The cover features a dark grey background with two overlapping circles. A large, semi-transparent light grey circle is on the left, and a smaller, solid white circle is on the right. The text is centered within these circles.

Annual Report for Parliament

For the year ended
30 June 2020

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1 SOME KEY RESULTS

In 2019–20 Copyright Agency:

Responded to the challenges of COVID-19 by:

- making a special allocation of \$500,000, through the Cultural Fund, to support writers, visual artists, publishers and creative organisations affected by COVID-19
- bringing forward the allocations from the Cultural Fund for 2020–21
- agreeing to requests from the school and university sectors to pause surveys
- assisting our members to respond to requests from schools
- assisting the Australian Society of Authors and the Australian Publishers Association to develop the Storytime arrangements that have enabled the recording and online delivery of children's stories by libraries and schools
- providing flexible payment plans to licensees in the education and commercial sectors.

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 850,000 government employees³

Paid \$114m to more than 10,000 recipients, many of whom passed on payments to other recipients (e.g. as agents)

Paid more than \$980,000 in artists' resale royalties.

Allocated more than \$1.6m from the Cultural Fund (members' contribution of 1.5% of licence revenue).

Licensed 88 new commercial clients and extended 792 licences to cover additional content and uses.

Continued proceedings in the Copyright Tribunal to determine licence fees payable by media monitoring organisations.

Worked with the Copyright Advisory Group for the Education Council (representing the school sector) to consider new data collection methodologies.

Continued proceedings in the Copyright Tribunal to establish new data collection methodologies in universities, and fair compensation for writers, artists and publishers.

Licensed, under individual agreements, nearly 1,000 other education institutions (such as registered training organisations), 74 of which are newly licensed institutions.

Continued the development and deployment of FLEX for Education: at 30 June there were 11 licensees (some comprising multiple colleges), a further 11 were running a trial, seven had expressed an interest in a trial, and there were discussions about a trial with another 10 licensees, comprising 30 colleges or institutes.

Processed nearly 95,000 survey records of copying in schools and universities, comprising more than 700,000 pages.

Reached a settlement with the Government of NSW for the past liability back to July 2012 and the payments forward to June 2023.

Increased Reading Australia subscribers by 20% to nearly 20,000, and added 27 new teaching resources for schools.

Made submissions on a code to regulate bargaining between digital platforms and media companies.

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, and develop new services and products to facilitate the use of their content. We also represent our members on matters affecting their rights.
Structure	We are a not-for-profit company limited by guarantee.
Members	We have more than 37,400 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.

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

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

³ Number of employees covered by Copyright Agency's licensing agreements.

⁴ From statutory and voluntary licences, but not the artists' resale royalty scheme or payments from Screenrights for artists.

⁵ Principally Screenrights (broadcast content), APRA AMCOS (music compositions), and PCCA (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 standalone legislation.¹¹

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

The Copyright Act contains a range of ‘exceptions’: activities that can be done without the copyright permissions usually required. The Act also contains a number of ‘statutory licences’ that allow copying and sharing of content (e.g. for education) without permission, but subject to fair compensation.¹³

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

3.1 ABOUT STATUTORY LICENCES

Statutory licences have been introduced for situations in which it was assumed ‘that, if left to themselves, the parties will be unable to reach a satisfactory resolution of the terms for the access desired’ for reasons that include ‘unacceptably high transaction costs in cases where individual uses would be too difficult to identify and control’ and ‘the user is in a powerful initial position and has been able to obtain a statutory solution in its favour’.¹⁵

Statutory licences are compulsory for content creators but not for licensees: users can choose to make alternative arrangements with copyright owners for uses covered by statutory licences, rather than relying on the statutory licence provisions.¹⁶ Content creators have adjusted to the statutory licences, which were introduced a long time ago and enable efficient licensing solutions.

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

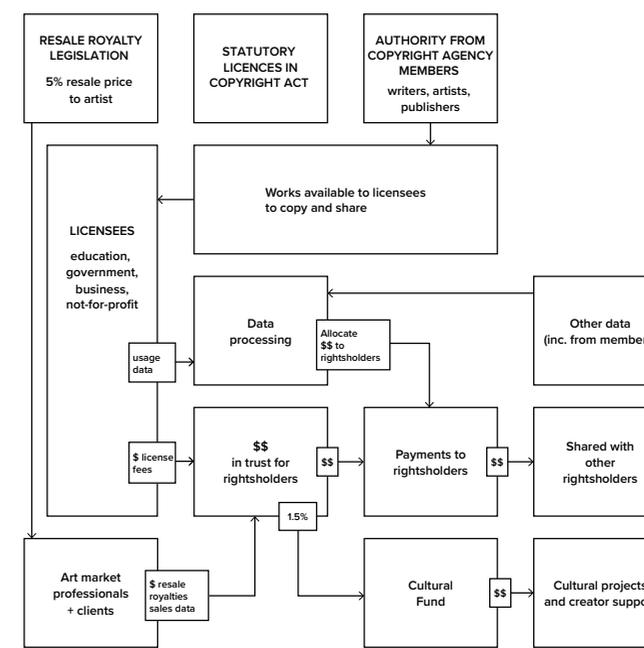
A statutory licence for education was introduced in 1980 following the recommendations of an expert committee,¹⁸ extensively amended in 2000 to enable digital uses of content (such as making content available on an intranet and emailing),¹⁹ and simplified in 2017 following a joint proposal from Copyright Agency, Screenrights and education sector representatives. In 1990, the Attorney-General’s Department produced guidelines for ‘declared’ collecting societies, which are reflected in Copyright Agency’s Constitution.²⁰

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, data collection, and distribution of compensation to content creators.

4 OUR BUSINESS: AN OVERVIEW



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

¹¹ The primary copyright treaty, the Berne Convention, provides that parties are not required to have an artists’ resale right, but that if they do they must provide reciprocity to nationals of other countries that have the right. In Australia, the right is granted by the *Resale Royalty Right for Visual Artists Act 2009* (Cth), overseen by the Minister for the Arts. One of the key arguments for the right is that it benefits ‘fine artists’ who receive fewer benefits from the copyright system than other creators (such as writers and composers) whose work is primarily created for copying and communication rather than the value of the ‘original’ version.

¹² copyright.com.au/duration.

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

¹⁴ Australia is party to a number of treaties, such as the Berne Convention administered by the World Intellectual Property Organization (WIPO) and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), administered by the World Trade Organization (WTO). Australia is also party to a number of bilateral and other agreements that affect copyright, such as the Australia–US Free Trade Agreement.

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

¹⁶ For example, the use of print music in schools is mostly done under the AMCOS print music licence 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.

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, trademarks and designs: see ipaaustralia.gov.au/understanding-intellectual-property.

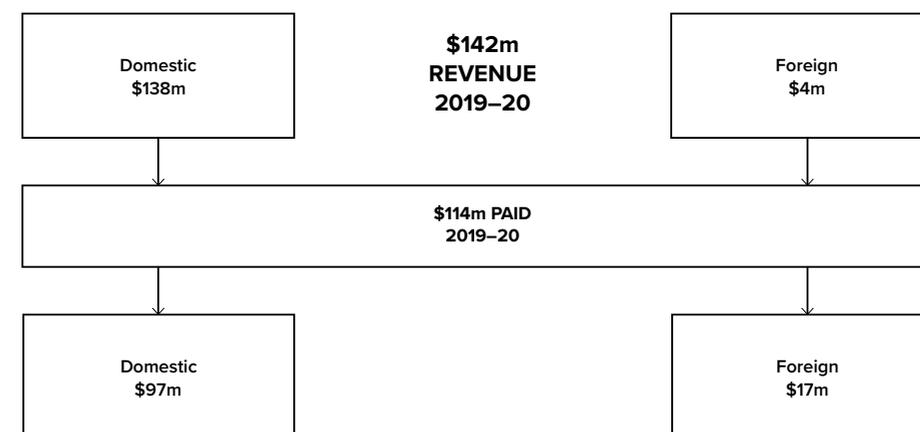
4.1 REVENUE BY CATEGORY

These figures are for revenue recognised for the 2019–20 financial year, rather than received in that period.²⁴

\$ Million	2015–16	2016–17	2017–18	2018–19	2019–20
Schools	62.7	63.4	64.6	61.5	58.0
Universities	30.7	31.6	32.5	32.5	32.5
TAFEs	3.3	3.4	3.5	3.5	3.3
Other education providers	6.3	7.0	7.2	7.4	7.4
Education total	103.0	105.4	107.8	104.9	101.2
States & territories	3.9	4.1	4.0	4.2	4.8
Commonwealth	1.5	1.6	1.5	1.5	1.5
Survey plans	2.7	0.8	0.9	2.2	1.3
Government total	8.1	6.5	6.4	7.9	7.5
Media monitoring organisations	12.1	18.7	19.5	17.6	15.3
Other commercial	5.9	6.7	7.1	7.6	7.9
Overseas	4.1	3.8	3.2	4.1	3.6
Resale royalty	0.8	0.8	1.0	0.9	1.0
Visual arts	–	–	1.6	2.1	2.4
LearningField	3.1	3.0	3.5	4.0	2.1
Investment income	2.0	1.9	1.8	1.6	0.7
Other	0.6	0.7	0.2	0.1	0.5
Other total	28.6	35.6	37.9	38.0	33.5
TOTAL	139.7	147.5	152.1	150.8	142.2

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.²⁵ For more on payments to content creators, and funds received in 2018–19 for distribution in 2019–20, see Parts 12 and 13. Our gross costs in 2019–20 were \$21.9m (15.4% of revenue) including operating costs of \$18.3m (12.9% of revenue) and \$3.6m of non-operating costs.



4.3 REVENUE AND DISTRIBUTIONS 2016–20

\$ Million	2015–16	2016–17	2017–18	2018–19	2019–20
Revenue	140	148	152	151	142
Distributions	116	118	124	116	114

²⁴ This includes licence fees that are currently the subject of proceedings in the Copyright Tribunal, from media monitoring companies and universities. See further external auditors' report, annexed.

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

5 EDUCATION SECTOR LICENSING

The statutory licence scheme for education in the Copyright Act allows copying and sharing of text and images for education, by educational institutions, 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 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 to the Education Council (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 about 1,000 independent educational institutions. Some of these agreements cover activities in other countries, based on authorisation from our members rather than the statutory licence. We also offer a joint licence, with music licensing bodies, to the early childhood sector, which is based on authorisation from our members rather than the statutory licence.

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

5.1 DEVELOPMENTS IN 2019–20

- working with CAG to consider new data collection methodologies that harness opportunities provided by new technologies and reduce the reporting burden on teachers
- continuation of proceedings in the Copyright Tribunal to establish new data collection methodologies in universities, and approach for determining fair compensation for writers, artists and publishers, having regard to technological and other developments since the previous application to the Tribunal more than 20 years ago
- licensed, under individual agreements, more than 1,000 other education institutions (such as registered training organisations), 74 of which are newly licensed institutions

In response to COVID-19:

- agreeing to requests from the school and university sectors to pause data collection surveys
- assisting our members to respond to requests for assistance from schools
- assisting the Australian Society of Authors and the Australian Publishers Association to develop the Storytime arrangements to enable the recording and online delivery of children's stories by libraries and schools
- providing flexible payment plans to licensees in the education and commercial sectors

5.2 TOTAL COST OF EDUCATION FOR SCHOOL STUDENTS

According to the Australian Curriculum, Assessment and Reporting Authority, the recurrent government funding for school education in 2017–18 was **\$61.5 billion: about \$16,000 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 current four-year agreement with schools (2019–22), the amount per student decreases each year so that in 2022 it will be about 25% less than the amount per student in 2018.

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 heard the case in September 2020, and is expected to give a determination in early 2021. 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 2020, we had 1,028 individual agreements in place with education institutions, 74 of which are newly licensed institutions (50 commercial institutions, and 24 non-commercial institutions).

Roughly 58% 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 I–IV. Some offer specialist education, such as theological studies, business studies and English language training.

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

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

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

5.6 EARLY CHILDHOOD LICENCE

We offer a joint licence, with music licensing bodies, to cater for the needs of early childhood education and care providers.³³

5.7 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. These activities were more limited in 2020 due to COVID-19. Engagement in 2019–20 included:

- ACPET Conference – Gold Coast, August 2019
- English Australia Conference – Melbourne, September 2019
- VELG Conference – Brisbane, September 2019
- Early Childhood Australia Conference (with APRA AMCOS) – Hobart, September 2019
- IHEA Library Summit – Melbourne, October 2019
- Community Colleges Conference – Brisbane, November 2019

²⁶ The statutory licence was first introduced in 1980 and has been amended numerous times, including in 2000 to cover digital content and communication, and in 2017 to simplify the legislative framework.

