data was not available in time for this report.

³⁹ 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.

⁴⁰ '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).

⁴¹ Taking into account the two-year cycle of states and territories.

The calculated 'pages' per student for 2018 is:

Activity	'pages'
'Displayed' (e.g. from a learning management system)	61.4
'Published' to students online (e.g. from a learning management system)	59.8
Downloaded, saved to computer, screenshot or digital photo	11.3
Printed, saved or copied by students (authorised by teacher)	7.0
Emailed	3.9
Take a digital photo or screenshot	0.5
Total	143.9

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;⁴²
- the content creator has notified us are directly licensed for educational use;
- are presumed to be directly licensed for educational use;⁴³
- 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.

⁴² E.g. because the content is not protected by copyright.

⁴³ Such as from a website with terms of use that allow 'non-commercial 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';⁴⁴ and

content that may lack sufficient 'originality' to be protected by copyright.⁴⁵

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 2011–16.⁴⁶ The lists represent how widely the books were copied (that is, in the highest number of schools), rather than amounts allocated to those titles.⁴⁷

44 '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.

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

46 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.

47 copyright.com.au/licences-permission/educational-licences/top-100-books-teachers-chose-to-copy/

7 FLEX FOR EDUCATION

Copyright Agency has worked with international company Kortext to develop a new online product called Flex, which makes the task of preparing course reading material simpler and faster for librarians and educators. In the UK, librarians from more than 100 educational institutions use a similar product.

Flex has been successfully trialled in libraries at a number of education institutions in Australia and is now offered to education providers such as registered training organisations and non-university higher education institutions that have licensing agreements with Copyright Agency.

Participating publishers currently include: Allen & Unwin, Bloomsbury Publishing, Cengage, HarperCollins, McGraw-Hill, Pearson, Oxford University Press, Wolters Kluwer, CSIRO, Australian Academic Press and PsychOz.

Flex customers get access to participating publishers' digital original files and high-quality scans from the British Library. Copyright Agency is in discussions with a number of Australian libraries to see if they would agree to provide high-quality scans of works they hold. Flex has in-built compliance checks. It also allows visibility of reading list content at a course level, and enables the assignment of content to students. We are also working on functionality to assist students with a visual impairment.

As at 30 June 2019, we had deployed Flex with two colleges, five were running a trial and a further eight had agreed to participate in a trial. We had also started early discussions about a trial with another eight licensees, comprising 20 colleges.

7.1 LearningField

In 2013 Copyright Agency, in partnership with publishers, established the online subscription website LearningField, which allowed Year 7–12 students to use multiple digital textbooks per subject, from a range of publishers, in a searchable format, linked to the Australian and state curricula across a range of devices. It included more than 17,000 chapters from nearly 1,500 textbooks, as well as interactive content. LearningField was taken up by more than 60 schools, reaching 30,000 students.

In early 2019, Copyright Agency announced that the LearningField service would be withdrawn from the market at the end of the 2019 calendar year. This resulted from an assessment that the investment required to further grow the business, and risks associated with this investment, outweighed the benefits to Copyright Agency's members, in what is an increasingly competitive market.

8 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.⁴⁸ 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.⁴⁹ Copyright Agency also licenses, as agent for its members, the communication of text, images and print music.⁵⁰

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*.

8.1 Developments in 2018–19

- agreement negotiated with Western Australian 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 ACT and Tasmanian governments on payments for past and future sales of survey plans
- arrangements in train for renewal of agreements with the Commonwealth, other states and Northern Territory for 2018–19
- ongoing proceedings in the Copyright Tribunal for determination of equitable remuneration payable by the State of New South Wales since 2012⁵¹

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

49 Screenrights is similarly declared for broadcast content.

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

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

8.2 Number of government employees

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

State	Reported for	FTEs
Commonwealth	2016–2017	208,824
ACT	2018–2019	15,649
Northern Territory	2017–2018	16,892
Queensland	2017–2018	151,052
Victoria	2017–2018	94,281
Western Australia	2018–2019	77,374
Tasmania	2017–2018	21,189
South Australia	2018–2019	58,830
Total		644,091

9 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.⁵²

The licences do not cover works that are listed on Copyright Agency's website as excluded works,⁵³ 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*.

9.1 Developments in 2018–19

- 104 new clients and 853 extended licences to cover additional content and uses resulting in a 10.5% 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

- 12 infringement matters settled, generating in \$28,000.00 in one-off payments for past use, and \$54,020.00 in licence fees for ongoing annual copyright licences
- Continuation of proceedings in the Copyright Tribunal regarding licence fees payable by media monitoring organisations under media monitoring licences⁵⁴

9.2 Licences for the corporate sector

In addition to our general licence for corporations, we have 'blanket' 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:

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

⁵² rightsportal.copyright.com.au

⁵³ copyright.com.au/excluded-works

⁵⁴ See external auditors' report, annexed, at page 3.

9.3 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

9.4 Transactional (pay per use) licences

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

- an automated online service (RightsPortal);⁵⁵ and
- a manual clearance service.

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

For content not yet covered by the online facility, we offer a manual clearance service. Licensees make a request 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.

9.5 Engagement with licensees

The Commercial Licensing team engages with current and potential licensees in a variety of ways. In 2018–19, they conducted 80 training sessions with a range of organisations around Australia.

And the team participated in the following conferences and events:

- Association of Corporate Counsel – National Conference November 2018
- Public Relations Institute of Australia (PRIA) – Annual conference November 2018
- Australian Reporting Awards (ARA) June 2019

55 rightsportal.copyright.com.au

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 licences that all agreed uses for all artist members, in advance of the use, with 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 Developments in 2018–19

- over \$1.3m was collected for members from artwork licences in 2018–19
- significant licences included those for the Gorman fashion collaboration with Mangkaja Arts, MoMA at NGV exhibition marketing, Federation Square animation, architectural uses at Pilbara Clinics and Cairns Performing Arts Centre.
- public galleries, auction houses and commercial licences contributed 70% of the licensing revenue this year, with commercial licences in fashion, architectural, merchandise and event uses.
- artists licenced include Tony Tuckson, Margaret Preston, John Mawurndjul, Picasso, Calder, Julie Dowling and many more.
- 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 800 attendees for the opening evening and 2,500 attendees throughout the course of the exhibition⁵⁶
- we were pleased to support Sydney Contemporary Art Fair and the Talks Program

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 2019, the scheme had generated over **\$7m** in royalties for **1,821** artists from more than **19,000** 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 2018–19 we paid more than \$690,000 in artists' resale royalties to 351 artists

	2018–19	Since June 2010
Resales reported ⁵⁸	6,081	72,451
Resales subject to royalty ⁵⁹	2,078	19,120
Royalties invoiced	\$886,482	\$6.4m
Royalties collected	\$961,837	\$6.2m
Royalties paid (exc admin fee)	\$690,512	\$5m

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.

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

	Financial year								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
\$50–99	40%	45%	44%	42%	41%	40%	40%	38%	37%
\$100–999	60%	54%	53%	54%	52%	54%	55%	56%	57%
\$1,000–4,999	1%	1%	2%	3%	4%	5%	4%	5%	5%
\$5,000–19,999	0%	0%	0%	1%	1%	1%	1%	1%	1%
\$20,000+	0%	0%	0%	0%	1%	0%	0%	0%	0%

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 sessions to artists via the professional development component of their tertiary education course and artist studio talk.
- information provision via our e-newsletter CANVAS
- articles written and circulated on the following topics:
 - What artists are asking: when is a sale a resale and when does royalty apply?
 - The Resale Royalty Right: Scheme Performance 2010 to 2019

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).

12 PAYMENTS TO CONTENT CREATORS

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 allocations paid in 2018–19.

Licensee sector	\$ m	%
Education	78.5	67%
Commercial ⁶²	21.5	18%
Government	8.3	7%
Overseas	2.5	2%
Surveyors	2.2	2%
Artists resale royalty	0.8	1%
Other ⁶³	2.6	2%
Total	116.4	100%

61 copyright.com.au/distribution-policy

62 Includes licence fees from artwork licences.

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

12.2 Payments to content creators by content source

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

Source	Education	Government	Commercial	Other	Total
Book	62.7	2.0	1.8	3.4	69.9
Website ⁶⁵	5.6	0.0	14.9		5.6
Journal	3.8	2.2	2.7	0.3	9.0
Magazine	0.6	0.0			1.2
Newspaper	3.0	0.5	0.6		18.4
Survey plans	0.0	0.0		0.8	0.8
Other ⁶⁶	2.8	3.5	0.6	4.6	11.5
Total	78.5	8.2	20.6	9.1	116.4

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 2018–19, we paid more than \$18m 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 more than \$13m to foreign collecting societies to pass on to their creator and publisher members. And we paid more than \$84m 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.

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.

12.5 Distribution by state and territory

	Education licence fees	Government licence fees ⁶⁷	Commercial licence fees	Artists' resale royalties	Other
NSW	51.4%	47.1%	81.4%	42.9%	33.3%
VIC	28.8%	26.6%	10.5%	13.6%	40.3%
QLD	10.8%	11.4%	3.3%	4.4%	13.5%
WA	6.6%	4.3%	1.3%	2.8%	4.6%
ACT	0.9%	3.3%	1.4%	0.1%	1.2%
SA	1.3%	4.3%	1.6%	1.5%	2.6%
NT	0.1%	1.3%	0.1%	33.9%	4.0%
TAS	0.1%	1.5%	0.4%	0.8%	0.5%
	100.0%	100.0%	100.0%	100.0%	100.0%

12.6 Payment recipients for 2018–19 by category

The amounts in 12.6.1 are payments made to members in 2018–19, some of which may have been allocated in previous financial years. The amounts in the subsequent tables are for amounts allocated in 2018–19, some of which may be paid in subsequent financial years (particularly if the allocation was made near the end of the financial year).⁶⁸ The amounts in the sector-specific tables do not include some amounts set aside for separate distribution to writers and artists.⁶⁹

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

⁶⁸ The amounts in those tables also exclude some licence fees set aside for separate distribution to artists and writers.

⁶⁹ Information about these distributions at https://static-copyright-com-au.s3.amazonaws.com/uploads/2019/05/R02309_Info_sheet_writers_distribution_2019.pdf and https://static-copyright-com-au.s3.amazonaws.com/uploads/2019/06/R02313_Info_sheet_artists_distribution_2019.pdf.

12.6.1 All payments

		\$m	%	recipients ⁷⁰
Australian recipients	Education resources creators ⁷¹	50,291,718	43%	925
	Other core content creators ⁷²	43,920,573	38%	7,399
	Not-for-profit bodies ⁷³	1,341,331	1%	108
	Education/training bodies ⁷⁴	36,870	0%	3
	Government bodies ⁷⁵	2,380,644	2%	477
	Other ⁷⁶	1,466,117	1%	449
	Total	99,437,252	85%	9,361
Foreign recipients	Foreign collecting societies	13,360,265	11%	38
	Other foreign recipients	3,577,690	3%	132
	Total	16,937,955	15%	170
Grand Total	116,375,207	100%	9,531	

12.6.2 Schools

		\$m	%	recipients
Australian recipients	Education resources creators	34,716,580	70%	824
	Other core content creators	7,583,282	14%	1,490
	Not-for-profit bodies	797,662	2%	254
	Education/training bodies	578,286	1%	70
	Government bodies	2,673	1%	2
	Other	252,510	0%	181
	Total	43,930,993	91%	2,821
Foreign recipients	Foreign collecting societies	3,958,423	8%	34
	Other foreign recipients	430,524	1%	55
	Total	4,388,947	9%	89
Grand Total	48,319,940	100%	2,690	

70 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.

71 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.

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

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

74 Including colleges, universities and TAFEs

75 Including government departments and agencies, and local government.

76 Includes recipients of small payments that we have not categorised

12.6.3 Universities

The amount available for distribution to members was less than in previous years because of the proceedings in the Copyright Tribunal to determine the future licence fees and monitoring system. In May 2019, the Tribunal ordered that, pending the final determination, the universities would continue to pay the amount payable under its previous remuneration agreement that expired in December 2018 with half going to Copyright Agency (for distribution to members) and the other half going into escrow.

		\$m	%	recipients
Australian recipients	Education resources creators	7,145,231	35%	111
	Other core content creators	5,365,242	26%	1078
	Not-for-profit bodies	256,114	1%	116
	Education/training bodies	126,203	1%	49
	Government bodies	33	0%	1
	Other	111,872	0%	55
	Total	13,004,695	64%	1,051
Foreign recipients	Foreign collecting societies	5,355,924	26%	27
	Other foreign recipients	1,930,545	9%	67
	Total	7,286,469	36%	94
Grand Total	20,291,163	100%	1,410	

12.6.4 TAFEs

		\$	%	recipients
Australian recipients	Education resources creators	958,830	41%	325
	Other core content creators	614,583	26%	934
	Not-for-profit bodies	326,599	14%	142
	Education/training bodies	8,5510	4%	45
	Government bodies	–	0%	–
	Other	12,230	<1%	52
Total	1,997,752	86%	1,498	
Foreign recipients	Foreign collecting societies	232,616	10%	29
	Other foreign recipients	89,981	4%	48
	Total	322,411	14%	77
Total	2,320,256	100%	1,575	

12.6.5 Other education providers

		\$m	%	recipients
Australian recipients	Education resources creators	1,328,898	16%	326
	Other core content creators	5,203,107	61%	1285
	Not-for-profit bodies	262,230	3%	282
	Education/training bodies	129,759	2%	84
	Other	213,097	2%	150
	Total	7,137,092	84%	2127
Foreign recipients	Foreign collecting societies	966,457	11%	23
	Other foreign recipients	368,526	5%	64
	Total	1,334,983	16%	87
Total	8,484,238	100%	1,581	

12.6.6 Governments

The distribution of licence fees from governments in 2018–19 was 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.⁷⁷

The following table does not include distribution of licence fees paid for sales of survey plans.

		\$m	%	recipients
Australian recipients	Core content creators	1,816,575	40%	1,210
	Education resources creators	1,033,163	23%	275
	Not-for-profit bodies	114,534	3%	287
	Education/training bodies	75,416	2%	82
	Other	43,272	0%	137
	Total	3,082,960	68%	1,991
Foreign recipients	Foreign collecting societies	863,299	19%	23
	Other foreign recipients	577,813	13%	73
	Total	1,441,112	32%	96
Total	4,524,578		2,087	

⁷⁷ We had regard to the Attorney-General's Department's guidelines for declared collecting societies (2001) in determining the approach to the distribution.

12.6.7 Corporations and associations 'blanket' licences

The following table summarises the distribution of 'blanket' licence fees from corporations and associations in 2019. The distribution was based on data indicating content available for copying by licensees.

		\$m	%	recipients
Australian recipients	Core content creators	1,871,894	45%	933
	Education resources creators	842,723	20%	194
	Not-for-profit bodies	140,569	3%	222
	Education/training bodies	61,687	1%	71
	Other	118,785	3%	111
	Total	3,035,658	73%	1,531
Foreign recipients	Foreign collecting societies	716,288	17%	22
	Other foreign recipients	379,176	10%	41
	Total	1,095,464	27%	63
Total	4,131,123	100%	1,594	

12.7 List of distributions for 2018–19

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 2018–19.⁷⁸

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.⁷⁹ The deductions for media monitoring and RightsPortal are fixed.

Distribution type	Total \$	Deduction
Artist-owned images	2,308,011	14.45
Artwork licences	1,932,479	12.74–15.4
Corporations and associations	5,487,800	14.35–15.68
Document delivery	31,382	14.7–16.24
Governments	5,142,595	10–14.85
Informit databases	978,833	15.4
LearningField	2,801,206	15
Media monitoring companies	12,935,081	10
Individually licensed education institutions	7,166,197	14.55
Overseas licence fees	2,667,098	14–15.42
RightsPortal	210,863	15
Schools	48,319,940	14
Surveyors	760,276	14–15.4
TAFE	2,320,256	14.42
Universities	20,291,163	14–14.7
Writers in published collections	1,531,756	14.62–15.7

⁷⁸ A small proportion of the amounts allocated in a financial year is paid after the end of that year, mostly those that are contingent upon recipients confirming entitlement to receive an allocation.

⁷⁹ 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.⁸⁰ The Cultural Fund supports a wide variety of projects each year.

In 2018–19, \$1,516,937 was approved through the Cultural Fund for 58 projects, 11 applicants for the IGNITE Fund, six for CREATE Fund and five Copyright Agency Fellowships. Some of the funds approved are for release in subsequent years.

	Applications	Approved	Declined
Grants for Organisations	178	58	116
IGNITE Grants	125	16	98
CREATE Grants	136	6	125
Author Fellowship	34	1	31
Fellowship for Non-Fiction Writing	57	1	54
Fellowship for a Visual Artist	45	1	42
Reading Australia Fellowship for Teachers of English and Literacy	16	1	15
Publisher Fellowship	9	1	8
Total	600	85	489

⁸⁰ copyright.com.au/cultural-fund. The deduction does not apply to artists' resale royalties.

13.1 Recipients by category 2018–19

Some of the amounts paid were approved in previous years.

Category	Total \$	%
Children's Literature	31,432	2.07
Creation/new work, CREATE Grants	105,000	6.92
Cultural Institution	77,500	5.11
Education	73,855	4.87
Fellowships	270,000	17.79
Festival/Event	110,000	7.25
Journal/Review	84,240	5.55
Mentorship/residency/PD, IGNITE Grants	46,440	3.06
Poetry	12,000	0.79
Prize/Award	89,000	5.87
Publisher	40,000	2.64
Research	30,000	1.98
Theatre	65,000	4.29
Trade Association	163,500	10.78
University	111,620	7.36
Visual Arts Organisations/projects	88,950	5.86
Writing Organisations/projects	118,400	7.81
Total	1,516,937	100%

13.2 Projects supported by the Cultural Fund in 2018–19

The following projects were approved for funding in 2018–19. These, and projects supported in previous years, are described in more detail on our website.⁸¹ In some cases, the funding was approved for a project spanning up to three years.

Applicant	Amount	Project
Adelaide Writers Week 2019	\$20,000	Writers' panel sessions
Australian Academy of the Humanities	\$20,000	Commissioning fees for writers: 50 Discoveries that transformed our understanding of humanity
AustLit, The University of Queensland	\$26,450	Teaching and Learning with BlackWords
Australian Association for the Teaching of English	\$5,800	Supporting English teachers with resources to select and teach Indigenous stories
Australian Centre for Contemporary Art	\$18,000	Influential Australian Artists Series: Critical moments in artistic practice
Australian Library & Information Association	\$50,000	Australian Reading Hour 2018
Australian Literacy Educators' Association	\$10,245	2019 ALEA National Conference
Australian Network for Art & Technology	\$30,000	Synapse – where art and science meet
Australian Publishers Association	\$30,000	Australian Inclusive Publishing Initiative
Australian School Library Association	\$6,900	Writers in regional schools
Australian School Library Association	\$5,000	Leading Learning in Literature: 50 years of ASLA Conference
Australian Society of Authors	\$36,500	Developmental Mentorships for Writers and Illustrators
Australian Theatre for Young People	\$15,000	Fresh Ink National Writers' Program
Big Issue Australia	\$22,000	Fiction Edition
Broome Aboriginal Media Association Aboriginal Corporation	\$20,000	Goolarri Media: mentor & train emerging Indigenous playwrights
Centre for Media History, Macquarie University	\$5,000	Brian Johns Annual Lecture series
Chicago Quarterly Review	\$15,000	Special Australian Edition
Children's Book Council of Australia	\$12,000	2019 National Conference
Contemporary SA Inc (ACE Open)	\$8,750	Writers' Commissions
Express Media	\$20,000	Toolkits for Emerging Writers
First Nations Australia Writers Network	\$10,000	2018 FNAWN Workshop Canberra ACT
First Nations Australia Writers Network	\$20,000	Poetry and Short Story Prize and workshops
Fremantle Press	\$2,400	Showcase of new Authors from WA to local and interstate Festival Directors
Guardian	\$30,000	Growing readership of Australian writers and books
Guildhouse	\$12,200	Collections Project