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 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.

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 further external auditors' report, annexed.

³³ <https://www.copyright.com.au/licences-permission/educational-licences/early-childhood-education-licence>.

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 COLLECTION OF INFORMATION ABOUT CONTENT USED UNDER THE LICENCE

Information provided by schools and universities is taken into account for two separate things:

1. to understand licensee behaviour regarding the use of content, including reliance on the statutory licence; and
2. to assist with distribution of fair compensation to content creators.

The information relevant to (1) does not require identification of individual rightsholders. The information relevant to (2) can come from multiple sources, including information provided by members.

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;
- cost of collecting and processing data; and
- the approach to assessing the value of the statutory licence.

6.1.1 Future data collection

The future methods of data collection are currently under review as a result of:

- undertakings in the current agreement between Copyright Agency and CAG (2019–22) to develop new data collection methods for the school sector;
- proceedings in the Copyright Tribunal (commenced in September 2018) to establish new methods of data collection in the university sector; and
- COVID-19, which has made the implementation of the past methodology impractical for the period of the pandemic.

6.1.2 Data collected from surveys in samples of schools and universities

Until COVID-19, a small sample of schools and universities were participating in annual surveys of usage conducted by an independent research company.³⁴ The surveys have been largely paused as a result of COVID-19.³⁵

The design of each survey (including sample design and duration) was agreed with CAG (for schools) and UA (for universities), and those organisations participated in training of survey participants. By agreement with education sector representatives, survey participants recorded some uses made outside the statutory licence.³⁶

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

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

6.2 SURVEY RECORDS FROM SCHOOLS AND UNIVERSITIES PROCESSED IN 2019–20

The below table shows the number of records from surveys in schools and universities that we processed in 2019–20. In most cases, these survey records comprised 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 included 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 2019–20. 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	68,893	84,797	348,643	2019: terms 1–4
Schools: digital	18,249	28,914	114,116	
Universities: hardcopy	927	1,542	14,515	2019: semester 2 2020: semester 1
Universities: digital	6,784	13,444	239,891	
TOTAL	94,853	128,697	717,165	

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

As noted in the DPPs agreed with education sector representatives:

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

Given the need to keep costs reasonable, the researchers do not identify every rightsholder for every survey record. They do, however, identify rightsholders for nearly all survey records, including records on which a teacher has marked 'source unknown' on the cover sheet.

³⁴ 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.

³⁵ In universities, the hardcopy survey in the last surveyed institution for Semester 1 ceased in week 6, but there has been some continuation of the electronic use survey by arrangement.

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

³⁷ 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).

³⁸ 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'.

6.3 2019 SCHOOLS SURVEYS

Under the arrangements before COVID-19, agreed between Copyright Agency and CAG, an independent research company conducted two surveys of copying in a sample of schools. One survey recorded 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. 2016, 2018)
- Victoria, Tasmania, Queensland and Western Australia in the 'odd' years (e.g. 2017, 2019).

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

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

6.4 NUMBER OF SCHOOLS AND STUDENTS IN AUSTRALIA IN 2019

In 2019, there were **9,503 schools in Australia**, with nearly **3.95 million students**: 65.7% in government schools, 19.5% in Catholic schools and 14.8% in independent schools.³⁹

6.5 SCHOOLS SURVEYED IN 2018–2019

The below table outlines the number of schools that completed surveys of printing, scanning and photocopying in 2018–19:

School sector		2018				2019					TOTAL	
		NSW	ACT	SA	NT	2018 Total	VIC	QLD	WA	TAS		2019 Total
Government	Primary	37	1	2	0	40	23	16	12	1	52	92
	Secondary	19	2	3	0	24	11	8	4	1	24	48
	Total government	56	3	5	0	64	34	24	16	2	76	140
Non-government	Primary	31	3	1	1	36	7	12	4	1	24	60
	Secondary	22	1	3	2	28	15	4	4	1	24	52
	Total non-government	53	4	4	3	64	22	16	8	2	48	112
TOTAL		109	7	9	3	128	56	40	24	4	124	252

6.6 PRINTING, SCANNING AND PHOTOCOPYING BY SCHOOLS SURVEYED IN 2018

The 2019 data was not available in time for this report.

There were **84,485 students** in the schools surveyed for photocopying, printing and scanning in 2018.

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.⁴⁰

The 128 schools surveyed:

- **photocopied 2.8 million 'pages'** of content⁴¹
- **printed 508,000 'pages'**
- **scanned 17,000 'pages'**

Taking into account the survey results for both 2017 and 2018, the calculated 'pages' per student is 156.24.

6.7 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 more than 700,000 'pages' of content under the licence.

The calculated 'pages' per student for 2018 is listed in the below table:

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

³⁹ abs.gov.au/ausstats/abs@.nsf/mf/4221.0.

⁴⁰ 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.

⁴¹ '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).

6.8 USES EXCLUDED FROM LICENCE FEE NEGOTIATIONS FOR SCHOOL SECTOR

In negotiations with the school sector, uses of content that were excluded from consideration include those that:

- do not ordinarily require copyright permission;⁴²
- we have been notified by the copyright owner are directly licensed for educational use;⁴³
- are presumed to be directly licensed for educational use;
- are presumed to have no value (such as 'technical' copies); and
- are not practicable to 'measure'.

There were two mechanisms for taking these uses into account in fee negotiations:

1. uses recorded in surveys that are excluded in accordance with the data processing protocols agreed with CAG; and
2. overall discounts for a class of excluded use.

In the data processing protocols agreed with CAG, 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.

The fee negotiations include adjustments 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

6.9 BOOKS SCHOOL TEACHERS COPIED IN 2018–19

The list below is the top 50 books copied by teachers surveyed in 2018–19, selected by the number of schools the books were copied in (rather than the total number of copies made). The list is sorted alphabetically.

- Addition and Subtraction: Student Book (Mathletics Instant Workbooks: Series D)
- Arty Animal Outlines
- Benchmark Assessment System 1
- Benchmark Assessment System 1: Years K–2: Levels A–N
- Cambridge HSC Mathematics: General 2
- Cambridge Maths: NSW Syllabus for The Australian Curriculum: Year 9 Stage 5.1/5.2/5.3
- Cambridge Maths: NSW Syllabus for The Australian Curriculum: Year 8
- Cambridge Maths Stage 6 Year 11: Mathematics Standard
- Excel Essential Skills: New Year 7 Mathematics Revision and Exam Workbook 1
- Excel Essential Skills Mathematics Revision and Exam Workbook: Year 10
- Fountas and Pinnell Benchmark Assessment System 2
- Fractions Decimals and Percentages: Student Book (Mathletics Instant Workbooks: Series G)
- Fractions Decimals and Percentages: Student Book (Mathletics Instant Workbooks: Series F)
- General Mathematics: Units 1 and 2: Cambridge Senior Mathematics Australian Curriculum VCE
- Have Sum Fun: 200 Maths Puzzles
- IMaths 4: Student Book
- IMaths 5: Student Book
- Maths Plus 2: Australian Curriculum Edition: Student Book
- Maths Plus 3: Student Book: Australian Curriculum
- Maths Plus 5: Student Book: Australian Curriculum
- Measurement (Mathletics Instant Workbooks: Series D)
- Multiplication and Division (Mathletics Instant Workbooks: Series E)

- Multiplication and Division (Mathletics Instant Workbooks: Series F)
- New Century Maths 8 for the Australian Curriculum: NSW Stage 4
- Numbers (Mathletics Instant Workbooks: Series B)
- Numbers (Mathletics Instant Workbooks: Series C)
- Operations with Numbers (Mathletics Instant Workbooks: Series C)
- Persuasive Text Worksheets: Primary
- PM Benchmark 1: Reading Assessment Resource
- PM Benchmark Kit 1: Teachers' Notes
- PM Benchmark Kit 2: Reading Assessment Resource
- PM Benchmark Kit 2: Teachers' Notes
- Primary Mathematics: Book B
- Probe 2: Reading Comprehension Assessment Kit
- Revisit Reflect Retell: Time Tested Strategies for Teaching Reading Comprehension
- Sound Waves 3: Student Book
- Sound Waves 4: Student Book
- Space Shape and Position (Mathletics Instant Workbooks: Series D)
- Sum Fun: 170 Maths Puzzles
- Targeting Maths Australian Curriculum Edition Student Book Year 1
- Targeting Maths NSW Student Book Year 2
- Teaching Reading Comprehension Strategies
- Teaching Reading Comprehension Strategies: A Practical Classroom Guide
- Times Table Challenge
- Words Their Way: Word Sorts for Letter Name – Alphabetic Spellers
- Words Their Way: Word Sorts for Syllables and Affixes Spellers
- Words Their Way: Word Sorts for Within Word Pattern Spellers
- Writing Book: A Practical Guide for Teachers
- Year 8 Mathematics Revision and Exam Workbook (Excel Essential Skills Series)
- Year 9 Mathematics Revision and Exam Workbook 1 (Essential Skills: Years 7 to 10 Series)

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'.

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.

7 FLEX FOR EDUCATION

Copyright Agency has worked with international company Kortext to develop an online product called FLEX, which makes the task of preparing and delivering 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 in 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, Australian Academic Press, Bloomsbury Publishing, Cengage, CSIRO, HarperCollins, McGraw-Hill, Pearson, PsychOz, Oxford University Press, Wiley and Wolters Kluwer.

FLEX customers get access to participating publishers' digital original files and high-quality scans from the British Library. 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 2020, we had deployed FLEX with 11 licensees (some comprising multiple colleges), a further 11 were running a trial, and seven had expressed an interest in a trial. We had also started early discussions about a trial with another 10 licensees, comprising 30 colleges or institutes.

8 GOVERNMENT SECTOR LICENSING

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

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).

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

8.1 DEVELOPMENTS IN 2019–20

- settlement with the Government of NSW for the past liability back to July 2012 and the payments forward to June 2023⁴⁹
- agreements in place with the NSW government until June 2023, and with the Northern Territory and Commonwealth governments until June 2021;
- processes to extend other agreements with other governments in train, affected by COVID-19;
- agreement on retrospective payment with Tasmanian government for sales of survey plans; and
- negotiations with Northern Territory government regarding sales of survey plans.

8.2 NUMBER OF GOVERNMENT EMPLOYEES

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

State	Reported for	FTEs
Commonwealth	2016–2017	208,824
ACT	2018–2019	15,649
NSW	2011–2012	208,308
NT	2017–2018	16,892
QLD	2017–2018	151,052
VIC	2017–2018	94,281
WA	2018–2019	77,374
TAS	2017–2018	21,189
SA	2018–2019	58,830
Total		852,400

⁴⁶ The statutory licence is in Part VII Division 2 of the Copyright Act.

⁴⁷ Screenrights is similarly declared for broadcast content.

⁴⁸ The legislation does not enable the Tribunal to 'declare' Copyright Agency for communication, only for 'government copies'.

⁴⁹ The settlement does not cover state-owned corporations.

9 COMMERCIAL LICENSING

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.⁵⁰

The licences do not cover works that are listed on Copyright Agency’s website as excluded works,⁵¹ 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 2019–20

- 88 new clients and 792 extended licences to cover additional content and uses resulting in a 2.1% 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
- Settled 6 infringement matters in the financial year generating \$33,000 in one-off payments for past use, and \$15,000 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 licences.⁵²

9.2 LICENCES FOR THE CORPORATE SECTOR

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

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

Other licence schemes include:

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

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);⁵³ 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 2019–20, they conducted 52 training sessions with a range of organisations around Australia.

And the team participated in the following industry events:

- Public Relations Institute of Australia (PRIA) Annual Conference – November 2019
- Australasian Reporting Awards (ARA) – July 2019
- LG Professional, Victoria – Corporate Partners for FY 2020–21
- Franchising Council
- LGNSW Conference – November 2019
- Association of Corporate Counsel
- Association of Regulatory and Clinical Scientists

9.6 CLOSURE OF 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.

At the end of the 2019 calendar year, the LearningField service was withdrawn from the market, following an announcement to that effect in early 2019. 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.

⁵⁰ rightsportal.copyright.com.au/.

⁵¹ copyright.com.au/excluded-works.

⁵² See external auditors’ report, annexed, at page 3.

⁵³ 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 ‘blanket’ licences that cover agreed uses for all artist members, in advance of the use. The uses are reported after the event. This type of licence is used in conjunction with long-term licence agreements and to assist administration of high volume uses.