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

Applicant	Amount	Project
Inside Story Publishing	\$15,000	Ideas for Australian Cities
Island Magazine	\$20,000	Contributors' fees
Jumbunna Institute – UTS	\$30,000	Blak Letter Law – literary collaborations linking Indigenous writers and jurists
Kaldor Public Art Projects	\$20,000	Kaldor Studio: 5-Month Artist Takeover at Art Gallery of NSW
Kill Your Darlings	\$7,240	KYD/Varuna Copyright Agency Fellowship
Literature Centre	\$10,000	Celebrate Reading National Conference 2018
Macquarie University	\$30,000	Research project International Rights Sales & Exports of Australian Books 2008 –2018
Melbourne Press Club	\$25,000	Michael Gordon Social Justice Journalism Fellowships
Melbourne Press Club	\$10,000	Supporting Young Journalists Project 2019
Melbourne University Publishing	\$10,000	Anthology of Australian Prose Poetry
MPavilion	\$16,000	Inaugural Writer-In-Residence Program
National Association for the Visual Arts	\$50,000	Future/Forward National Conference
National Institute for Experimental Arts/The Big Anxiety Festival (NSW) UNSW	\$6,620	The Big Anxiety Festival Writers Program
National Museum of Australia	\$25,000	Living with the Anthropocene: Non-fiction essay collection
Perth Festival Writers Week 2019	\$15,000	Support for three writers' panel sessions
Perth Institute of Contemporary Arts	\$25,000	New platforms for Artist Development & Audience Engagement
Plumwood Mountain	\$5,000	An Australian Journal of Ecopoetry and Ecopoetics: contributors' fees
Poetry In Action	\$19,460	Unlocking the power of words: Performances for schools
Red Room Poetry	\$12,000	Poetry Object Prize and Partnerships – Cross-Curricular/ Disciplinary Outreach
Small Press Network	\$20,000	Independent Publishing Conference 2019-21
Society for Children's Book Writers and Illustrators	\$9,432	International SCBWI Biennial Conference
State Library of NSW	\$7,500	Going Places – Authors on Tour Project
State Library of Queensland	\$10,000	Judith Wright Calanthe Award for a poetry collection
Sydney Theatre Company	\$30,000	Investment in new writing and mentorships through the Emerging Writers Group
Sydney Writers Festival 2019	\$25,000	Writers' panel sessions
TLB Society	\$7,000	Prize for Experimental Non-Fiction and related writing workshops

Applicant	Amount	Project
University of Queensland Library	\$30,000	Copyright Agency Creative Writing Fellowship
UNSW PRESS	\$32,000	The Bragg UNSW Press Prizes for Best Australian Science Writing
UTS Creative Writing Program	\$40,000	Copyright Agency NEW Writer-in-Residence Program
Walkley Foundation	\$12,000	Advancing Australian arts journalism and criticism
WestWords	\$25,000	Writers in schools in Western Sydney
Wheeler Centre	\$15,000	Residential Hot Desk Fellowship
Writing NSW	\$10,000	Boundless: Showcasing and Supporting Culturally Diverse Writers

13.3 IGNITE Fund support 2018–19

The following applicants were successful for IGNITE Grants in 2018–19.

Recipient	Amount	Activity
Winnie Dunn	\$5,000	Mentorship with Dr Michael Mohammed Ahmad to develop Tongan-Australian literature in Western Sydney and to develop her creative writing practice in prose and autobiographical fiction.
Madelaine Dickie	\$5,000	A month-long structured residency at Arquetopia International Artists Residency in Oaxaca, Mexico and will complete a first draft of her third novel, a literary surf noir crime thriller set in Mexico and Western Australia.
Lisa Sammut	\$5,000	An eight-week structured Studio Program at Heima Art Residency (Iceland), a one-week intensive Mentorship in Video & Installation Art with Laure Prouvost (France) and a period of research at the Venice Biennale (Italy).
Janine Mikosza	\$4,800	A six-month structured mentorship with US writer Sarah Sentilles to finish a full draft of her creative non-fiction manuscript.
Kaitlyn Plyley	\$4,240	A structured mentorship with writer, editor and critic Fiona Wright.
Ronnie Scott	\$4,000	Mentorship with Alexander Chee at Dartmouth College in New Hampshire.
Alana Hunt	\$5,000	Mentorship with Ross Gibson and residencies with Perth Institute of Contemporary Arts and Fremantle Art Centre of Western Australia.
Michele Freeman	\$3,780	Mentorship with Catherine Cole to complete a final draft of her manuscript, her first full-length novel set in Sydney's Western suburbs.
Adele Dumont	\$2,640	A two-week residency at the Katharine Susannah Prichard Writers' Centre.
Thom Roberts	\$5,000	A structured residency at Societas Raffaello Sanzio in Cesana, Italy, with Director Chiara Guidi who, alongside Scott Wright, Artistic Director of Erth Visual and Physical Theatre, will work in collaboration to mentor Thom in new modes of storytelling, specifically using virtual reality (VR) technology.
Ellen O'Brien	\$1,980	To attend the Acts of Listening Lab at the Centre for Oral History and Digital Storytelling in Tiohtiá:ke/Montréal, Quebec. As a visiting artist, Ellen will undertake an intensive mentorship developing her artistic practice and professional skills in a performance and innovation space that interrogates listening in post-conflict contexts.

13.4 CREATE Fund support 2018–19

The following applicants were successful for CREATE Grants in 2018–19

Recipient	Amount	Activity
Lenny Bartulin	\$20,000	To write a new novel focusing on post-war migrant life in Tasmania during the 1950s, 60s and 70s, alternating with the characters' experiences during WWII in Yugoslavia and Germany.
Jane Rawson	\$15,000	In this new novel, <i>The Bureau of Wellness</i> , Jane will investigate Australia's – and the western world's – move towards authoritarianism, xenophobia, self-interest and individualism.
Peggy Frew	\$20,000	To write <i>Intervention</i> (working title), her fourth novel – a work of fiction set in contemporary Australia, concerning three adult sisters.
Lisa Jones & Julia Davis	\$20,000	To create an immersive, multi-channel video installation, started during a previous residency with <i>Sydney Trains</i> . The new artwork will follow a journey into this subterranean landscape of "slow time" using a wide range of materials and processes including drawing, video, sculpture and installation.
Jennifer Mills	\$20,000	<i>The Airways</i> (novel) is a philosophical thriller that uses the ghost story and the idea of possession to explore queer embodiment, love and survival, memory and forgetting, grief, shame, and desire.
Josephine Rowe	\$10,000	To support the final development stage of a new fiction collection, <i>Horse Latitudes</i> .

13.5 Fellowships

Fellowship	Amount	Awarded to
Author Fellowship	\$80,000	Jeff Sparrow, to reframe discussions of humanity's relationship with the natural world in the context of climate change.
Fellowship for Non-Fiction Writing	\$80,000	Bernadette Brennan, to write a biography on award-winning Australian short-story writer Gillian Mears.
Fellowship for a Visual Artist	\$80,000	Karla Dickens, for a multimedia installation that will celebrate the lives of Indigenous boxers and the famous Lismore acrobat Cornelius Sullivan.
Reading Australia Fellowship for Teachers of English and Literacy	\$15,000	Alex Wharton from Carinya Christian School in Gunnedah, NSW, will explore best practice around teaching Indigenous literature in the classroom to develop a greater understanding of the issues, protocols and sensitivities involved.
Publisher Fellowship	\$15,000	Justin Ractliffe – Publisher consumer insight research project.

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
- Reading Australia Fellowship for Teachers of English and Literacy

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 178 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, and podcasts from The Garret to a number of resources.

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.

13.6.1 Developments in 2018–19

- 20.3% increase in subscriber numbers from 13,712 to 16,500.
- new resources:
 - 13 new teacher resources for secondary students – 108 in total.
 - 9 new resources for primary schools – 70 in total.
 - Brenton E McKenna and Angela Ramirez commissioned to create colouring sheets for the Reading Australia illustrator gallery.
- partnership with Magabala Books to create resources for 22 titles on their list. Sixteen published to date.
- partnership with The Garret podcast to include podcast interviews with Reading Australia authors and illustrators on the site. Sixteen 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 2018, AATE/ALEA National Conference in Perth.
 - November 2018, ETA NSW conference in Sydney.
 - April Geography Teachers' Association NSW & ACT in Sydney
 - April 2019 Australian School Library Association National Conference, Canberra

14 MONEY HELD FOR RIGHTSHOLDERS AND RESERVES

At any given time, we are holding money for payment to rightsholders and reserves. The amount of money for payment to rightsholders changes significantly over the course of a year, increasing with the receipt of licence fees, and decreasing with the payments to rightsholders.

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

- the licence fees were 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 Money held at 30 June 2019 for payment to rightsholders

As at 30 June 2019, we were holding there was \$27.3m⁸² for payment to members representing:

	\$m
Licence fees received but not yet allocated ⁸³	11.8
Licence fees allocated but not yet paid	11.6
Unpaid allocations for return to members as reduction in operating costs	3.9
Total	27.3

14.2 Licence fees received but not yet allocated

The table below shows licence fees invoiced to 30 June 2019 that have not yet been allocated. The amounts are fees available for allocation after our deductions for anticipated operating costs. They include some licence fees that were invoiced before 30 June 2019, but received in the 2019–20 financial year.

Licence sector	\$m
Education	0.6
Government	2.9
Other	8.3
Total	11.8

14.3 Time between invoice and distribution of licence fees from schools and universities

Licence fees of \$58.2m were due from the school sector in April 2019, and allocated to rightsholders in June 2019. Most allocations were paid to rightsholders by 30 June.

Licence fees payable under the agreement with Universities Australia in place until December 2018 were due in July and October 2018, and allocated in December 2018. Licence fees payable to Copyright Agency for distribution to members after termination of that agreement were invoiced in May 2019 following the Copyright Tribunal determination regarding interim payments by universities pending finalisation of the application before the Tribunal. Those licence fees were allocated in June, and most were paid to rightsholders by 30 June.

82 Does not include adjustment of \$1.6m for payments in transit and GST shown in auditors' report at Note 11.

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

14.4 Why allocated funds have not yet been paid

The following is a breakdown of allocations that we are holding for four years.