10.1 DEVELOPMENTS IN 2019–20

- Licensing worth nearly \$1.5m
- Significant licences included those for the Sydney Zoo, Matisse and Picasso exhibition at NGA, model trains, Ella Bache promotion, NBN cabinet wraps, home furnishing collaborations – Adairs with Miimi & Jiinda, Kip&Co with Bábbarra – Wesfarmers/Jam Factory corporate gifts with Warmun, architectural uses at Newman Medical Clinics, Ord Valley Aboriginal Health Service, Chancellery building at Monash University and Cairns Bailey Hotel.

- Public galleries, auction houses and commercial licences contributed 70% of the licensing revenue this year, with commercial licences in home furnishings, architectural, merchandise, branding and event uses.
- Artists licenced include the artists of Bábbarra, Margaret Preston, Matisse, Picasso, Tiwi artists, Joy Hester, Leanne Watson and many more.
- The 2019 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 exhibition.⁵⁴ The 2020 JFA finalists' exhibition has been postponed until March 2021. That exhibition will be a celebratory conclusion to the decade long partnership between the Fries family and Copyright Agency presenting the John Fries Award. Copyright Agency will continue to support visual artists through the Cultural Fund.
- We were pleased to support Sydney Contemporary Art Fair through a special program of digital commissions which supported artists in the creation of new work.

⁵⁴ 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.⁵⁵ 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

- the resale royalty scheme has generated over \$8.5m in royalties from more than 21,000 resales benefitting over 1,950 artists
- 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
- 65% of the artists receiving royalties are Aboriginal and Torres Strait Islander artists, who received 37% of the royalties
- of all the artists receiving royalties, over 35% reside in the Northern Territory and central Australia – demonstrating the regional and remote impact of the scheme
- in 2019–20 we paid more than \$980,000 in artists’ resale royalties to 480 recipients

	2019–20	Since June 2010
Resales reported ⁵⁶	8,006	80,457
Resales subject to royalty ⁵⁷	2,206	21,329
Royalties invoiced	\$1,028,193	\$7,453,036
Royalties collected	\$1,152,927	\$7,424,047
Royalties paid (exc. admin fee)	\$985,649	\$6,180,867

⁵⁵ 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.

⁵⁶ Resales for \$1,000 or more.

⁵⁷ 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.

⁵⁸ 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).

The following shows the percentage of resales reported to Copyright Agency that met the eligibility criteria for payment of a royalty, by payment range.⁵⁸

Royalty amount	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
\$50–99	45%	44%	42%	41%	40%	40%	38%	37%	35%
\$100–999	54%	53%	54%	52%	54%	55%	56%	57%	57%
\$1,000–4,999	1%	2%	3%	4%	5%	4%	5%	5%	6%
\$5,000–19,999	0%	0%	1%	1%	1%	1%	1%	1%	1.5%
\$20,000+	0%	0%	0%	1%	0%	0%	0%	0%	0.5%

11.2 PAYMENTS BY STATE/TERRITORY

The following shows payments by state and territory, from the commencement of the scheme in June 2010.

State	% payments June 2010 – June 2020
NSW	35%
VIC	15%
QLD	4%
WA	2%
ACT	6%
SA	3%
NT	34%
TAS	1%

11.3 STAKEHOLDER ENGAGEMENT

Stakeholder engagement included:

- Information sessions and meetings to discuss resale royalty at or in conjunction with key events such as the IACA conference, CIAF, Desert Mob, Darwin Aboriginal Art Fair, Ku Arts Conference, Sydney Contemporary, MGA conference and the Adelaide Biennial of Australian Art. These forums are utilised to reach artists, art centre managers, arts workers and art market professionals. We also presented to the Aboriginal Art Association of Australia in Alice Springs.
- Information sessions to artists via the professional development component of their tertiary education course and artist studio talks.
- Articles to drive compliance, provide clarity on eligibility criteria and support efficient administration of the scheme. These articles are used in CANVAS, on the website and in email communication to relevant stakeholders:
 - Where to find the answers to your Resale Royalty questions: a guide to available resources and useful ways to contact the Copyright Agency's Resale Royalty team.
 - The Resale Royalty Right: Scheme Performance 2010 to 2020.
 - Find out what the Post-Implementation Review says about the Resale Royalty Scheme's early growth and how it's tracking now
- Information provision to artists and art market professionals via email alerts and through our visual arts eNewsletter, CANVAS – Copyright Agency News for Visual Artists. CANVAS is performing extremely effectively with a distribution of over 10,900 (2,200 more than last report) and an open rate of 41% (up 4% from last report), and well above the industry open rate of 29%. Our average click rate of 5.4% is also above the industry rate of 4.2%.
- We participated in many advocacy and policy discussions, such as presenting at the hearing of the Environment and Communications Legislation Committee for the Competition and Consumer Amendment (Prevention of Exploitation of Indigenous Cultural Expressions) Bill 2019.

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.⁵⁹

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

In 2019–20, we made payments to more than 10,000 unique recipients, many of whom pass payments on to others (e.g. as agents).

12.1 PAYMENTS TO CONTENT CREATORS BY LICENCE SECTOR AND PUBLICATION TYPE

The following table shows estimates of allocations to content creators according to type of publication the content was copied from, where relevant, and licence sector.⁶⁰ It also shows the amounts for the annual artists' and writers' royalty claim distributions. These are amounts set aside from licence fees for artists and writers where there is limited usage data, and are in addition to allocations from other sources, such as artistic works copied from books or websites in schools and universities.

	\$ Million					TOTAL
	Education	Government	Commercial	Overseas	Other	
Book	58.15	3.39	1.48	1.31	1.49	66
Journal	2.98	3.58	1.56	0.24		8
Newspaper/magazine	1.26	2.78	19.19	0.11		23
Website/online content	5.81	0.02	0.01			6
Other	2.03	0.01	0.00			2
Artists' royalty claim	1.80	0.09	0.04			2
Writers' royalty claim	0.64	0.60	0.65			2
Artwork licences				0.30	1.53	2
Survey plans		2.00				2
Artists' resale royalties					0.99	1
TOTAL	73	12	23	2	4	114

12.2 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 2019–20, we allocated more than \$15m in direct payments to writers and artists. We also allocated more than \$84m to publishers, mostly for books. Book publishers pass on a share of Copyright Agency payments to writers and artists in accordance with their publishing contracts. We also allocated more than \$12m to copyright management organisations to pass on to their members, and nearly \$2m to surveying firms from sales of survey plans by state governments.

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.

12.3 DISTRIBUTION BY STATE AND TERRITORY

ACT	1%
NSW	57%
NT	1%
QLD	11%
SA	1%
TAS	1%
VIC	23%
WA	5%

12.4 ALLOCATION RECIPIENTS FOR 2019–20

The following tables show amounts allocated in 2019–20, some of which may be paid in subsequent financial years.

12.4.1 All payments

		\$m	%
Australian	Education resources creator	49.0	43%
	Core content creators	44.4	39%
	Surveying firms	2.0	2%
	Not-for-profit	2.0	2%
	Education/training body	1.1	1%
	Government	0.1	0%
	Other	0.7	1%
Australian total		99.3	87%
Foreign	Foreign collecting societies	10.8	9%
	Core content creators	3.5	3%
	Not-for-profit	0.2	0%
	Education resources creator	0.1	0%
	Foreign total	14.6	13%
Total	114	100%	

⁵⁹ copyright.com.au/distribution-policy.

⁶⁰ 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.

12.4.2 Schools

		\$m	%	Recipients
Australian recipients	Education resources creators	34.29	70%	771
	Other core content creators	8.77	18%	1,430
	Not-for-profit bodies	0.67	1%	226
	Education/training bodies	0.44	1%	60
	Artists' royalty claim	0.98	2%	1,276
	Government bodies	–	–	–
	Other	0.26	1%	165
	Total	45.42	93%	3,928
Foreign recipients	Foreign collecting societies	3.15	6%	30
	Other foreign recipients	0.49	1%	54
	Total	3.63	7%	84
GRAND TOTAL		49.05	100%	4,012

12.4.3 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	5.89	43%	176
	Other core content creators	3.43	25%	1,502
	Artists' royalty claim	0.14	1%	1,276
	Not-for-profit bodies	0.09	1%	69
	Education/training bodies	0.08	1%	144
	Government bodies	–	–	–
	Other	0.05	0%	73
	Total	9.68	70%	3,240
Foreign recipients	Foreign collecting societies	2.82	20%	40
	Other foreign recipients	1.25	9%	95
	Total	4.06	30%	135
GRAND TOTAL		13.75	100%	3,375

12.4.4 TAFEs

		\$m	%	Recipients
Australian recipients	Education resources creators	1.10	39%	334
	Other core content creators	0.73	26%	1,011
	Artists' royalty claim	0.37	13%	1,276
	Writers' royalty claim	0.20	7%	3,822
	Not-for-profit bodies	0.05	2%	35
	Education/training bodies	0.04	1%	91
	Government bodies	–	–	–
	Other	0.02	1%	58
	Total	2.50	89%	6,627
Foreign recipients	Foreign collecting societies	0.21	8%	9
	Other foreign recipients	0.10	4%	37
	Total	0.31	11%	46
TOTAL	2.81	100%	6,673	

12.4.5 Other education providers

		\$m	%	Recipients
Australian recipients	Education resources creators	1.79	29%	324
	Other core content creators	1.55	24%	1,076
	Newspaper publishers	0.50	8%	109
	Writers' royalty claim	0.44	7%	3,822
	Artists' royalty claim	0.31	5%	1,276
	Not-for-profit bodies	0.11	2%	267
	Education/training bodies	0.08	1%	76
	Other	0.04	1%	105
	Total	4.75	76%	7,054
Foreign recipients	Foreign collecting societies	0.88	14%	22
	Other foreign recipients	0.58	9%	68
	Total	1.47	24%	90
TOTAL	6.28	100%	7,144	

12.4.6 Governments

The distribution of licence fees compensation from governments in 2018–19 was (apart from that from survey plans) mostly based on data from various sources indicating content that was available to governments to use during the licence period (rather than information about actual use). We used different data sources for different types of content (such as books, journals, newspapers and images), in accordance with the best data available to us at the time at a reasonable cost.⁶¹

		\$m	%	Recipients
Australian recipients	Core content creators	2.13	24%	824
	Education resources creators	1.65	19%	206
	Newspaper publishers	0.85	10%	109
	Writers' royalty claim	0.60	7%	3,822
	Artists' royalty claim	0.09	1%	1,276
	Not-for-profit bodies	0.12	1%	74
	Education/training bodies	0.25	3%	285
	Other	0.09	1%	134
Total		5.70	67%	6,729
Foreign recipients	Foreign collecting societies	1.83	21%	24
	Other foreign recipients	1.01	12%	52
	Total	2.84	33%	76
TOTAL		8.57	100%	6,805

⁶¹ We had regard to the Attorney-General's Department's guidelines for declared collecting societies (2001) in determining the approach to the distribution.

13 CULTURAL FUND

Copyright Agency's Constitution allows the Board to allocate up to 1.5% of income to support writers, visual artists, publishers and creative organisations through the Cultural Fund.⁶² With an annual budget of approximately \$2 million the Cultural Fund supports a wide variety of projects each year.

In 2019–20, **\$1,643,016** was approved through the Cultural Fund for 81 projects, including six Create Grants and four Copyright Agency Fellowships.

Some of the funds approved are for release in subsequent years.

	Applica- tions	Approved	Declined
Grants for Organisations	258	81	170
Create Grants	188	6	172
Author Fellowship	21	1	18
Fellowship for Non-Fiction Writing	37	1	35
Fellowship for a Visual Artist	43	1	41
Reading Australia Fellowship for Teachers of English and Literacy	6	1	5
TOTAL	553	91	441

13.1 RECIPIENTS BY CATEGORY 2019–20

Some of the amounts paid were approved in previous years.

Category	Total	%
Fellowships – AF, FNFW, FVA, RAF	\$255,000	15.52
Journal/Review	\$172,513	10.50
Industry Initiatives	\$170,000	10.35
Trade Association	\$143,500	8.73
Writing Organisations/Projects	\$131,181	7.98
Prize/Award	\$120,200	7.32
Visual Arts Organisations/Projects	\$94,105	5.73
Theatre	\$91,500	5.57
University	\$90,000	5.48
Creation/New Work, Create Grants	\$80,000	4.87
Poetry	\$79,700	4.85
Festival/Event	\$65,000	3.96
Publisher	\$47,750	2.91
Education	\$36,727	2.24
Children's Literature	\$36,400	2.22
Cultural Institution	\$19,440	1.18
Indigenous Organisations	\$10,000	0.61
TOTAL	\$1,643,016	100

⁶² copyright.com.au/cultural-fund. The deduction does not apply to artists' resale royalties or payments from Screenrights for artists.

⁶³ copyright.com.au/cultural-fund/projects-supported.

13.2 PROJECTS SUPPORTED BY THE CULTURAL FUND IN 2019–20

The following projects were approved for funding in 2019–20.

These, and projects supported in previous years, are described in more detail on our website.⁶³

In some cases, the funding was approved for a project spanning up to three years.

Organisation	Amount	Project
ACT Writers Centre	\$11,992	ACT Writer-in-Residence program
Adelaide Writers' Week	\$15,000	Curated panel sessions
Art Fairs Australia	\$15,000	Sydney Contemporary
Artspace Visual Arts Centre Ltd	\$8,250	BOOKMACHINE powered by Artspace, Sydney
Association for the Study of Australian Literature	\$15,000	Public Events Program 2020–22 including writers' lectures, panels and conferences
Australia Council for the Arts	\$20,000	Copyright Agency VIPs Fellowships 2020
AustLit and The University of Queensland	\$15,000	Teaching and Learning with Blackwords – professional development for teachers in WA
Australian Association for the Teaching of English	\$10,500	2019 AATE National Conference
Australian Association for the Teaching of English	\$8,000	2020 AATE National Conference
Australian Book Review	\$20,000	Contributors' fees – commentary on cultural, political and social issues
Australian Children's Laureate Foundation	\$26,400	Australian Children's Laureate Stipend
Australian Historical Association	\$8,000	Travel and Writing Bursaries 2019
Australian Historical Association	\$9,000	Early Career Researcher Scheme 2020
Australian Library and Information Association	\$30,000	Australian Reading Hour (Australia Reads)
Australian Literacy Educators' Association	\$8,000	Literacies of our Learners Conference: Understanding, Responding, Connecting
Australian Poetry	\$19,700	Australian Poets Festival 2020
Australian Publishers Association	\$30,000	Residential Editorial Program for Editors
Avant Gaga	\$10,000	The Poetry Night at Sappho

Bad Producer Productions	\$14,000	The Garret (podcast): Develop teaching resources for works by diverse writers on Reading Australia
Better Reading	\$8,000	Better Reading on Writing – Diversity in Children's Writing Podcast 2020
Better Reading	\$15,000	Online month-long features and promotion of Australian emerging authors 2020
Biennale of Sydney	\$26,655	NIRIN: Reader, a commissioned volume of texts for the 22nd Biennale of Sydney
Big Issue in Australia Limited	\$20,000	The Big Issue Fiction Edition 2019
Big Issue in Australia Limited	\$5,000	The Big Issue Fiction Edition 2020
Blackfella Films	\$20,000	Books That Made Us, Companion Volume to ABC TV series
Booked Out Agency	\$15,000	Celebrating Literature across Australia: Rural and Regional Author Visits
Byron Writers' Festival	\$5,000	Curated panel sessions
Centre for Stories Limited	\$11,475	Inclusion Matters – creative and professional development program for emerging writers
Co-Curious	\$20,000	NextGen – Creative Development & Capacity Building in theatre for people from diverse backgrounds
Cordite Publishing	\$10,000	Author Payments for Poetry Contributors and Book Authors
Council of Trustees of the National Gallery of Victoria	\$8,400	Essays to be published in Destiny Deacon book to accompany exhibition
Fremantle Press	\$5,750	Training authors in media promotion and showcasing to festival directors
Griffith Review	\$30,000	Griffith Review Reportage Pilot Program 2019
Griffith Review	\$16,000	Unsettling the Status Quo: Supporting new First Nations' work 2020
Inside Story Publishing	\$25,000	Inside Story Essays and Reportage 2020
Institute of Modern Art	\$15,000	Creolization: supporting new work by Australian artists
International Pen Sydney Centre	\$10,000	PEN Free Voices – funding for speakers' events
Kaldor Public Art Projects	\$10,500	do it (homework) – Connecting artists with schools
Kill Your Darlings	\$12,240	KYD/Varuna Copyright Agency Fellowship 2020
Library Board of Queensland	\$19,440	black&write! Editor training program
Meanjin	\$20,000	Meanjin Papers
Melbourne Press Club Inc	\$25,000	Social Justice Journalism Fellowships 2019
MPavilion	\$10,000	MPavilion Emerging Indigenous Writer In-Residence Program

New England Writers' Centre	\$3,714	Varuna/New England Writers' Centre Fellowship
Newcastle Writers' Festival	\$5,000	Curated panel sessions
NewSouth Publishing/ UNSW Press Ltd	\$10,000	Reading Like an Australian Writer (edited by Belinda Castles)
Ngaanyatjarra Pitjantjatjara Yankunytjatjara Women's Council	\$10,000	All the Animals – a children's story book about donkeys and Anangu by storytellers and artists of Tjanpi Desert Weavers, published by Allen & Unwin
Nine/Fairfax Media	\$90,000	In partnership with the Judith Neilson Institute for Journalism and Ideas, support the Emerging Critics Program to review new books, theatre, and the visual arts
Office of Other Spaces	\$10,000	Funding for Ceridwen Dovey to write text and for visual artists for The Moon Speaks project
PEN Melbourne Centre of International PEN	\$6,000	FreeSpeak Project: promoting literature, defending freedom of expression
Perpetual Limited	\$37,500	2020 Miles Franklin Literary Award
Perth Festival Literature & Ideas Weekend	\$10,000	Curated panel sessions
Photo Australia	\$10,000	PHOTO Fellowship program for mid-career Australian artists
Poetry in Action	\$22,727	Develop a new schools' program, Riots and Revolutions
Queensland Art Gallery Gallery of Modern Art	\$15,300	2020 Open Studio Program – supporting Australian mid-career artists
Queensland Theatre	\$18,500	Support for Robyn Archer to write 'The Other Great Australian Songbook'
Red Room Poetry	\$18,000	Poetic Moments Journeys – Australian Poems on Trains, Ferries, Buses, Trams
Red Stitch Actors Theatre	\$15,000	INK New Writing Program 2020
Spineless Wonders Publishing	\$5,000	Microflix Writers Award and Symposium
Spineless Wonders Publishing	\$9,000	Carmel Bird Digital Literary Award 2021
State Library of Queensland	\$15,000	Queensland Literary Awards – <i>David Unaipon Award for an Emerging Aboriginal and/or Torres Strait Islander Writer 2020</i>
Sydney Living Museums	\$10,000	Cutter & Coota – a play for young people by Bruce Pascoe
Sydney Morning Herald	\$10,000	Best Young Australian Novelist Award 2020–22
Sydney Review of Books	\$16,500	Emerging Critics Fellowships 2020–22
Sydney Theatre Company	\$20,000	New writing and mentorships

Sydney Writers' Festival	\$15,000	Curated panel sessions at SWF 2020
The Australian/ Nationwide News	\$60,000	In partnership with the Judith Neilson Institute for Journalism and Ideas, support the publication of Sarah Holland-Batt's weekly column in Review
The Eleanor Dark Foundation	\$10,000	The Blue Mountains International Writers' Residency Program for Australian writers at Varuna – The Writers' House
The Literature Centre	\$10,000	Talented Young Writers Program (Years 6–12) in Albany, Bunbury, Busseton, Geraldton, WA
The Stella Prize	\$25,000	The Stella Prize 2021–23
University of Notre Dame Australia	\$30,000	Residency for novelist Charlotte Wood
University of Queensland Press	\$12,000	Indigenous poetry anthology edited by Alison Whittaker 2019
University of Queensland Press	\$10,000	First Nations Story Anthology edited by Ellen van Neervan 2019
University of Queensland Press	\$7,000	Extraordinary Voices for Extraordinary Times Poems and Podcast 2020
University of Tasmania	\$20,000	The Hedberg Writers-in-Residence Program 2021
Urban Theatre Projects	\$8,000	Michael Mohammed Ahmad, Sarah Ayoub and Omar Sakr to create novellas rewriting the dominant narratives around the lives of second-generation Lebanese-Australian citizens
Us Mob Writing	\$10,000	Poetry in language – skills development workshop
UWA Publishing	\$18,700	The Dorothy Hewett Award for an Unpublished Manuscript 2020–22
Westerly Centre	\$7,773	Westerly Magazine's Writers' Development and Fellowship Program 2020–22
Western Sydney University	\$25,000	Two writers in residence
Word Travels	\$15,000	Story-Week 2020–22

13.3 CREATE GRANTS 2019–20

The following applicants were successful for Create Grants in 2019–20.

Recipient	Amount	Activity
Abdul Abdullah	\$10,000	Abdul will create 'Hierarchies', using reprogrammed surveillance technologies to co-opt a gallery into a screening room where audiences will observe their real-time digital profiling on large display monitors in the space.
Tegan Bennett Daylight	\$20,000	Tegan will write a new work of literary non-fiction.
Sulari Goonetilleke, writes as Sulari Gentill	\$15,000	Sulari will work on her upcoming novel, a post-modern cross-cultural thriller that sets up stories within stories, entwining the narratives in a climax that can be read on many levels.
Eloise Grills	\$10,000	Eloise will write a memoir that dissects the multiplicity and fragmentation of feminine identity and how it is constructed through bodily transformation, makeup, beauty, mother-daughter relationships, sexuality, social codes and technology. They will explore how one can make sense of themselves in a culture obsessed with fitting women and non-binary people into boxes.
Daniel Keene	\$15,000	Daniel will write a play that explores the aftermath of the ecological and social disaster brought about by climate change.
Debbie Symons	\$10,000	Debbie an environmental artist, will create and develop her project 'Sing' comprising 50 hand-woven pendant nests containing sensor-activated mini speakers playing pre-recorded bird songs, suspended from the gallery ceiling.

13.4 FELLOWSHIPS 2019–20

The following applicants were successful for Fellowships in 2019–20.

Fellowship	Amount	Awarded to
Author Fellowship	\$80,000	Adelaide writer Stephen Orr , for his work <i>The Journey</i> , which will be a fictionalised reimagining of pastor Carl Strehlow and his fourteen-year-old son, Theodor, as they travel through the South Australian desert. Orr will examine the country, the Indigenous people and the history of the Lutheran missions, and explore the nature of hope, and the danger of good intentions.
Fellowship for Non-Fiction Writing	\$80,000	Sydney author and critic James Bradley , for <i>Deep Water</i> , a series of interconnected essays that will offer an engaging portrait of the catastrophe taking place in our oceans, from plastic pollution to warming. It will probe not just the way we imagine the ocean, but also pose a series of much larger questions about our relationship with the natural world, time and extinction.
Fellowship for a Visual Artist	\$80,000	Western Australian Danielle Freakley will make the virtual-reality piece, 'Imagine Your Friends', which will be exhibited in a solo exhibition at the performance space HERE Art Centre in New York. Freakley's recent artworks on parasocial relationships have been exhibited at the Tate, Liverpool Biennial, Seychelles Biennial, Kunstahalle Zurich and others. The new digital work she is proposing widely questions imaginary friend function throughout history and in current everyday lives offline and online.
Reading Australia Fellowship for Teachers of English and Literacy	\$15,000	Karen Yager , deputy head at Knox Grammar School in New South Wales, will focus on the connection between the Australian landscape and literature, with the aim of developing an extensive resource to support English teachers in improving their students' writing. She says her research will feature 'the evocative writing of Australian writers who have captured the heart and soul of landscapes to inspire young people to improve their own writing'.

13.5 PROJECTS SUPPORTED THROUGH THE COPYRIGHT AGENCY'S EMERGENCY ACTION FUNDING 2020

This year the Copyright Agency's Board approved a special allocation of \$500,000 from the Future Fund to support writers, visual artists, publishers and creative organisations affected by COVID-19.

61 projects have been supported through this initiative. The full list of recipients is below.