	\$m				Total
	Edu	Gov	Comm	Other	
We have not yet received confirmation of entitlement to claim from a member	2.8	0.2	0.2	0.4	3.6
Rightsholder is not yet a member	0.4	0	0.5	2	2.9
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	1.0	0.5	0.3	1.0	2.8
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)	1.3	0.1	0.1	0.2	1.7
There is a dispute about who is entitled to claim, or clarification of entitlement is pending.	0	0	0	0.1	0.2
Other	0	0	0	0.3	0.4
Total	5.5	0.9	1.1	4.1	11.6

14.5 Unpaid allocations for return to members

An allocation that is unpaid after four years is no longer held for the rightsholder to whom it was made. The Board determines how these unpaid allocations are used.

We are currently holding \$3.96m of unpaid allocations. The sources are shown below. This amount will be used over time to meet expenses, with the effect that the deductions from licence fees for operating costs will be reduced, and members will receive a higher proportion of licence fees.

Licence fees allocated	\$m				Total
	FY12	FY13	FY14	FY15	
Schools	–	0.35	0.44	0.41	1.20
Universities	0.01	0.39	0.19	0.12	0.71
TAFE	–	0.57	0.02	0.28	0.87
Individually licensed education institutions	–	0.07	0.07	0.13	0.27
Governments	–	–	0.05	0.21	0.27
Commercial	0.08	0.02	0.08	0.14	0.34
Overseas	–	0.06	0.15	0.10	0.31
Total unpaid after 4 years	0.09	1.46	1.00	1.39	3.96
Total allocated		95.87	110.67	117.4	
% unpaid		1.52%	0.90%	1.18%	

14.6 Reasons allocations were not paid in 4 years

	\$m				
	Edu	Gov	Comm	Other	Total
Allocated to member but not claimed	0.13	0.01	0.02	0.01	0.17
Work identified: rightsholder unknown	1.55	0.06	0.12	0.02	1.75
Rightsholder identified, but has not joined ⁸⁴	1.13	0.17	0.15	0.25	1.7
Foreign recipients: no agreement with foreign collecting society	0.2	0.01	0.04	0.03	0.28
Total	3.02	0.27	0.32	0.33	3.96

Copyright Agency receives applications for membership from hundreds of rightsholders each year. In 2018–19, more than 800 new members joined. These included rightsholders for whom we were holding allocations. Allocations to non-members are reviewed periodically to identify opportunities to invite non-members to join.

14.7 Reserves as at 30 June 2019

As at 30 June 2019, there was \$18.2 in reserves, representing:

	\$m
Future Fund reserve	14.3
Indemnity Fund reserve	3.4
Amalgamation reserve	0.5
Total	18.2

⁸⁴ 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.

14.8 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.

14.8.1 Funds allocated and spent to 30 June 2018

	Financial year					
	2014	2015	2016	2017	2018	2019
Interest	1.84	1.61	1.88			
Unpaid allocations	3.19	2.72	4.41			
Total inputs for year	5.03	4.33	6.29			
Used for company expenses				(0.20)		(0.75)
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)	(0.75)
Net balance	5.03	9.30	15.47	15.11	15.07	14.32

14.8.2 Use of the Fund in 2018–19

In accordance with a Board decision to reduce the Fund over time, \$0.75m was released from the Fund and used to meet the company's expenses. This has the effect of reducing the deductions from licence fees for operating costs, and enabling a higher proportion of licence fees to be distributed to members.

14.9 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 2019 was \$3.4m.

14.10 Funds for distribution and reserves at 30 June 2014–19

	\$m					
	2014	2015	2016	2017	2018	2019
Funds for distribution and return to members	61.7	36.1	29.2	40.2	35.4	27.3
Reserves	6.8	12.2	18.4	18.4	19.4	18.2
Total	68.5	48.3	47.6	58.6	54.8	45.5

15 OPERATING COSTS

Our operating costs are met from licence fees.⁸⁵ For most licence schemes, we make a deduction for anticipated operating costs when licence fees are received, rather than a fixed commission.⁸⁶ 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).⁸⁷

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

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

15.1 Operating costs in 2018–19

- Revenue recognised: \$150.8m
- Gross costs: \$21.6m
 - Operating costs: \$20.8m
 - Non-operating costs: \$0.8m

Cost	\$m
Employee benefits	12.5
Depreciation and amortisation	1.4
Occupancy expense	0.7
Consultancy costs	0.6
Sampling (surveys of content usage by licensees)	1.2
Legal costs	1.1
Information technology costs	2.1
Marketing and communications	0.4
Office running costs	0.3
Other expenses	1.3
Total	21.6

⁸⁵ In accordance with the *Copyright Act, the Copyright Regulations, the government Guidelines for Declared Collecting Societies and Copyright Agency's Constitution*.

⁸⁶ There is a fixed commission from some of the commercial licence schemes.

⁸⁷ We do not make any deductions for the Cultural Fund from artists' resale royalties or LearningField subscriptions.

15.2 Operational Expenditure to revenue ratio

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

	FY14	FY15	FY16	FY17	FY18	FY19
Cost Ratio	15.0%	14.3%	14.3%	14.1%	13.9%	13.8%

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.

- In 2018–19, employee benefits expense was 8% of total revenue (60% 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 2018–19, staffing levels ranged from 86.5 full-time equivalent (FTE) to 97 FTE
- At 30 June 2019, there were 88.5 FTE staff
- As at 30 June 2019, the median remuneration (including superannuation) for all staff was \$120,285.

Staff remuneration greater than \$159,175⁸⁸ as follows:

Remuneration range ⁸⁹	\$159–200k	\$200-250k	\$250k+
Staff in range 2018–19	9	6	3

⁸⁸ Employees who earn over the high-income threshold are considered 'high income employees' under the Fair Work Act 2009. The threshold for 2018 is \$159,175 (includes superannuation guarantee contributions but not incentive payments)

⁸⁹ 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.⁹⁰ Applications for membership are approved by the Board.

Until November 2017, there were three classes of membership: ‘author’, ‘publisher’ and ‘collecting society’.⁹¹ Since then, 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	2019
Author	18,445	19,891	20,994	21,823	22,269	22,544	21,163
Visual Artist	–	–	–	–	–	2,907 ⁹²	7,045
Publisher	8,078	8,187	8,243	8,222	8,289	8,325	8,095
Author/Publisher	182	270	273	388	400	411	336
Collecting Society	27	27	29	29	29	70	68
Total	26,732	28,375	29,539	30,462	30,987	34,257	36,707

16.2 New member applicants in 2018–19

In 2018–19, 837 new members were admitted to membership. There were:

- 727 individuals and 110 organisations;
- 66 admitted as ‘publisher’ members, 521 as ‘author’ members and 250 as ‘visual artist’ members (some members were admitted in more than one category).

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.

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

⁹⁰ Membership is open to owners of copyright and their agents.

⁹¹ 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.

⁹² 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.

16.4 Member enquiries

The Member Services team answered more than 11,000 enquiries in 2018–19, mostly from members (compared to 14,773 in the previous year).

Query Type	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	Total
Email	2,375	1,560	1,546	3,400	8,881
Phone	575	140	144	650	1,509
Online chat	158	219	158	285	820
Total	3,108	1,919	1,848	4,335	11,210

Many members are now getting the information they need from the online Help Centre: there were nearly 25,000 views of information on the Help Centre in 2018–19.

Of the 43% of customers who provided feedback on the response to their enquiry, 97% were satisfied with the response.

The Member Services team responded to more than 96% of enquiries within four hours.

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)⁹³ and the International Confederation of Societies of Authors and Composers (CISAC).⁹⁴ Copyright Agency plays an active role on the IFRRO Committees, and is on the Executive Committee of CISAC visual arts body, CIAGP.⁹⁵ Copyright Agency is also a member of the International Association of STM Publishers,⁹⁶ the Press Database and Licensing Network (PDLN),⁹⁷ and We Create, the representative body for NZ creative industries.⁹⁸

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 2018-19: Kopiosto – digital bilateral agreement, Oct 2018.

We monitor for new opportunities to include additional repertoire under our voluntary licences, and to ensure that Australian rightsholders are appropriately represented in the international space.

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 CMOs over the past 5 years:

Year	2014	2015	2016	2017	2018
	-5	-16	-17	-18	-19
\$m	4.1	4.1	3.8	3.2	4.1

In 2018–19, the top five sources of international revenue were:

Copyright Clearance Center (CCC, USA)	\$1,440,386
Verwertungsgesellschaft Bild-Kunst	\$997,798
Copyright Licensing New Zealand (CLNZ, NZ)	\$744,405
Copyright Licensing Agency (CLA, UK)	\$403,477
Authors Licensing and Collecting Society (ALCS, UK)	\$111,447

93 www.ifrro.org

94 www.cisac.org

95 In 2018-19 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 were members of the Executive Committee of CIAGP, CISAC's visual arts arm

96 www.stm-assoc.org

97 www.pdln.info Josephine Johnston is a member of the Executive Board

98 wecreate.org.nz/#1

17.3 International engagement in 2018–19

- CA invited to speak at APEC-funded ‘Best Licensing Practices of Collective Management Organisations’ program run by Taiwan Intellectual Property Office (TIPO), 23 – 24 October, Taipei Taiwan
- Participation in IFRRO Annual World Congress, 22 – 26 October 2018, Athens Greece including presentations at the International Business Models Forum, Legal Issues Forum, the Newspapers and Periodicals Working Group, Visual Arts Working Group, Educational Licensing Forum. We also chaired the Asia Pacific Committee Meeting
- Series of meetings with IFRRO and partner CMOs including CLNZ (NZ), CLASS (Singapore), CLA (UK), Reprobel (Belgium), KORRA (South Korea), Kopiosto (Finland), CCC (US), JCOPY, NLA (UK) to coincide with IFRRO World Congress. We also met with the Common Law Group – Access Copyright (Canada), Copibec (Quebec), DALRO (South Africa), ICLA (Ireland), CLA (UK), PLS (UK), CLNZ (NZ)
- Hosted visit from Bridgeman Images (UK), Dec 2018, CA offices, in relation to image licensing in the Asia Pacific region
- Hosted visit from Copydan (Denmark), April 2019, CA offices, in relation to licensing schemes in respective territories
- Chaired IFRRO Asia-Pacific Committee meeting, 24 – 26 April 2019, Singapore
- Series of discussions with IFRRO, WIPO, and partner CMOs to coincide with IFRRO Asia-Pacific Committee meeting. CMOs included CCC (USA), JAC (Japan), JCOPY (Japan), JRRC (Japan), HKRRLS (HK), KORRA (Korea), PRCI (Indonesia), VIETRRO (Vietnam), CWWCS (People’s Republic of China), CLASS (Singapore), CLNZ (NZ), as well as publishing representatives from Thailand and Myanmar
- Participation in WIPO Asia Pacific Regional Seminar on Exceptions and Limitations, 29 – 30 April 2019, Singapore
- Participation in PDLN Annual Conference 26 – 28 May, Berlin Germany, including presentation on MMO licensing and side meetings with partner organisations across text and media sectors
- Participation in IFRRO mid-term meetings 4 – 6 June, Dublin Ireland, 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 and visual arts sectors– including Pictoright (Netherlands), CLA (UK), ALCS (UK), VG Wort (Germany), PLS (UK), VG Bildkunst (Germany), Kopinor (Norway), Reprobel (Belgium), Stichting Reprorecht (Netherlands) to coincide with Dublin meeting.