Name	Amount	Project
Abadee, Nicole	\$5,000	'Books, Books, Books' podcast featuring interviews with Australian writers
All That We Are	\$5,000	ArTELIER Youth: professional mentoring for aspiring writers and illustrators
Arnot, Tully	\$2,500	To support research, learning and development of new skills in building virtual reality artworks for an online visual arts exhibition
Artspace Visual Arts Centre	\$6,000	Jonathan Jones – a major research & community engagement visual arts project
Avant Gaga	\$10,000	The Poetry Night at Sappho – a monthly poetry event that presents a diverse selection of established and emerging poets
Awad, Amal	\$5,000	To write a novel, 'The Things We See in the Light'
Baker, Tiyan	\$2,500	To support the development and delivery of a new online collaborative visual arts project, 'Panic Buy'
Bates, Vanessa	\$5,000	To write an interlocking suite of ten theatrical monologues about different female characters, creating a play, 'Girls On Film'
Betzien, Angela	\$5,000	To write 'Chalkface', a new play
Blake, Tom	\$2,500	For a visual arts project, 'cliche of the stone'
Booked Out Speakers Agency	\$5,000	<i>Reaching Out Online</i> – bringing online writers' and illustrators' events to Australian schools
Brisbane Writers' Festival	\$5,000	<i>Room to Dream</i> online writers' festival
Bruniges, Tim	\$5,000	'Music between rooms', a visual arts project featuring a new response to remote, live sound installation practice
Byron Writers' Festival	\$28,290	Byron Writers' Festival 2020 Online
Canberra Glassworks	\$8,000	Residency for visual artist Megan Cope
Canberra Writers' Festival	\$5,000	Canberra Writers' Festival 2020 Online
Centre for Stories	\$4,800	Journal – to create a series of online writing by emerging and established Australian writers
Children's Book Council Australia NSW Branch	\$10,000	Kids' Book Creators with Curious Creatures at Taronga Zoo
Cosmos magazine	\$16,000	New ways of seeing: commissions for creative writers to engage with Australian science through a series of long-form features in Cosmos magazine

Croggon, Zoe	\$2,500	To support the creation and exhibition of a new visual arts project
Curious Works	\$9,700	Everything Is Fine – Writers' Group Development – a collaborative theatre project developed by young, Western Sydney writers, sharing their perspectives and experiences with mental health through comedy and storytelling
Elborne, Dan	\$2,500	For a visual arts project exploring the culture of violence
Giggs, Rebecca	\$5,000	To develop a narrative non-fiction book, 'Pet'
Glastonbury, Keri	\$2,500	81 Austerities (Revisited), a new poetry collection
Groom, Amala	\$5,000	Visual arts project, 'be here now'
Guardian Australia/ Penguin Random House/ individual writers	\$75,000	To commission Australian writers to respond to the challenges of 2020 in the series <i>Fire, Flood and Plague</i> , published in <i>Guardian Australia</i> from July onwards. These essays and more will be published by Penguin Random House on 1 December 2020 in the anthology <i>Fire Flood Plague</i> edited by Sophie Cunningham
Hannan, Victoria	\$4,650	To write the second draft of her novel, 'Marshmallow'
Herrick, Steven	\$5,000	A tour of schools and public libraries in regional NSW, regional QLD and Brisbane to publicise new book
Inside Story Publishing	\$11,000	<i>Inside Story</i> – special commissions for feature articles and high-quality analysis from Australian writers
Iwantja Arts	\$11,000	For Vincent Namatjira to create a new body of work
Janson, Julie	\$5,000	To write a new novel, 'Wilga', about the death of a river
John Fries Award	\$10,000	To create Artist Videos for the 2020 John Fries Award finalists
Kill Your Darlings	\$4,000	Digital Marketing Professional Development for KYD staff
Koh, Julie	\$5,000	Research to support writing the second draft of novel, 'Universal Protagonist'
Lang, Steven	\$5,000	To write a novel, 'The Coming of the Sheep'
Le, Nam	\$5,000	To write a suite of long poems, each about a 'place' in Melbourne
Leal, Suzanne	\$5,000	To write a novel, 'The Wrath of Evelyn White'
Llewellyn, Caro	\$5,000	Together – Remotely, a series of regular online forums featuring writers affected by COVID-19
Lukins, Robert	\$5,000	Writing the first draft of a new novel, 'The Ecstasy of Tess'
Mackellar, Maggie	\$5,000	To write a novel, 'Diary of a Shepherd'
Maslen, Kylie	\$5,000	To write a new full-length work of narrative non-fiction, 'It Gets Better'
Melbourne Writers' Festival	\$25,000	Melbourne Writers' Festival 2020 Online
Mutton, Katy	\$2,500	For a visual arts project, 'The Panopticon'
Parry, Naomi	\$5,000	To write 'Musquito and his world: exploring colonial lives'
Pickrell, John	\$5,000	'Flames of Extinction' – writing about the recent bushfires
Poetry In Action	\$25,000	Poetry In Action 2020 online program
Rackham, Melinda	\$2,500	For visual artist project, #remakemistresses

Riddle, Naomi	\$6,000	To publish new critical writing and commission visual artworks in the journal <i>Running Dog</i>
Sharpe, Wendy	\$2,500	A visual arts project, 'Dreams in Dark Times – Pandemic Diary'
Southerly Journal	\$12,000	Writing Through Fences – contributors' fees for new writing by refugee writers
Spicer, Tracey	\$5,000	<i>Wednesday Night Book Club</i> – a series of interviews with Australian women and marginalised writers conducted by noted reviewers and writers
Stockdale, Jacqui	\$2,500	For a visual arts project, 'Isolation Diorama'
Sydney Writers' Festival	\$35,000	Sydney Writers' Festival 2020 Online
TasWriters	\$5,000	Residencies supporting Tasmanian writers to create new work
Taweel, Shireen	\$5,000	'Switching Codes' – a visual arts project that will unpack the Lebanese cultural practice of code-switching between Arabic, French and English via the medium of sculpture and sound
Theatre Works	\$5,000	<i>She Writes</i> – a new writing and performance program for emerging or mid-career female-identifying playwrights
Valentine, Alana	\$5,000	To write a new play, PILGRIM 21
WestWords	\$5,000	Online programs to support writers from Western Sydney
Woodward, Tim	\$2,500	A visual arts project, 'Food_Moves'
Word Travels	\$12,000	Word Travels 2020 Program – to deliver online workshops, public forums, mentoring and poetry slam events from June to October as part of the international Australian Poetry Slam (APS) and Story-Fest
Writing WA	\$4,800	<i>Love to Read Local</i> – to enable Writing WA to pay ASA rates to WA authors to participate in virtual book club events
Total	\$500,740	

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. 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;
- conferences and stakeholder engagement and for website development; and
- the 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. Recently the focus has been to publish resources for books that are being taught in schools and for important literary titles that should be taught in the classroom.

A further 180 titles, covering all genres and periods of Australia's literary history, have been added to Reading Australia.

Resources are available for 205 titles, 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 with accompanying resources.

20 titles have AustLit trails, which are curated collections of information covering the title's context, themes, and more, as well as links to academic research and publications.

13.7 DEVELOPMENTS IN 2019–20

- 20.2% increase in subscriber numbers from 16,500 to 19,831
- Total pageviews for the year are 841,890, an increase of 16.8% (from 720,831) in 2018–19
- New resources:
 - 19 new teacher resources for secondary students – 127 in total
 - Eight new resources for primary schools – 78 in total
 - Dub Leffler commissioned to create colouring sheets for the Reading Australia illustrator gallery
- The inaugural Reading Australia Fellowship for Teachers of English and Literacy was awarded to Alexander Wharton
- Partnership with The Garret podcast to produce a further eight resources to accompany podcast interviews with Reading Australia authors and illustrators (for a total of 24 resources)
- Partnership with Red Room Poetry to develop a poetry competition for Australian students and teachers. Over 2,000 entries were received
- Engagement with Australian publishers to source potential titles for Reading Australia
- Conference participation:
 - July 2019, ALEA National Conference in Melbourne
 - December 2019, AATE National Conference in Melbourne

14 MONEY HELD FOR PAYMENT TO 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 2020 FOR PAYMENT TO RIGHTSHOLDERS

As at 30 June 2020, there was \$31.6m⁶⁴ for payment to members representing:

	\$m
1. Licence fees received but not yet allocated ⁶⁵	17.2
2. Licence fees allocated but not yet paid	10.0
3. Unpaid allocations for return to members as reduction in operating costs	4.4
TOTAL	31.6

14.2 LICENCE FEES RECEIVED BUT NOT YET ALLOCATED

The table below shows licence fees invoiced to 30 June 2020 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 2020, but received in the 2020–21 financial year.

Licence sector	To be allocated \$m
Education	0.5
Government	4.9
Other	11.8
Total	17.2

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

Licence fees were due from the school sector in April 2020 for January to December 2020, and allocated to rightsholders in June 2020. Most allocations were paid to rightsholders by 30 June.

Licence fees payable under the interim arrangements with Universities Australia set by the Copyright Tribunal are invoiced quarterly and paid to members twice a year, in December and June. The fees for January to June 2020 were due in April 2020, allocated to rightsholders in June 2020, and mostly paid to rightsholders by 30 June 2020.

14.4 WHY ALLOCATED FUNDS HAVE NOT YET BEEN PAID

The following is a breakdown of allocations that we were holding at 30 June 2020.

	\$ million				Total
	Education	Government	Commercial	Other	
Pending Member Confirmation	1.87	0.14	0.17	0.02	2.20
Non-Member	0.29	0.51	0.02	2.10	2.93
Progress Blocked	0.69	0.24	0.29	0.27	1.50
Rightsholder Unidentifiable	2.73	0.08	0.09	0.12	3.03
Rightsholder Not Entitled to Claim	0.08	–	0.01	–	0.09
Claim Dispute	0.04	–	–	–	0.04
Pending Membership Approval	–	–	–	0.02	0.03
Payment In Progress	0.09	0.01	0.02	0.06	0.17
Total	5.80	0.98	0.61	2.61	10.00

⁶⁴ Does not include adjustment of \$1.6m for payments in transit and GST shown in auditors' report at Note 11.

⁶⁵ This includes amounts that will be deducted for operating costs.

14.5 UNPAID ALLOCATIONS FOR RETURN TO MEMBERS

We are required to hold allocations from statutory licence fees for at least four years. Under our current distribution policy, allocations from non-statutory licence fees can be released after 12 months. The Board determines how unpaid allocations that are no longer held for specific rightsholders ('rollovers') will be applied.

At 30 June 2019, we were holding \$3.96m in unpaid allocations made since 30 June 2011. The Board determined that those funds would be returned to members, by way of a reduced deduction for operating costs, over a three-year period (\$1.3m a year). As a result, we are still holding \$2.6m of the \$3.9m. In 2019–20, we spent the \$1.3m on upgrading our IT systems.

We are currently holding \$4.4m of unpaid allocations, comprising \$2.6m of the 2019 amount and \$1.78 of unpaid allocations that 'rolled over' in 2019–20. 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. We have planned to apply \$3.02m to expenses in 2020–21.

Licence fees from	\$ million				TOTAL
	2013	2014	2015	2016	
Schools	0.24	0.31	0.37	0.53	1.45
Universities	0.19	0.08	0.11	0.14	0.52
TAFE	0.46	–	0.25	0.05	0.77
Individually licensed education institutions	–	0.01	0.13	0.07	0.22
Governments (inc. survey plan sales)	–	–	0.21	0.50	0.71
Commercial	–	–	0.11	0.21	0.32
Overseas	0.02	0.02	0.10	0.28	0.42
Total unpaid after 4 years	0.91	0.41	1.29	1.78	4.40
Total allocated	94.67	96.35	125.01	114.35	
% Unpaid	1.0%	0.4%	1.0%	1.6%	

14.6 REASONS ALLOCATIONS WERE NOT PAID IN 4 YEARS

	\$ million				Total
	Education	Government (inc. survey plan sales)	Commercial	Other	
Allocated to member but not claimed	0.04	0.01	0.01	0.00	0.06
Work identified: rightsholder unknown	0.61	0.13	0.11	0.03	0.89
Rightsholder identified, but not contacted or did not join	0.12	0.34	0.09	0.22	0.77
Foreign recipients: no agreement with foreign collecting society	0.02	0.01	0.01	0.03	0.06
Total	0.79	0.50	0.21	0.28	1.78

14.7 RESERVES AS AT 30 JUNE 2020

As at 30 June 2020, there was \$15.46m in reserves, representing:

	\$m
Future Fund reserve	11.57
Indemnity Fund reserve	3.41
Amalgamation reserve	0.48
TOTAL	15.46

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.

15 OPERATING COSTS

14.8.1 Funds allocated and spent to 30 June 2020

	\$ million						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
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				
Returned to operating costs				(0.20)		(0.75)	(2.25)
Public awareness and advocacy	0.00	(0.06)	(0.12)	(0.16)	(0.04)		(0.50)
Net movement for year	0.00	4.27	6.17	(0.36)	(0.04)	(0.75)	(2.75)
Net balance	5.03	9.30	15.47	15.11	15.07	14.32	11.57

14.8.2 Use of the Fund in 2019–20

In accordance with a Board decision to reduce the Fund over time, \$2.25m was released from the Fund and used to meet the company's expenses: \$1.57m for legal costs and \$680,000 for upgrading our IT systems.⁶⁷

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.

An additional \$0.5m was used to support members affected by COVID-19. The projects are listed at 13.5: *Projects supported through the Copyright Agency's Emergency Action Funding 2020*.

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).

14.10 FUNDS FOR DISTRIBUTION AND RESERVES AT 30 JUNE 2014–20

	\$ million						
	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Funds for distribution and return to members	61.7	36.1	29.2	40.2	35.4	27.3	31.6
Reserves	6.8	12.2	18.4	18.4	19.4	18.2	15.5
Total	68.5	48.3	47.6	58.6	54.8	45.5	48.1

⁶⁶ 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.

⁶⁷ The legal costs were associated with three separate proceedings in the Copyright Tribunal relating to payments from media monitoring companies (\$0.6m), universities (\$0.9m) and the government of NSW (now settled: \$0.1m).

Our operating costs are met from licence fees.⁶⁸ For most licence schemes, we make a deduction for anticipated operating costs when licence fees are received, rather than a fixed commission.⁶⁹ 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).⁷⁰

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 2019–20

- Revenue recognised: \$142.2m
- Total expenses: \$18.28m

Cost	\$m
Employee benefits	11.89
Depreciation and amortisation	1.65
Occupancy expense	0.25
Consultancy costs	0.65
Sampling (surveys of content usage by licensees)	1.25
Legal costs	0.07
Information technology costs	1.16
Marketing and communications	0.38
Office running costs	0.2
Other expenses	1.26
TOTAL	18.28

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	FY20
Cost Ratio	15.0%	14.3%	14.3%	14.1%	13.9%	13.8%	12.9%

⁶⁸ In accordance with the Copyright Act, the Copyright Regulations, the government Guidelines for Declared Collecting Societies and Copyright Agency's Constitution.

⁶⁹ There is a fixed commission from some of the commercial licence schemes.

⁷⁰ We do not make any deductions for the Cultural Fund from artists' resale royalties or LearningField subscriptions.

16 MEMBERS

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 2019–20, employee benefits expense was 8.4% of total revenue (65% 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 2019–20, staffing levels ranged from 87.73 full-time equivalent (FTE) to 82.19 FTE
- At 30 June 2020, there were 82.19 FTE staff
- As at 30 June 2020, the median remuneration (including superannuation) for all staff was \$116,537.50

Staff remuneration greater than \$153,600⁷¹ is as follows:

Remuneration range ⁷²	\$153,600 –200k	\$200–250k	\$250k+
Staff in range 2019–20	7	8	3

Membership of Copyright Agency is free. Anyone with a copyright interest in a text work or image can apply for membership.⁷³ Applications for membership are approved by the Board.

Until November 2017, there were three classes of membership: 'author', 'publisher' and 'collecting society'.⁷⁴ 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 than directly from Copyright Agency.

16.1 MEMBERS AT 30 JUNE 2020

In 2019–20, 832 new members were admitted to membership. Some memberships also ceased for various reasons (e.g. a company ceased trading).

Year	Members
2013	26,732
2014	28,375
2015	29,539
2016	30,462
2017	30,987
2018	34,257
2019	36,707
2020	37,416

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.

16.2 MEMBERS BY PROFILE

Authors	56%
Artists	20%
Publishers	22%
Surveyors	2%
Copyright management organisations	0.2%

16.3 MEMBER ENQUIRIES

The Member Services team answered nearly 13,800 enquiries in 2019–20, mostly from members.

Query Type	Jul–Sep 2019	Oct–Dec 2019	Jan–Mar 2020	Apr–Jun 2020	Total
Email	2,304	1,521	1,298	2,310	7,433
Phone	1,173	1,293	1,199	1,322	4,987
Online chat	230	167	302	665	1,364
Total	3,707	2,981	2,799	4,297	13,784

Many members are now getting the information they need from the online Help Centre: there were more than 29,000 views of information on the Help Centre in 2019–20.

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

The Member Services team responded to more than 98% of enquiries within four hours.

⁷¹ Employees who earn over the high income threshold are considered 'high income employees' under the Fair Work Act 2009. The threshold for 2020 is \$153,600 (includes superannuation guarantee contributions but not incentive payments).

⁷² Includes superannuation but not incentive payments.

⁷³ Membership is open to owners of copyright and their agents.

⁷⁴ 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.

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)⁷⁵ and the International Confederation of Societies of Authors and Composers (CISAC)⁷⁶. Copyright Agency plays an active role on the IFRRO Committees, and is on the Executive Committee of CISAC's visual arts body, CIAGP.⁷⁷ Copyright Agency is also a member of the Press Database and Licensing Network (PDLN)⁷⁸.

17.1 AGREEMENTS

Copyright Agency currently has agreements with 36 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 2019–20 include JCOPY (Japan) – digital bilateral agreement, February 2020.

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	\$m
2015–16	4.1
2016–17	3.8
2017–18	3.2
2018–19	4.1
2019–20	3.6

In 2019–20, the top five sources of international revenue were:

Copyright Clearance Center (CCC, USA)	\$1,547,725
Copyright Licensing New Zealand (CLNZ, NZ)	\$768,092
Authors Licensing and Collecting Society (ALCS, UK)	\$398,972
Copyright Licensing Agency (CLA, UK)	\$395,553
Vervwertungsgesellschaft Bild Kunst (VGBildKunst, Germany)	\$131,115

17.3 INTERNATIONAL ENGAGEMENT IN 2019–20

- Copyright Agency hosted a visit from Copyright Clearance Center (CCC), 26 Sept 2019 in relation to enhancing corporate licensing schemes
- Participation in CISAC CIAGP Annual Meeting, 1–2 October 2019, Berlin Germany, presenting on visual arts licensing and resale rights developments in the Asia Pacific region
- Participation in IFRRO Annual World Congress, 5–8 November 2019, Edinburgh Scotland, including presentations at the International Business Models Forum, Legal Issues Forum, the Newspapers and Periodicals Working Group, and Visual Arts Working Group. We also chaired the Asia Pacific Committee Meeting
- Series of meetings with IFRRO and partner CMOs including CLNZ (NZ), CLASS (Singapore), CLA (UK), KORRA (South Korea), CCC (US), JCOPY (Japan), JAC (Japan), NLA (UK), ARS (USA), ASCRL (USA), PICSEL (UK), DACS (UK), VG BildKunst (Germany), VIETRRO (Vietnam), ACCESS Copyright (Canada), PLS (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)
- Delivered training at Norcode Seminar for Collective Management Organisations (Asia Pacific Region), 9–14 November 2019, Hanoi Vietnam. Norcode is a Norwegian not-for-profit dedicated to building cultural infrastructure in developing countries and works closely with WIPO to deliver copyright training programs for developing CMOs in different regions
- Hosted visit from CISAC Director General, Gadi Oron, 12 December 2019, to discuss the Australian Resale Royalty Scheme for Artists and developments in introducing the resale right in countries in the Asia Pacific region
- Hosted study tour for delegates from South Korean collective management organisation, KORRA, 2–4 December 2019, focusing on governance, survey/distribution methodology, and new licensing developments
- Participated in CISAC Asia Pacific Committee Annual Meeting, 21 May 2020 (online), focusing on the impact of COVID-19 on global creative industries and collective management organisations in the region

⁷⁵ ifrro.org.

⁷⁶ cisac.org.

⁷⁷ In 2019–20 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.

⁷⁸ pdln.info. Josephine Johnston is a member of the Executive Board.

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 2019–20

The major development was the release of the report by the Australian Competition and Consumer Commission (ACCC) from its inquiry into digital platforms in July 2019, followed by the release of a Concepts Paper on a code governing bargaining between digital platforms and media companies in May 2020 and draft legislation in July 2020.

18.2 SUBMISSIONS AND REPRESENTATIONS IN 2019–20

Engagement in policy and advocacy included:

- response to the final report of the Australian Competition and Consumer Commission (ACCC) from its inquiry into digital platforms (September 2019);⁷⁹ and
- response to ACCC Concepts Paper of Code of Conduct for digital platforms (June 2020).

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 2019–20

- Joint sponsorship of Parliamentary Friends of Books and Writing group
- Meetings with various Departments and Ministers
- This Book Changed My Life panels at Writers Festivals
- John Fries Award for early career visual artists
- Major sponsorship of Miles Franklin Literary Award
- Major sponsorship of the Reading Hour with the Publishers Association and Australian Library and Information Association
- Sponsorship of the Australian Book Industry Awards, Educational Publishing Awards Australia, Walkley Awards for Journalism
- Sponsorship of Walkley 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
- 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 Providers
- 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
- Training sessions about the Copyright Agency's processes with business licensees and members on request

⁷⁹ <https://www.accc.gov.au/system/files/Copyright%20Agency%20%28May%202019%29.pdf>.

20 GOVERNANCE AND ACCOUNTABILITY

Copyright Agency is a signatory to the Code of Conduct for Copyright Collecting Societies.⁸⁰

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.⁸¹

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 2019–20

- website for Code of Conduct for Australian Copyright Collecting Societies launched: copyrightcodeofconduct.org.au
- amended Code of Conduct adopted, implementing recommendations of government report
- undertaking by Copyright Agency and other collecting societies to implement recommendations in report
- Code Reviewer's report on collecting societies' compliance with the Code of Conduct in 2018–19 published (available on new Code of Conduct website)
- report to Code Reviewer on compliance with the Code of Conduct 2019–20 (available on Code of Conduct website)

Directors' Report and Financial Report

For the year ended
30 June 2020

⁸⁰ The Code is available at copyright.com.au.

⁸¹ There are links to the declaration and guidelines at copyright.com.au/governance.

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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 2020 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
- Jane Curry
- Jason Eades
- Adele Ferguson AM
- Cath Godfrey (appointed 20/11/2019)
- Dr Kate Harrison
- Anne Maria Nicholson (appointed 20/11/2019)
- Helen O'Neill
- Dr Oliver Watts
- Kimberley Williams AM
- Anthony Bertini (resigned on 20/11/2019)
- Lucrezia Russell (resigned on 20/11/2019)
- Christopher Pash (resigned on 20/11/2019)

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 \$140,985,408 (2019: \$149,114,503). With the addition of interest income on funds invested and other minor sources of income, revenues for the year totalled \$142,232,953 (2019: \$150,850,012).

After deducting the costs of running the Company, including employee, occupancy and other relevant expenses, the Company allocated \$120,537,199 (2019: \$127,759,254) 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 \$2,724,408 (2019: \$741,877) represents monies disbursed by the Company for certain non-operating expenses sourced from the Future Fund and Indemnity Fund for that purpose.

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 \$113,920,753 (2019: \$116,375,207).

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;
- 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;
- Merged with Viscopy Limited by way of scheme of arrangement from 30 November 2017 with the effect

DIRECTORS' REPORT CONTINUED

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; and

- Licenses other entities, such as businesses, local government and media monitoring organisations on behalf of our 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;

- Provide certainty over statutory licensing revenue and increase corporate licensing; and
- Improved business systems and reduced operating costs.

After balance date events

The coronavirus (COVID-19) has had a limited level of impact on the Company's operations and activities since its outbreak. Most of the Company's revenue is from contracts or in accordance with court orders which have produced a consistent result up to the date of reporting. Approximately 25% of the Company's revenue is derived from the private sector with potentially more exposure to the impact of COVID-19. However to date, the impact to the overall performance of operation has not been significant, and this is expected to continue. However it is possible that it may become material to the Company as the effects and consequences are outside the Company's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Company will remain a going concern.

Other than the impacts and potential impacts of COVID-19, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations, the results of those operations, or the state of affairs of the Company, in future financial years.

Likely developments

Other than the impacts and potential future impacts of COVID-19, 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 applications 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.

NSW litigation

In November 2017, the Company started proceedings in the Tribunal against the State of New South Wales in relation to the rate that should be payable by the State of NSW for the use of copyright material under the statutory licence for Governments and the method to estimate usage of that material. This matter was settled as at 30 June 2020 with a retrospective payment for the period 1 July 2012 to 30 June 2019. The State also agreed to pay the same rate as all other States, Territories and the Commonwealth from 1 July 2019 until 30 June 2023.

Litigation against universities

The remuneration agreement between the Company and Universities Australia (on behalf of 39 participating institutions) expired on 31 December 2018. 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. The Company 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 commenced hearing the matter 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 a number of 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 March 2019 and resolved to reduce it 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.

In April 2020 the Board approved a draw down of \$375,000 from the Future Fund to support an emergency program for creators in the COVID-19 crisis. This was increased by an additional \$125,000 in May 2020.

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 33 years in publishing. Other directorships include Pearson Australia Group. Former Chair of Robert Menzies College and former chair of Copyright Agency's Education Portal Committee.
Special responsibilities	Australian Publishers Association Director since 2011. Member of Audit and Finance Committee. Member of Nomination and Governance Committee.

Anthony Bertini	Director (resigned on 20/11/2019)
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 Holdings, 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 Aglive, a paddock to plate blockchain data company securing agricultural exports, Non-Executive Director of Nano Cellulose. Former Australian deal maker UKTI (Global Entrepreneur Program) and CEO and founder of ASX Listed 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.