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.

18.1 Developments in 2018–19

The major developments were the Australian Competition and Consumer Commission (ACCC) report from its inquiry into digital platforms and a consultation on ‘copyright modernisation’ by the Department of Communications and the Arts. The final report from the inquiry into the Code of Conduct for Copyright Collecting Societies was released, and its recommendations have now been implemented by Copyright Agency and the other collecting societies.

18.2 Submissions and representations in 2018–19

Engagement in policy and advocacy included:

- response to the preliminary report of the Australian Competition and Consumer Commission (ACCC) from its inquiry into digital platforms (May 2019);⁹⁹
- submission on New Zealand copyright issues paper (April 2019);
- response to ACCC Draft Guidelines for Copyright Tribunal (November 2018);
- submission on Copyright Amendment (Online Infringement) Bill 2018 to Senate Committee (November 2018)
- response to government issues paper on copyright modernisation (July 2018)

99 <https://www.accc.gov.au/system/files/Copyright%20Agency%20%28May%202019%29.pdf>

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 2018–19

- Joint sponsorship of 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 panels at Writers Festivals
- John Fries Award
- Artists image royalty claim campaign 3
- Writers royalty claim campaign 2
- 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 Australia, Walkley Awards for Journalism
- Sponsorship of Walkey Arts Journalism prizes
- Sponsorship of Sydney Contemporary Art Fair
- 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
- Publication of Copyright Governance Risk and Compliance Guide

- Promotion of Inclusive Publishing Guides
- 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
- Promotion of Cultural Fund grantees and Fellowships
- Promotion of Flex For Librarians to Private Education Provider
- Publication of Opinion pieces in media on copyright issues
- Promotion of new Code of Conduct website to all members (in conjunction with other collecting societies)
- Literary agents and publishers briefed in Sydney and Melbourne
- Member event held in Perth, Sydney, Hobart, Melbourne and Brisbane
- Training sessions about the Copyright Agency's processes with business licensees and members on request
- Training sessions about the Copyright Agency's processes with business licensees and members on request

20 GOVERNANCE AND ACCOUNTABILITY

Copyright Agency is a signatory to the Code of Conduct for Copyright Collecting Societies.¹⁰⁰ 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.¹⁰¹

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 2018–19

- Final report from government review of Code of Conduct for Australian Copyright Collecting Societies released¹⁰²
- Undertaking by Copyright Agency and other collecting societies to implement recommendations in report
- New stand-alone website for Code launched 1 July 2019¹⁰³
- New version of Code, incorporating recommendations from government review, published 1 July 2019¹⁰⁴
- Code Reviewer's report on collecting societies' compliance with the Code of Conduct in 2017–18 published (now available on new Code of Conduct website)
- Report to Code Reviewer on compliance with the Code of Conduct 2018–19 (available on new Code of Conduct website)

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

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

102 <https://www.communications.gov.au/documents/review-code-conduct-australian-copyright-collecting-societies>

103 <https://www.copyrightcodeofconduct.org.au/>

104 <https://www.copyrightcodeofconduct.org.au/code>

20 DIRECTORS' REPORT AND FINANCIAL REPORT

For the year ended 30 June 2019

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DIRECTORS' REPORT

The Directors present their report together with the financial report of Copyright Agency Limited (the "Company") for the year ended 30 June 2019 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors' names

The names of the Directors in office at any time during or since the end of the year are:

- David Barnett
- Anthony Bertini
- Jane Curry
- Jason Eades
- Adele Ferguson
- Dr Kate Harrison
- Helen O'Neill
- Christopher Pash
- Lucrezia Russell
- Dr Oliver Watts
- Kimberley Williams AM

The Directors have been in office since the start of the year to the date of this report unless otherwise stated.

Results and review of operations

Financial results

The Company collected and accrued royalties for the year from Australian schools, universities, colleges, government bodies, corporations and overseas collection societies totalling \$149,144,503 (2018: \$150,112,766). With the addition of interest income on funds invested and other minor sources of income, revenues for the year totalled \$150,850,012 (2018: \$152,098,001).

After deducting the costs of running the Copyright Agency, including employee, occupancy and other relevant expenses, the Company allocated \$127,759,254 (2018: \$128,588,281) to distribution pools made available for rights holders, including Australian writers, publishers, surveyors and visual artists.

The deficit of the Company for the year of \$741,877 (2018: surplus \$113,023) represents monies disbursed by the Company for certain non-operating expenses sourced from the Future Fund and Indemnity Fund for that purpose. Surpluses of the Company represent monies retained by the Company for potential future expenses and allocated to those funds.

The Company continued its commitment to pay distributions to members on a more timely basis, subject to its underlying principles and policies on equity and during the year distributed cash amounts totalling \$116,375,207 (2018: \$123,914,887).

Principal activities

The principal activity of the Company during the year was that of a copyright collecting society.

The Company was established in 1974 to act as agent for its member authors and publishers to collectively administer the copying of their works in educational institutions and other organisations. The Company is based in Sydney. The Company:

- Has been declared by the Commonwealth Attorney General to be the collecting society to administer the statutory licence created under Part VB of the *Copyright Act 1968* but now governed by Part IVA Division 4, for the copying and communication of copyright material by educational institutions, institutions;
- Has been declared by the Copyright Tribunal as the collecting society to administer the statutory licence in Division 2 of Part VII of the *Copyright Act 1968* in relation to government copies of works and published editions of works, other than works included in a sound recording, cinematograph film or a television or sound broadcast;

- Has been appointed by the Australian Government as the collecting society under the *Resale Royalty Right for Visual Artists Act 2009* for collection of resale royalties payable in respect of artworks of eligible artists; and
- Merged with Viscopy Limited by way of scheme of arrangement from 30 November 2017 with the effect that Viscopy Limited ceased to exist and the members of Viscopy Limited automatically became members of the Company. Copyright Agency assumed Viscopy's contractual obligations and continues to manage visual arts licensing and related activities on behalf of former Viscopy members.

Significant changes in state of affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Short-term and long-term objectives and strategies

The Company's mission is to provide simple ways for people to reproduce, store and share creative content, including words and images, in return for equitable payment to copyright owners. To implement this mission, the Company has adopted the following objectives in its current three year plan:

- Serve our members;
- Influence policy and advocate for copyright;
- Ensure fair remuneration of members for use of their work; and
- Optimise operations.

These objectives are to ensure that the *Copyright Act* continues to protect the rights of Australian creators and the Company meets the needs of its members at all times.

Company performance

The Company has adopted a strategic plan which details the strategies for achieving these objectives and for measuring the Company's performance.

These objectives include:

- Legislative outcomes which continue to protect the rights of creators;
- Update distribution policies to accord with data received;
- Secure statutory licensing revenue and increase corporate licensing; and
- Improved business systems and reduced operating costs.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely developments

The Company expects to maintain the present status and level of operations.

MMO litigation:

Copyright Agency's licensees, media monitoring organisations Isentia Pty Ltd, Meltwater Pty Ltd and Stream Pty Ltd, have each commenced proceedings in the Copyright Tribunal (the Tribunal) in order to seek a licence for their media monitoring activities. Each of these parties has previously been licensed by Copyright Agency, however all have rejected Copyright Agency's proposed new industry model licence and made application to the Tribunal on the basis that, there is no licence scheme currently in operation, they require a licence and Copyright Agency proposes a licence on unreasonable terms.

The Tribunal has ordered that Meltwater and Stream remain on their previous licence agreements during the proceedings and until the final determination of the matter, with a retrospective adjustment. In Isentia's case, the Tribunal ordered an interim licence which varied from its previous licence but also with a retrospective adjustment. The Tribunal has also set down the matter for hearing in October 2020.

Directors' Report continued

NSW Litigation:

In November 2017, the Company started proceedings in the Tribunal against the State of New South Wales. There has not been a remuneration agreement in place between the Company and the State of NSW since 1 July 2012. The issues in dispute before the Tribunal are the rate that should be payable by the State for the use of copyright material under the statutory licence for Governments and the method to estimate usage of that material. After Tribunal-ordered mediation failed, the Tribunal has ordered a timetable with a hearing set down for March 2020.

Litigation against Universities:

The remuneration agreement between the Company and Universities Australia (on behalf of 39 participating institutions) expired on 31 December 2018. Unfortunately, the Company and Universities Australia were not able to reach an agreement on the remuneration payable by the universities sector for the copying and communication of copyright material and the appropriate method of sampling to monitor this use. The Company was required to initiate proceedings in the Tribunal, requesting that the Tribunal determine the applicable rate and sampling method. Copyright Agency sought interim orders from the Tribunal at the same time to ensure that its members continue to be paid while the matter is before the Tribunal. The Tribunal ordered, on an interim basis, that the universities continue to pay the same amount but with half payable to the Company for distribution and half to be held in an escrow account to be dealt with on final determination of the matter. The Tribunal has set down the matter for hearing in September 2020.

Future 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.

The Board reviewed the operation of the Fund and in 2018 determined to reduce the cap on its quantum by \$3 million phased over three years. The Board further reviewed the Fund in 2019 and resolved to reduce the Fund by a further \$2 million phased over two years. These reductions will be returned to members by way of an offset against operating costs in accordance with the Copyright Agency Distribution Policy, which is available on the Copyright Agency website.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

The Company is limited by guarantee. No dividends are permitted to be paid under the constitution of the Company.