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. In 2002 Jane established the award winning independent publishing house Ventura Press. A former Director of the Australian Publishers Association and convener of its Independent Publishers Committee; and former member of Copyright Agency's Education Portal Committee.
Special responsibilities	Publisher members elected Director since 2015. Convener of Audit and Finance Committee. Member of Cultural Fund Committee. Member of Remuneration Committee.

Jason Eades	Director
Qualifications	Associate Diploma of Arts – Koorie Studies (Monash University College Gippsland)
Experience	Born and raised on Gunnai country in eastern Victoria with connection to the South Coast of NSW. More than 25 years' experience in leadership roles within the Indigenous for purpose and corporate sectors. Currently holds the position of Chief Executive Officer, Welcome to Country. Previously Director, Consulting with Social Ventures Australia and Chief Executive Officer PricewaterhouseCoopers Indigenous Consulting. Former Non-Executive Director at Australian Indigenous Mentoring Experience (AIME) and a member of the Australia Council's First Nations Arts Strategy Panel.
Special responsibilities	Independent Director since December 2017. Convener of Visual Arts Committee. Member of Cultural Fund Committee. Member of Nominations and Governance Committee.

Adele Ferguson AM	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 <i>The Sydney Morning Herald</i> , <i>The Age</i> and <i>The Financial Review</i> . 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> . Currently a Director of the Walkley Foundation and was made a member of the Order of Australia in 2019.
Special responsibilities	Author members elected 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. Convener of Copyright Committee. Member of Audit and Finance Committee. Member of Cultural Fund Committee. Member of Nominations and Governance Committee.

Helen O'Neill	Director
Qualifications	BA (Hons)
Experience	Journalist with <i>The Sydney Morning Herald</i> , <i>The Australian</i> and <i>Vogue Australia</i> . 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 Nominations Committee.
Special responsibilities	Australian Society of Authors appointed Director since 2014. Member of Cultural Fund committee. Member of Copyright Committee.

Lucrezia Russell	Director (resigned on 20/11/2019)
Qualifications	BA (commerce), CPA
Experience	Former General Manager of John Wiley & Sons Higher Education Division; former Convener of the Australian Publishers Association Tertiary and Professional Committee and former member of Copyright Agency's Education Portal 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. Convener of Audit and Finance Committee. Member of Copyright Committee. Member of Cultural Fund Committee. Member of Remuneration Committee.

DIRECTORS' REPORT CONTINUED

INFORMATION ON DIRECTORS' AND COMPANY SECRETARY

Christopher Pash	Director (resigned on 20/11/2019)
Qualifications	GAICD
Experience	Author, working journalist and media executive. Director and former Chair of the Australian Society of Authors. Editor of AdNews. 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. Author of <i>The Last Whale</i> (Fremantle Press, 2008), a narrative non-fiction book about the final days of whaling in Australia. Former member of Copyright Agency's Education Portal Committee.
Special responsibilities	Australian Society of Authors appointed Director since November 2016. Member of Cultural Fund 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 Copyright Committee. Member of Visual Arts 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, the Australian Film Finance Corporation, the Cranlana Centre of Ethical Leadership, and Mojo Power. Currently the Chair of the Thomson Reuters Board of Trustees, the State Library of NSW Foundation (Co-Chair), and VidCorp. He is also on the Board of the University of Western Sydney Foundation and Myer Family Investments, and is 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. Convenor of Remuneration Committee. Convenor of Nominations and Governance Committee.

Cath Godfrey	Director
Qualifications	BA
Experience	Currently the Managing Director of McGraw Hill Education Australia and New Zealand. Cath was the Publishing Director at Australasian Medical Publishing Company and the Regional Director Australia, New Zealand and South East Asia at Wolters Kluwer Health. She has held senior management and publishing positions at S&P Global, Thomson Reuters and Pearson, giving Cath 25 years' experience in educational and professional publishing in Australia and the South East Asian market. Cath is also a director of the Australian Publishers Association.
Special responsibilities	Convenor of Tertiary and Professional Committee of the Australian Publishers Association. Member of Cultural Fund Committee. Member of Copyright Committee.

Anne Maria Nicholson	Director
Qualifications	GAICD (Graduate Australian Institute of Company Directors)
Experience	Anne Maria has had a career spanning more than 40 years working as a journalist, both internationally and in Australia, including 20 years as a senior news and current affairs reporter and producer with the Australian Broadcasting Corporation. She has written three novels and her broad governance experience includes four years as an elected alderman on Manly Council, focusing on planning reforms, environmental protection and arts initiatives. She is also the recipient of the Getty Fellowship in LA for arts journalism. Life member of the MEAA and Manly Art Gallery and Museum Society.
Special responsibilities	Deputy Chair of Australian Society of Authors since 2018. Member of Cultural Fund Committee. Member of Visual Arts 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 & Finance Committee		Cultural Fund Committee		Copyright Committee		Visual Arts Committee	
	Number eligible to attend	Number attended								
David Barnett	5	3	4	2	–	–	–	–	–	–
Jane Curry	5	5	4	4	4	4	–	–	–	–
Jason Eades	5	5	4	4	4	4	–	–	2	2
Adele Ferguson AM	5	4	4	3	4	3	–	–	–	–
Cath Godfey	3	3	–	–	1	1	3	3	–	–
Dr Kate Harrison	5	3	4	1	4	1	6	6	–	–
Anne Maria Nicholson	3	3	–	–	1	1	–	–	1	1
Helen O'Neill	5	4	–	–	4	3	3	3	–	–
Oliver Watts	5	3	–	–	4	2	6	4	2	1
Kimberley Williams AM	5	5	4	4	4	4	–	–	–	–
Anthony Bertini	2	2	3	3	3	3	–	–	1	0
Lucrezia Russell	2	2	3	3	3	3	3	3	–	–
Christopher Pash	2	2	–	–	3	3	–	–	–	–

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' REPORT CONTINUED

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	30,701	2,917	33,618
Jane Curry	33,618	–	33,618
Jason Eades	30,701	2,917	33,618
Adele Ferguson AM	30,701	2,917	33,618
Cath Godfey	18,960	1,801	20,761
Dr Kate Harrison	30,701	2,917	33,618
Anne Maria Nicholson	18,960	1,801	20,761
Helen O'Neill	30,701	2,917	33,618
Oliver Watts	30,701	2,917	33,618
Kimberley Williams AM	61,399	5,833	67,232
Anthony Bertini	12,947	–	12,947
Lucrezia Russell	11,824	1,123	12,947
Christopher Pash	11,824	1,123	12,947

DIRECTORS' REPORT CONTINUED

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 obligations of the group. At 30 June 2020, the number of members was 37,416.

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: 

Jane Curry

Dated this 17th day of September 2020

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 2020 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

Tony Nimac

Partner

Sydney

17 September 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue	2	142,232,953	150,850,012
Less: expenses			
Employee benefits expense	3(b)	(11,891,288)	(12,461,270)
Depreciation and amortisation expense	3(c)	(1,649,838)	(1,370,167)
Occupancy expense		249,701	(724,394)
Consultancy costs		(654,122)	(624,996)
Sampling costs		(1,246,639)	(1,222,081)
Legal costs		(66,820)	(376,777)
IT costs		(1,164,066)	(2,051,328)
Marketing and communications		(383,162)	(433,651)
Office running costs		(213,605)	(280,994)
Other expenses		(1,260,832)	(1,244,458)
		(18,280,671)	(20,790,116)
Payments made from reserves			
Future Fund reserve (Legal costs)		(1,570,373)	(750,049)
Future Fund reserve (IT costs)		(679,627)	–
Future Fund reserve (COVID-19 emergency funding)		(500,000)	–
Indemnity Fund reserve (Other expenses)		(18,232)	(57,412)
		(2,768,232)	(807,461)
Payments made from distribution rollover			
IT costs		(1,321,534)	
Less: distributions			
Distribution paid and payable to members	11	(120,537,199)	(127,759,254)
Cultural Fund distributions		(2,049,725)	(2,235,058)
Deficit for the year	3(a)	(2,724,408)	(741,877)
Other comprehensive income for the year		–	–
Total comprehensive income before allocations to reserves		(2,724,408)	(741,877)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	4	551,274	1,584,321
Investments	15	32,214,156	44,156,029
Trade and other receivables	5	37,418,884	30,352,381
Other assets	6	1,564,133	2,611,206
Total current assets		71,748,447	78,703,937
Non-current assets			
Property, plant and equipment	7	6,163,190	6,558,002
Right of use asset	14	1,396,233	–
Intangible assets	8	8,946,270	2,002,241
Other assets	6	1,200,000	–
Total non-current assets		17,705,693	8,560,243
Total assets		89,454,140	87,264,180
Current liabilities			
Payables	9	3,744,882	3,671,744
Provisions	10	1,327,377	1,247,665
Distributions payable	11	30,635,680	25,492,221
Contract liabilities	12	35,931,617	37,957,847
Lease liability	14	614,748	–
Total current liabilities		72,254,304	68,369,477
Non-current liabilities			
Payables	9	243,506	438,312
Provisions	10	263,071	266,188
Lease liability	14	1,227,464	–
Total non-current liabilities		1,734,041	704,500
Total liabilities		73,988,345	69,073,977
Net assets		15,465,795	18,190,203
Equity			
Retained earnings		–	–
Reserves		15,465,795	18,190,203
Total equity	13	15,465,795	18,190,203

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED 30 JUNE 2020

	Retained earnings	Future Fund reserve	Indemnity Fund reserve	Amalgamation reserve	Other reserve	Total equity
	\$	\$	\$	\$	\$	\$
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)
Transfers from reserves	807,461	(750,049)	(57,412)	–	–	–
Transfer surplus to 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
Balance at 1 July 2019	–	14,323,591	3,386,033	480,579	–	18,190,203
Deficit for the year	(2,724,408)	–	–	–	–	(2,724,408)
Transfers from reserves	2,768,232	(2,750,000)	(18,232)	–	–	–
Transfer surplus to reserves	(43,824)	–	43,824	–	–	–
Balance at 30 June 2020	–	11,573,591	3,411,625	480,579	–	15,465,795

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Cash receipts from customers		137,677,568	134,697,926
Cash distributed to members and payments to suppliers and employees		(143,137,917)	(141,006,193)
Net cash used in operating activities		(5,460,349)	(6,308,267)
Cash flow from investing activities			
Interest received		961,610	2,082,823
Payment for property, plant and equipment	7	(78,329)	(924,027)
Payment for intangible assets	7, 8	(7,652,332)	(4,409,684)
Purchase of investments	15	(10,000,000)	–
Decrease in cash on deposit	15	21,892,739	9,378,943
Net cash from investing activities		5,123,688	6,128,055
Cash flow from financing activities			
Repayment of finance leases	14	(696,386)	–
Net cash used in financing activities		(696,386)	–
Net decrease in cash held		(1,033,047)	(180,212)
Cash at the beginning of the financial year		1,584,321	1,764,533
Cash at the end of the financial year	4	551,274	1,584,321

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 57, 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 has been prepared on the basis of historical cost basis except for financial assets that have been measured at fair value through profit and loss.

Critical accounting estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Significant accounting estimates and judgments

made in preparing this financial report are described below:

Accrued revenue

Accrued revenue relates to amounts that are recognised in revenue where the invoice has not been raised. Accrued revenue is recognised based on the best estimate of amounts expected to be received from customers at balance date and may change in the future. Any changes in estimates are adjusted in future years.

(b) Changes in accounting policies

The Company has applied AASB 16 Leases for the first time from 1 July 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4.

AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.

Initial adoption of AASB 16 Leases

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company recognised new assets and liabilities for its operating leases of business premises. The nature of expenses related to those leases has changed because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Company recognised operating lease expense on a straight line basis over the term of the lease.

At 1 July 2019, the Company recognised the following:

- A right-of-use asset for \$1,865,090 for former operating leases;
- A lease liability of \$2,391,391 related to the same operating leases;
- A lease receivable of \$739,701 relating to sub-leases;
- A gain on the sub-lease of \$213,399 relating to the sub-leases.

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether a contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Company has elected to separate non-lease components and account for the lease and non-lease components separately.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is 7.56%.

In dollars	1 July 2019
Operating lease commitments at 30 June 2019 as disclosed under AASB 117 in the Company's financial statements	3,464,660
Non lease component (GST, cleaning and outgoing), excluded under AASB 16	(1,025,139)
Makegood provision associated with leases under AASB 16	300,000
Discounted using the incremental borrowing rate at 1 July 2019	(348,130)
Lease liabilities recognised at 1 July 2019	2,391,391

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company applies derecognition and impairment requirements in AASB 9 to the lease payments receivable. The Company recognises the lease payments received under the sub-leases classified as finance leases as part of 'other receivables'.