Directors' Report continued

Information on Directors and Company secretary

David Barnett	Director
Qualifications	BA, P Grad Dip HRM, FAICD
Experience	Managing Director of Pearson Asia Pacific and 30 years in publishing. Other directorships include Pearson Australia Group. Former Chair of Robert Menzies College.
Special responsibilities	Australian Publishers Association Director since 2011. Convenor of Education Portal Committee. Member of Audit and Finance Committee. Member of Nomination and Governance Committee.

Anthony Bertini	Director
Qualifications	BA
Experience	Chair of Thumper One, an investment and advisory firm with interests in data mining and processing, blockchain technologies, social media platforms, electronic payment gateways, cleantech and biometric security. Co-founder and Chair of Organic Technology, a global producer of alternative proteins and pharmaceutical oils. Chair of TBXx3, a blockchain solution for securing the global supply chain. Non-executive director of Nano Cellulose. Former Australian deal maker UKTI (Global Entrepreneur Program) and CEO and founder of BMC Media, publisher of IPC Magazines Australia; former Group Sales Director of The Bulletin and Australian Business Magazines and co-founder of 350.org Australia.
Special responsibilities	Independent Director since May 2010. Member of Audit and Finance Committee. Member of Cultural Fund Committee. Member of Nominations and Governance Committee. Member of Remuneration Committee.

Anthony Bertini	Director
Qualifications	BA
Experience	Chair of Thumper One Pty Ltd, an investment and advisory firm with interests in data mining and processing, blockchain technologies, social media platforms, electronic payment gateways, cleantech and biometric security. Co-founder and Chair of Organic Technology Holdings Pty Ltd, a global producer of alternative proteins and pharmaceutical oils. Chair of TBXx3 Pty Ltd, a blockchain solution for securing the global supply chain. Non-executive director of Nano Cellulose Pty Limited. Former Australian deal maker UKTI (Global Entrepreneur Program) and CEO and founder of BMC Media, publisher of IPC Magazines Australia; former Group Sales Director of The Bulletin and Australian Business Magazines and co-founder of 350.org Australia.
Special responsibilities	Independent director since May 2010. Convenor of Copyright Agency's International Development committee until it was dissolved in 2015. Member of Copyright Agency's Audit and Finance and Cultural Fund committees.

Jane Curry	Director
Qualifications	BSc (Hons)
Experience	Jane has been the Managing Director of Weldon Publishing, Macquarie Library, National Book Distributors, Quarto Australia and published her own list at Pan Macmillan Australia. Jane founded the trade-publishing house Ventura Press in 2002. Director of the Australian Publishers Association and convenor of its Independent Publishers Committee.
Special responsibilities	Australian Publishers Association Director since 2015. Member of Cultural Fund Committee. Member of Education Portal Committee.

Jason Eades	Director
Qualifications	Associate Diploma of Arts – Koorie Studies (Monash University College Gippsland)
Experience	Born and raised on Gonnai country in eastern Victoria. More than 25 years' experience in leadership roles within the Indigenous for purpose sector. Currently holds the position of Chief Executive Officer, Welcome to Country. Previously Director, Consulting with Social Ventures Australia. Non-executive Director at Australian Indigenous Mentoring Experience (AIME) and a member of the Australia Council's Aboriginal and Torres Strait Islander Arts Strategy Panel.
Special responsibilities	Independent Director since December 2017. Member of Cultural Fund Committee.

Directors' Report continued

Information on Directors and Company secretary

Adele Ferguson	Director
Qualifications	BEcon, BA (Hons)
Experience	Journalist and author with a wide range of experience, including as a business commentator and an investigative reporter for The Sydney Morning Herald, The Age and The Financial Review. Awards include The Gold Walkley, two Gold Quills, two Gold Kennedys, the Graham Perkin Journalist of the Year and a Logie. Author of best-selling unauthorised biography <i>Gina Rinehart: The Richest Woman in the World</i> , <i>Banking Bad: How Corporate Greed and Broken Governance Failed Australia</i> and <i>Banking Bad: Whistleblowers – One Journalist's Fight for the Truth</i> . On the board of the Melbourne Press Club.
Special responsibilities	Australian Society of Authors appointed Director since 2015. Member of Audit and Finance Committee. Member of Cultural Fund Committee. Member of Nominations and Governance Committee.

Dr Kate Harrison	Director
Qualifications	LLB (Hons), Masters of Law (Columbia), PhD (Uni of Syd)
Experience	Partner with Gilbert + Tobin law firm. Experience encompasses corporate and commercial litigation, intellectual property advice, commercial licensing and commercialisation across technology industries, media and communications, the music industry, advertising and consumer goods. Also worked on a number of high-profile public inquiries and Royal Commissions. Public policy experience having worked as a senior advisor in Canberra between 2008 and 2011.
Special responsibilities	Independent Director since March 2018. Convenor of the Copyright Committee. Member of Audit and Finance Committee. Member of Cultural Fund Committee.

Helen O'Neill	Director
Qualifications	BA (Hons)
Experience	Journalist with The Sydney Morning Herald, The Australian and Vogue Australia. Author, whose recent books include biographies of Harry Seidler, Florence Broadhurst and the department store David Jones. Co-founder of Curly Swirls Productions. Director of Australian Society of Authors, serving on its Executive Committee.
Special responsibilities	Australian Society of Authors appointed Director since 2014. Member of Cultural Fund committee.

Lucrezia Russell	Director
Qualifications	BA (commerce), CPA
Experience	Former General Manager of John Wiley & Sons Higher Education Division and former Convenor of the Australian Publishers Association Tertiary and Professional Committee. Over 20 years in Higher Education publishing. Currently Senior Commissioning Editor for Law and Business Titles at Cambridge University Press.
Special responsibilities	Australian Publishers Association elected Director since 2010. Convenor of Audit and Finance Committee. Member of the Copyright Committee. Member of Cultural Fund Committee. Member of Education Portal Committee. Member of Remuneration Committee.

Christopher Pash	Director
Qualifications	BA, GAICD
Experience	Author, working journalist and media executive. Former Director of Content Strategy at Dow Jones Asia Pacific, CEO of Asia Pulse, a joint venture of Asia news companies, Editor in Charge, Correspondent and Bureau Chief at Australian Associated Press. Former Director of the Pacific Area Newspaper Publishers' Association and member of the Australian Institute of Company Directors. Chair of the Australian Society of Authors. Author of <i>The Last Whale</i> (Fremantle Press, 2008), a narrative non-fiction book about the final days of whaling in Australia.
Special responsibilities	Australian Society of Authors appointed Director since November 2016. Member of Cultural Fund Committee. Member of Education Portal Committee.

Dr Oliver Watts Director
Qualifications Ba LLB MFA PhD (Syd)
Experience Artist, curator, Academic. Head Curator of Artbank. Previously Senior Lecturer at the National Institute of Dramatic Art (NIDA) and Lecturer at Sydney College of the Arts (University of Sydney). Has shown internationally and nationally and is currently represented by Chalk Horse gallery and This is No Fantasy (Melbourne). Watt's research centres on the nexus between art and law and has published widely in this area.
Special responsibilities Artist Director since December 2017. Member of Cultural Fund Committee. Member of the Copyright Committee.

Kimberley Lynton Williams AM Chair
Qualifications B.Mus, Hon DLitt
Experience Media executive, composer and professional executive; former CEO of News Limited, Foxtel, Southern Star, the Australian Film Commission and Musica Viva. Kim Williams has also served as a member and chair of other boards including as Chair of the Sydney Opera House Trust, Musica Viva Australia, Sydney Symphony Orchestra and of the Australian Film Finance Corporation. Currently the Chair of the Thomson Reuters Board of Trustees, the Cranlana Program, the State Library of NSW Foundation (Co-Chair), Mojo Power and VidCorp. Also on the Board of the Myer Foundation, the University of Western Sydney Foundation, Myer Family Investments and serving as a Commissioner of the Australian Football League.
Special responsibilities Independent Director since January 2015. Convenor of Cultural Fund Committee. Member of Audit and Finance Committee. Member of Remuneration Committee. Member of Nominations and Governance Committee.

Josephine Johnston Company Secretary
Qualifications LLB (Hons)
Experience General Counsel and Company Secretary. Also responsible for the Human Resources Team. A corporate lawyer with experience in top tier law firms, senior in-house positions and advising the Crown both as a barrister and solicitor.

Directors' Report continued

Meetings of Directors

Directors	Board of Directors'		Audit and Finance Committee		Cultural Fund Committee		Copyright Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Barnett	6	4	5	4	–	–	–	–
Anthony Bertini	6	4	5	3	5	3	–	–
Jane Curry	6	6	–	–	5	5	–	–
Jason Eades	6	5	–	–	5	3	–	–
Adele Ferguson	6	5	5	4	5	4	–	–
Kate Harrison	6	5	5	4	5	3	7	7
Helen O'Neill	6	6	–	–	5	5	–	–
Christopher Pash	6	5	–	–	5	4	–	–
Lucrezia Russell	6	6	5	5	5	5	7	7
Oliver Watts	6	6	–	–	5	5	7	6
Kimberley Williams AM	6	6	5	5	5	5	–	–

The Remuneration Committee and the Nominations and Governance Committee have considered matters throughout the year by email correspondence and telephone conference calls as required.

Directors' remuneration

Under Article 38 of Copyright Agency's Constitution, Directors' remuneration is determined by the Company in general meeting.

Details of the nature and amount of each element of the emoluments of each Director of the Company are as follows:

	Base Remuneration	Superannuation Contributions	Total
	\$	\$	\$
David Barnett	30,158	2,865	33,023
Anthony Bertini	33,023	–	33,023
Jane Curry	33,023	–	33,023
Jason Eades	30,158	2,865	33,023
Adele Ferguson	30,158	2,865	33,023
Kate Harrison	30,158	2,865	33,023
Helen O'Neill	30,158	2,865	33,023
Christopher Pash	30,158	2,865	33,023
Lucrezia Russell	30,158	2,865	33,023
Oliver Watts	30,158	2,865	33,023
Kimberley Williams AM	60,313	5,730	66,043

Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$20 each towards meeting any outstanding and obligations of the group. At 30 June 2019, the number of members was 36,707.

Indemnification and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*.

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the Company.

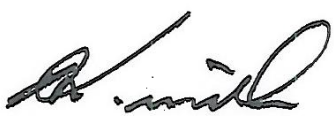
Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed on behalf of the board of Directors.

Director: 
Kimberley Williams AM

Director: 
Lucrezia Russell

Dated this 20 October 2019

AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Copyright Agency Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Copyright Agency Limited for the financial year ended 30 June 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Chris Allenby

Chris Allenby

Partner

Sydney

15 October 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	2	150,850,012	152,098,001
Less: expenses			
Employee benefits expense	3(b)	(12,461,270)	(13,299,797)
Depreciation and amortisation expense	3(c)	(1,370,167)	(906,800)
Occupancy expense		(724,394)	(639,731)
Consultancy costs		(624,996)	(959,631)
Sampling costs		(1,222,081)	(1,176,696)
Legal costs		(376,777)	(404,700)
IT costs		(2,051,328)	(1,651,033)
Marketing and communications		(433,651)	(455,616)
Office running costs		(280,994)	(342,777)
Other expenses		(1,244,459)	(1,358,442)
		(20,790,116)	(21,195,223)
Payments made from Reserves			
Future Fund Reserve (Legal costs)		(750,049)	(35,411)
Indemnity Fund Reserve (Other expenses)		(57,412)	(40,823)
		(807,461)	(76,234)
Net surplus available for distribution		129,252,435	130,826,544
Less: distributions			
Distribution paid and payable to members	11	(127,759,254)	(128,588,281)
Transfer to Cultural Fund		(2,235,058)	(2,125,240)
Surplus / (deficit) for the year	3(a)	(741,877)	113,023
Other comprehensive income for the year		—	—
Total comprehensive income before allocations to reserves		(741,877)	113,023

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	4	1,584,321	1,764,533
Cash on deposit	4	44,156,029	53,534,972
Trade and other receivables	5	5,696,983	4,011,203
Other assets	6	27,266,604	16,760,041
Total current assets		78,703,931	76,070,748
Non-current assets			
Property, plant and equipment	7	6,558,002	2,851,473
Intangible assets	8	2,002,241	1,766,914
Total non-current assets		8,560,243	4,618,386
Total assets		87,264,180	80,689,134
Current liabilities			
Payables	9	3,671,744	3,333,272
Provisions	10	1,247,665	1,211,843
Distributions payable	11	25,492,221	15,315,190
Contract liabilities	12	37,957,847	40,571,287
Total current liabilities		68,369,477	60,431,592
Non-current liabilities			
Payables	9	438,312	633,117
Provisions	10	266,188	282,313
Total non-current liabilities		704,500	915,430
Total liabilities		69,073,977	61,347,022
Net assets		18,190,203	19,342,112
Equity			
Retained earnings	13	–	–
Reserves	13	18,190,203	19,342,112
Total equity		18,190,203	19,342,112

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED 30 JUNE 2019

	Retained earnings	Future Fund reserve	Indemnity Fund reserve	Amalg- amation reserve	Other reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	–	15,109,051	2,945,871	–	367,090	18,422,012
Surplus for the year	113,023	–	–	–	–	113,023
Payments made from reserves	76,234	(35,411)	(40,823)	–	–	–
Transfer surplus to reserves	(189,257)	–	146,315	–	42,942	–
Amalgamation with Viscopy Limited (net of transfer)	–	–	326,498	480,579	–	807,077
Balance at 30 June 2018	–	15,073,640	3,377,861	480,579	410,032	19,342,112
Balance at 1 July 2018	–	15,073,640	3,377,861	480,579	410,032	19,342,112
Deficit for the year	(741,877)	–	–	–	–	(741,877)
Payments made from reserves	807,461	(750,049)	(57,412)	–	–	–
Transfer surplus from reserves	(65,584)	–	65,584	–	–	–
Transfer to Distributions payable	–	–	–	–	(410,032)	(410,032)
Balance at 30 June 2019	–	14,323,591	3,386,033	480,579	–	18,190,203

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flow from operating activities			
Cash receipts from customers		134,697,926	149,956,899
Cash distributed to members and payments to suppliers and employees		(141,006,193)	(154,912,796)
Net cash used in operating activities	15(b)	(6,308,267)	(4,955,897)
Cash flow from investing activities			
Interest received		2,082,823	2,006,714
Net cash acquired on amalgamation		–	1,196,070
Payment for property, plant and equipment	7	(4,777,222)	(1,064,667)
Payment for intangible assets	8	(556,489)	(1,926,290)
Decrease / (increase) in cash on deposit	4	9,378,943	(1,422,314)
Net cash from / (used in) investing activities		6,128,055	(1,210,487)
Net increase / (decrease) in cash held		(180,212)	(6,166,384)
Cash at the beginning of the financial year	15(a)	1,764,533	7,930,917
Cash at the end of the financial year	15(a)	1,584,321	1,764,533

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for the entity Copyright Agency Limited (the "Company") as an individual entity. The Company is a company limited by guarantee, incorporated and domiciled in Australia. The Company is a not-for-profit entity for the purpose of preparing the financial statements. The registered office and principal place of business of the Company is Level 12, 66 Goulburn Street, Sydney NSW 2000.

A description of the nature of the Company's operations and its principal activities is included in the Directors' report on page 1, which is not part of this financial report.

The financial report was approved by the Directors as at the date of the Directors' report.

The following is a summary of the material accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards-Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Historical cost convention

The financial report is presented in Australian Dollars and has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) Changes in accounting policies

The Company has initially applied AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018. A number of other new standards are also effective from 1 July 2018, but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company adopted AASB 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). The disclosure requirements of AASB 15 have not generally been applied to comparative information. Adoption of AASB 15 does not have any material impact on the Company's revenue and profit or loss.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018.

Notes to Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2019

The key changes introduced in AASB 9 are:

- (i) requirements for impairment of financial assets based on a three-stage 'expected loss' approach;
- (ii) limited amendments to classification and measurement of financial assets to add a third measurement category for debt instruments. The new category of fair value through other comprehensive income is added to the existing categories for debt instruments, i.e. amortised cost and fair value through profit or loss; and
- (iii) amendments to AASB 7 *Financial Instruments*:
Disclosures that significantly expand the disclosures required in relation to credit risk.

As a result of the adoption of AASB 9, the Company has adopted consequential amendments to AASB 101 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Impairment losses on trade and other receivables are presented under 'other expenses', similar to the presentation under AASB 139, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

(c) Accounting Standards issued but not operative at 30 June 2019

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

AASB 16 Leases

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will not recognise a front-loaded pattern of expenses for most leases, even when they pay constant rentals. Lessor accounting remains similar to current practice i.e. lessors continue to classify leases as finance and operating leases. AASB 16 is effective

from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

(d) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Revenue from rendering services

The Company's main source of revenue is from licence fees from licensees (customers). The Company acts as the 'principal' in the collection of licence fees as it has the primary responsibility for providing the services and latitude in establishing prices. Revenue from licence fees is recognised on a monthly basis over the time period for which the copying licence (contract) has been granted.

Consideration of licence fees can comprise fixed and variable elements. The variable consideration is only included in the transaction price if it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Licence fees invoiced but applicable to future periods are recorded as contract liabilities (deferred revenue) and transferred to revenue in the statement of comprehensive income over the relevant future period.

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

(e) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Specific provisions of the Income Tax Assessment Act 1997 (as amended), applicable to copyright collecting societies ensure: (a) copyright income collected and held on behalf of the members, pending allocation to the member; and (b) non copyright income that falls within certain limits; are not subject to income tax.

(g) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(i) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements	14–26%	Straight line
Office equipment	7–33%	Straight line
Furniture, fixtures and fittings	1–12%	Straight line
Computer equipment	10–50%	Straight line
Systems development work in progress	Nil	Commence when ready for use

(j) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Notes to Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2019

(k) Intangibles

Internally developed software

Internally developed software is initially recorded at the purchase price and amortised on a straight line basis over the period of 7 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable are written off.

Internally developed software has been tested for impairment by determining the recoverable amount of the asset. The recoverable amount of assets is based on value-in-use calculations. These calculations are based on current financial forecasts and projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections are based on past performance and its expectation for the future.

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(n) Financial instruments

Classification

A financial asset or financial liability is initially measured at fair value plus transactions costs, except where the instrument is classified as at 'fair value through profit or loss' ('FVTPL') in which case transactions costs are recognised as expensed immediately in profit or loss. A trade receivable without a significant financing component is initially measured at the transaction price.

The Company classifies its financial assets into the following categories: amortised cost, FVTPL or financial assets at fair value through other comprehensive income ('FVOCI'). The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(o) Distributions payable

The Company holds the net distributable amount for each year in trust for rights holders of the copyright material. These rights holders are eligible to receive allocations held on their behalf upon completing necessary documentation regarding entitlement to receive the allocation.

Payments are made as and when the required documentation is completed. Until this stage is reached, all funds are held in trust for the rights holders up to a period of four years. The Board of Directors may decide that special circumstances exist and continue to hold an allocation in trust for a maximum of two further years. At the expiry of the trust period, allocations that have not been paid are 'rolled over' and applied in accordance with the direction of the Board. These amounts are currently used to offset operating cost deductions from licence fees before distribution.

In administering the licences, the Company collects and distributes remuneration payable by various licensees, using a variety of data sources. The distributable amount is the total amount received from licensees for the distribution period after deducting operating expenses (offset by bank interest and unpaid allocations that have been rolled over), providing for taxation if applicable.

(p) Amalgamation reserve

The amalgamation reserve is utilised for amalgamations with other entities. The amount presented is equal to the accumulated fair values of the net assets of the entities acquired. The individual assets and liabilities acquired are presented in the statement of financial position.

Notes to Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 2: REVENUE		
Revenue from rendering of services	149,114,503	150,112,766
Interest income	1,620,216	1,821,689
Other income	115,293	163,546
	150,850,012	152,098,001
Other income is primarily made up of recoveries of expenditure outlays.		
NOTE 3: SURPLUS / (DEFICIENCY) FOR THE YEAR		
(a) Undistributed surplus / (deficiency) transferred to reserves		
The undistributed surplus / (deficiency) for the year represents funds retained by the Company for future expenses / (monies disbursed by the Company for non-operating expenses) as shown in the statement of changes in equity:		
Transfer to Indemnity Fund reserve	65,584	146,315
Payments made from reserves	(807,461)	(76,234)
Transfer from Distributions Rollover	–	42,942
	(741,877)	113,023
(b) Employee benefits expense		
Wages and salaries	10,259,420	10,906,711
Directors fees and expenses	430,061	398,392
Contributions to superannuation funds	894,756	937,845
Increase in liability for employee benefits	78,321	190,621
Employment taxes and costs	798,712	866,228
	12,461,270	13,299,797
(c) Depreciation and amortisation expenses		
Depreciation expenses	730,996	492,018
Amortisation expenses	639,171	414,782
	1,370,167	906,800

NOTE 4: CASH AND CASH EQUIVALENTS

	2019 \$	2018 \$
Cash on hand	–	600
Cash at bank	1,584,321	1,763,933
	1,584,321	1,764,533
<hr/>		
Cash on deposit	44,156,029	53,534,972
	44,156,029	53,534,972

Cash on deposit represents funds invested in term deposits with maturity dates ranging between 3 to 36 months. As these deposits are considered part of the Company's investing activities these balances are not cash equivalents for the purposes of the statement of cash flows.

NOTE 5: RECEIVABLES

Trade receivables	5,696,983	4,011,203
	5,696,983	4,011,203

NOTE 6: OTHER ASSETS

Prepayments	805,750	531,837
Accrued revenue	24,655,398	14,422,748
Bank security deposit	1,805,456	1,805,456
	27,266,604	16,760,041

Accrued revenue represents the estimate of revenue receivable from licensees in respect of the relevant financial period but not yet invoiced as well as investment income yet to be credited.

The bank security deposit is a separate bank account containing funds set aside as security for the Company's future office lease and other administrative commitments.

Notes to Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	2,137,173	1,378,062
Accumulated amortisation	(835,791)	(538,171)
	1,301,382	839,891
Office equipment, furniture and computer equipment		
At cost	2,948,657	2,879,170
Accumulated depreciation	(2,681,222)	(2,003,578)
	267,435	875,592
Systems development work in progress		
At cost	4,989,184	1,135,990
	4,989,184	1,135,990
Total property, plant and equipment	6,558,002	2,851,473
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Leasehold improvements</i>		
Opening carrying amount	839,891	1,038,411
Additions	801,188	–
Disposals	(21,688)	–
Amortisation expense	(318,009)	(198,520)
Closing carrying amount	1,301,382	839,891
<i>Office equipment, furniture and computer equipment</i>		
Opening carrying amount	875,592	1,438,933
Additions	122,839	–
Disposals	–	(71,323)
Depreciation expense	(730,996)	(492,018)
Closing carrying amount	267,435	875,592
<i>Systems development work in progress</i>		
Opening carrying amount	1,135,990	–
Additions	3,853,195	1,135,990
Closing carrying amount	4,989,184	1,135,990

	2019 \$	2018 \$
NOTE 8: INTANGIBLE ASSETS		
Software		
At cost	2,539,665	1,983,177
Accumulated amortisation	(537,424)	(216,262)
	2,002,241	1,766,914

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Software

Opening carrying amount	1,766,914	–
Additions	556,489	1,983,177
Amortisation expense	(321,162)	(216,262)
Closing carrying amount	2,002,241	1,766,914

NOTE 9: PAYABLES

CURRENT

Trade creditors	791,490	776,644
Accrued expenses	2,363,149	1,895,547
Cultural Fund	322,300	466,275
Lease incentive	194,805	194,806
	3,671,744	3,333,272

NON-CURRENT

Lease incentive	438,312	633,117
	438,312	633,117

Cultural Fund

Following changes to the Company's constitution passed at the 2010 AGM, the Board has agreed to apply an amount not exceeding 1.5% (increased from 1%) of monies received by the Company during the financial year from licence and other copying fees (excluding Resale Royalty, LearningField and Screenrights) for:

- a. cultural or benevolent purposes in accordance with regulation 23JM (1) (d) of the Copyright Regulations and Articles 74(b)(iii) and 83(a)(iv) of the Company's Constitution and Rules – in the case of equitable remuneration received by the Company under the Copyright Act 1968; and
- b. special purpose (including cultural and/or charitable purposes) in accordance with Article 73(b) of the Company's Constitution and Rules in the case of monies received by the Company on behalf of members under its voluntary licence agreements and all other revenue.

Notes to Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits	1,147,665	1,051,843
Restructuring	100,000	160,000
	1,247,665	1,211,843
NON CURRENT		
Employee benefits	266,188	282,313
	266,188	282,313
NOTE 11: DISTRIBUTIONS PAYABLE		
CURRENT		
Distributions payable to members	25,492,221	15,315,190
	25,492,221	15,315,190
(a) Reconciliations		
Reconciliation of the distribution payable to members at the beginning and end of the current financial year		
<i>Distributions payable to members</i>		
Opening carrying amount	15,315,190	12,462,021
Distributions paid and payable	127,759,254	128,588,281
Payments to members	(116,375,207)	(123,914,887)
Transfer from other reserve	410,032	–
Payments in transit and GST	(1,617,048)	(1,820,225)
Closing carrying amount	25,492,221	15,315,190
NOTE 12: CONTRACT LIABILITIES		
CURRENT		
Deferred revenue arising from contracts with customers	37,957,847	40,571,287
	37,957,847	40,571,287

Deferred revenue represents licence fees invoiced but applicable to future periods. Deferred revenue is transferred to the statement of comprehensive income over the relevant future period.

NOTE 13: EQUITY

	2019 \$	2018 \$
Retained earnings	–	–
Future Fund reserve	14,323,591	15,073,640
Indemnity Fund reserve	3,386,033	3,377,861
Amalgamation reserve	480,579	480,579
Other reserve	–	410,032
Total equity	18,190,203	19,342,112

Retained earnings

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

Future Fund Reserve

In June 2013, the Board considered the issues which would arise in the event of a sudden and material decrease of revenue following a substantial change to the legislative structure or the unremunerated exceptions in the *Copyright Act 1968*. It was resolved that in order to safeguard and manage the rights of members including but not confined to taking such necessary actions in litigation, communications, research and advocacy, it would establish a Future Fund to provide adequate reserves to resource such activity to the extent required consistent with its prudent judgement. In accordance with Article 74(b)(ii) of the Company's Constitution, the Board resolved that amounts equal to the following be paid to the Future Fund, in the order as listed, until the Future Fund reached its target balance:

- a. interest income received after 1 July 2013, after deduction of up to 1.5% for the Cultural Fund;
- b. after 1 July 2013, all unpaid allocations at the end of the relevant trust period of 4 years; and
- c. such other percentage of the Company's revenue as the Board at that time considers appropriate.

The Board has undertaken to periodically review the operation of the Future Fund. 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. The Board has subsequently resolved on two occasions to reduce the quantum of the Future Fund and return money to members by way of an offset against operating costs.

Indemnity Fund Reserve

The Company has established an Indemnity Fund to compensate rights holders for use of their content in connection with licences managed by the Copyright Agency.

Notes to Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 14: CAPITAL AND LEASING COMMITMENTS		
(a) Operating lease commitments		
Non-cancellable operating leases (in respect of leased premises and office equipment) contracted for but not capitalised in the financial statements:		
Payable		
not later than one year	996,769	930,630
later than one year and not later than five years	2,467,891	3,314,909
later than five years	–	–
	3,464,660	4,245,539
NOTE 15: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash on hand	–	600
Cash at bank	1,584,321	1,763,933
	1,584,321	1,764,533
(b) Reconciliation of cash flows from operating activities		
Surplus / (deficit) for the year	(741,877)	113,023
Adjustments and non-cash items		
Depreciation and amortisation expense	1,370,167	906,800
Loss on disposal of assets	21,686	–
Interest received	(2,082,823)	(2,006,714)
	1,432,846	(986,891)
Changes in assets and liabilities		
Change in trade and other receivables	(1,685,780)	1,213,945
Change in other assets	(10,506,563)	(1,071,765)
Change in trade and other payables	143,667	(7,856,551)
Change in provisions	19,697	350,623
Change in deferred revenue	(2,613,440)	541,574
Change in distributions payable	9,767,000	2,853,168
Cash flows used in operating activities	(6,308,267)	(4,955,897)

NOTE 16: RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Compensation received by key management personnel of the Company

	2019 \$	2018 \$
short-term employee benefits	888,273	889,290
post-employment benefits	53,650	48,957
	941,923	938,247

(b) Transactions with other related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The only transactions with related parties during the year were distributions to Directors as copyright holders made in accordance with the constitution from declared distribution pools.

NOTE 17: AUDITORS REMUNERATION

KPMG

Audit and assurance services

- Audit of the financial report	67,125	50,000
	67,125	50,000

Other non-audit services

- Request for tender services	528,211	–
- Business transformation services	383,980	–
- Technology related services	–	421,774
- Other advisory services	96,848	397,446
- Taxation services	26,650	5,000
	1,035,689	824,220
	1,102,814	874,220

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:


- the operations, in financial years subsequent to 30 June 2019, of the Company, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to 30 June 2019, of the Company.

DIRECTORS' DECLARATION

The Directors of Copyright Agency Limited (the "Company") declare that:

1. The financial statements and notes, as set out on pages 11 to 27, are in accordance with the *Corporations Act 2001*; and
 - a. comply with Australian Accounting Standards-Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2019 and performance for the year ended on that date.
1. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: 
Kimberley Williams AM

Director: 
Lucrezia Russell

Dated this 20 October 2019

Copyright Agency Limited
ABN 53 001 228 799
copyright.com.au

Level 12, 66 Goulburn Street
Sydney NSW 2000
t: **02 9394 7600**

Annual Report for Parliament

For the year ended 30 June 2019

Addendum: Independent Auditor's Report



Independent Auditor's Report

To the members of Copyright Agency Limited

Opinion

We have audited the **Financial Report** of Copyright Agency Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2019
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code

Other Information

Other Information is financial and non-financial information in Copyright Agency Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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Independent Auditor's Report to the members of Copyright Agency Limited (continued)

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Chris Allenby

Partner

Sydney

20 October 2019