(c) Accounting Standards issued but not operative at 30 June 2020

There are no other standards that are not yet effective that impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(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.

Accrued revenue

Accrued revenue is recognised when the Company establishes a right to consideration for services provided but not billed at the reporting date. The accrued revenue is transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking into 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) noncopyright 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, bank overdrafts and investments. 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.

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.

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 and depreciation rate noted in Note 1(k)

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

(j) Impairment of non-financial assets

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.

At each reporting date, the Company assesses whether there were any internal or external indicators of impairment of non-financial assets.

Where impairment indicators are present, 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.

(k) Intangibles

Internally developed software

Internally developed software is capitalised only if the expenditure can be measured reliably, the process is technically feasible, future economic benefits are probable and the Company intends to complete the development. Subsequent to initial recognition, internally generated software is measured at cost less accumulated depreciation and any accumulated impairment losses.

(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) Financial instruments

Recognition and initial measurement

The entity initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

(i) Financial asset

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

(ii) Financial liability

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

(i) Financial asset

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised as financial assets at fair value through profit or loss.

(ii) Financial liability

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of the financial position when, and only when, the Company currently has

a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(n) 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 from statutory licence fees 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.

(o) 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.

(p) Financial risk management policies and objectives

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, its objectives, policies

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash and cash equivalents, investments and receivables from customers.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period, including the servicing of financial obligations and the impact of external impacts such as COVID-19.

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company manages its market risk exposure by executing an investment policy within specific parameters through professional investment advisors.

(q) Distribution rollover

At any given time, the Company holds unpaid distributions for rights-holders:

- who have not yet confirmed entitlement;
- who have elected not to receive an allocation;
- for whom the Company does not have current contact and/or bank details;
- who the Company has been unable to identify and/or locate; and
- that, in aggregate, are less than the minimum payment.

Unpaid distributions to rights-holders from statutory licence fees are held for four years. Unpaid distributions from non-statutory licence fees are held for 12 months, or such other period as the Board may determine from time to time. The Company uses its best endeavours to identify and locate non-members to whom payments have been allocated. If a distribution from statutory licence fees remains unpaid after four years, it is 'rolled over'. The Board determines how the allocated amount will be re-applied. Once distribution has rolled over, a member has no further entitlement to claim it. Currently, amounts rolled over from statutory licence fees are applied to maintain the indemnity fund, and to meet expenses, with the effect of reducing deductions for operating costs. The Board also determines how unpaid distributions from non-statutory licence fees are applied.

NOTE 2: REVENUE

	2020 \$	2019 \$
Revenue from rendering of services	140,985,408	149,114,503
Interest income	796,009	1,620,216
Other income	451,536	115,293
	142,232,953	150,850,012

Other income is primarily made up of recoveries of expenditure outlays and investment income.

NOTE 3: DEFICIENCY FOR THE YEAR

(a) Undistributed deficiency transferred to reserves

The undistributed deficiency for the year represents monies disbursed by the Company for non-operating expenses as shown in the statement of changes in equity:

Transfer to Indemnity Fund reserve	43,824	65,584
Payments made from reserves	(2,768,232)	(807,461)
	(2,724,408)	(741,877)

(b) Employee benefits expense

Wages and salaries	9,664,132	10,259,420
Directors fees and expenses	404,065	430,061
Contributions to superannuation funds	857,596	894,756
Increase in liability for employee benefits	176,595	78,321
Employment taxes and costs	788,900	798,712
	11,891,288	12,461,270

(c) Depreciation and amortisation expenses

Depreciation expenses	632,579	730,996
Amortisation expenses	1,017,259	639,171
	1,649,838	1,370,167

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	551,274	1,584,321
	551,274	1,584,321
NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade receivables	5,734,453	5,696,983
Accrued revenue	31,684,431	24,655,398
	37,418,884	30,352,381
<p>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.</p>		
NOTE 6: OTHER ASSETS		
CURRENT		
Prepayments	958,677	805,750
Bank security deposit	605,456	1,805,456
	1,564,133	2,611,206
NON CURRENT		
Bank security deposit	1,200,000	–

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.

	2020 \$	2019 \$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	2,137,173	2,137,173
Accumulated amortisation	(1,236,365)	(835,791)
	900,808	1,301,382
Office equipment, furniture and computer equipment		
At cost	2,548,519	2,948,657
Accumulated depreciation	(2,366,938)	(2,681,222)
	181,581	267,435
Systems development work in progress		
At cost	5,080,801	4,989,184
	5,080,801	4,989,184
Total property, plant and equipment	6,163,190	6,558,002
(a) Reconciliations		
<p>Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.</p>		
Leasehold improvements		
Opening carrying amount	1,301,382	839,891
Additions	–	801,188
Disposals	–	(21,688)
Amortisation expense	(400,574)	(318,009)
Closing carrying amount	900,808	1,301,382
Office equipment, furniture and computer equipment		
Opening carrying amount	267,435	875,592
Additions	78,329	122,839
Disposals	(460)	–
Depreciation expense	(163,723)	(730,996)
Closing carrying amount	181,581	267,435
Systems development work in progress		
Opening carrying amount	4,989,184	1,135,990
Additions	7,652,332	3,853,195
Transfers	(7,560,715)	–
Depreciation expense	–	–
Closing carrying amount	5,080,801	4,989,184

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 8: INTANGIBLE ASSETS		
Software		
At cost	10,100,380	2,539,665
Accumulated amortisation	(1,154,110)	(537,424)
	8,946,270	2,002,241
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year.		
Software		
Opening carrying amount	2,002,241	1,766,914
Additions	7,560,715	556,489
Amortisation expense	(616,686)	(321,162)
Closing carrying amount	8,946,270	2,002,241
NOTE 9: PAYABLES		
CURRENT		
Trade creditors	1,113,099	791,490
Accrued expenses	1,944,154	2,363,149
Cultural Fund	492,824	322,300
Other payables	194,805	194,805
	3,744,882	3,671,744
NON-CURRENT		
Other payables	243,506	438,312
	243,506	438,312

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.

	2020 \$	2019 \$
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits	1,327,377	1,147,665
Restructuring	–	100,000
	1,327,377	1,247,665
NON CURRENT		
Employee benefits	263,071	266,188
	263,071	266,188
NOTE 11: DISTRIBUTIONS PAYABLE		
CURRENT		
Distributions payable to members	30,635,680	25,492,221
	30,635,680	25,492,221
(a) Reconciliations		
Reconciliation of the distribution payable to members at the beginning and end of the current financial year.		
Distributions payable to members		
Opening carrying amount	25,492,221	15,315,190
Distributions paid and payable	120,537,199	127,759,254
Payments to members	(113,920,753)	(116,375,207)
Transfer from other reserve	–	410,032
Payments in transit and GST	(1,472,987)	(1,617,048)
Closing carrying amount	30,635,680	25,492,221

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 12: CONTRACT LIABILITIES		
CURRENT		
Deferred revenue arising from contracts with customers	35,931,617	37,957,847
	35,931,617	37,957,847
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		
Retained earnings	–	–
Future Fund reserve	11,573,591	14,323,591
Indemnity Fund reserve	3,411,625	3,386,033
Amalgamation reserve	480,579	480,579
Total equity	15,465,795	18,190,203

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 judgment. 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:

- interest income received after 1 July 2013, after deduction of up to 1.5% for the Cultural Fund;
- after 1 July 2013, all unpaid allocations at the end of the relevant trust period of 4 years; and
- 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. The Board has also resolved to use \$500,000 to fund an emergency program for creators in response to the COVID-19 pandemic.

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.

NOTE 14: LEASES

Leases as lessee

(a) Right-of-use asset

	2020 \$	2019 \$
Balance as at 1 July 2019	1,865,090	–
Depreciation expense for the year	(468,857)	–
Balance as at 30 June 2020	1,396,233	–

(b) Lease liabilities

Current	614,748	–
Non-current	1,227,464	–

(c) Amounts recognised in profit or loss

Interest expense on lease liabilities	146,129	–
Depreciation expense on right-of-use assets	468,857	–

(d) Amounts recognised in cash flows

Total cash outflows from leases	696,386	–
---------------------------------	---------	---

(e) Maturity analysis of undiscounted lease payments

Less than one year	733,292	–
One to five years	1,309,852	–
Five years or more	–	–
	2,043,144	–

The Company leases an office and a few office machines under operating leases. The leases typically run for a period of up to three years. Some leases provide for additional rent payments that are based on fixed annual increases.

The office and machine leases were previously classified as operating leases under AASB 117. From 1 July 2019, the Company has applied AASB 16 using the modified retrospective simplified approach.

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
NOTE 15: INVESTMENTS		
Investments	9,950,866	–
Cash on deposit	22,263,290	44,156,029
	32,214,156	44,156,029

Investments represent the Company's investment portfolio managed by Mutual Trust. It is primarily made up of cash and equivalents, with a target of 10% to be invested in equity stakes in listed companies. Cash is recognised at amortised cost and the investment in equity stakes are recognised at fair value through profit and loss; refer to the accounting policy described in Note 1(m). Cash on deposit represents funds invested in high interest and term deposits with maturity dates ranging between 3 to 12 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.

	2020 \$	2019 \$
NOTE 16: RELATED PARTY TRANSACTIONS		
(a) Key management personnel compensation		
Compensation received by key management personnel of the Company		
short-term employee benefits	873,539	888,273
post-employment benefits	54,182	53,650
	927,721	941,923

(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: FINANCIAL RISK MANAGEMENT

The Company's financial instruments comprise:

- Cash and cash equivalents
- Listed investments
- Term deposits
- Receivables
- Lease liabilities and
- Distributions and other payables.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk and market price risk. The Company does not use derivative instruments to manage risks associated with its financial instruments.

The Directors have overall responsibility for risk management, including risks associated with financial instruments. Risk management policies are established to identify and analyse the risks associated with the Company's financial instruments, to set appropriate risk limits and controls and to monitor the risks and adherence to limits. The Board of Directors is responsible for monitoring the effectiveness of the Company's risk management policies and processes and regularly reviewing risk management policies and systems, considering changes in market conditions and the Company's activities. The Audit Committee is responsible for developing and monitoring investment policies.

This note presents information about the Company's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

(i) Liquidity risk

Liquidity risk is the risk that the Company will not be able to fund its obligations as they fall due. The Company's major distributions are paid to members once licence fees have been received from customers and the Company's administration fees are deducted.

All trade and other payables are expected to be paid within 12 months; refer to note 14 for a maturity analysis of lease liabilities.

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to two sources of credit risk – amounts receivable in respect of customers for services and other debtors and counterparty risk in respect of funds deposited with banks and other financial institutions.

The majority of amounts receivable are due from government departments or institutions. All arrangements to provide services are subject to contractual arrangements, which include settlement terms. Any amounts outstanding beyond the contracted period are followed up. The counterparties for contract assets are Government departments or institutions.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold AA ratings from Standard & Poor's or an equivalent rating from another reputable ratings agency.

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is the carrying amount of financial assets per the statement of financial position.

NOTES TO FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counterparty to the transaction. The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties, however all receivables and cash holdings are within Australia and therefore there is a significant geographical credit risk exposure.

(iii) Market price risk

Market price risk is the risk that changes in market prices such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to two sources of market price risk – fluctuations in interest rates and fluctuations in the value of its financial investments.

(iv) Interest rate risk

Interest rate risk refers to the risk that the value of financial instruments or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate fluctuations on its cash at bank and on deposit. The Company actively monitors interest rates for cash at bank and on deposit to maximise interest income.

The following table summarises the interest rate profile of the company's interest-bearing financial instruments:

	2020 \$	2019 \$
Fixed rate instrument		
Lease liability	1,842,212	–
Variable rate instruments		
Cash at bank	551,274	1,584,321
Cash on deposit	22,263,290	44,156,029
Investments (cash and cash equivalents held as part of Mutual Trust Pty Ltd)	9,349,698	–

Sensitivity analysis

No reasonably possible movement in interest rates at 30 June 2020, as assessed by the Directors based on current economic conditions, would cause a material effect on reported profit or equity.

Currency risk

The Company does not hold financial assets or liabilities in foreign currency and therefore there is no material effect on reported profit or equity.

Equity price risk

Equity price risk arises from fluctuations in the market values of financial investments. The Company has engaged Mutual Trust Pty Ltd to advise on the management of its investment portfolio in line with its investment policy. The Board has approved a policy that specifies risk and return parameters for financial investments and receives reports from Mutual Trust Pty Ltd on a monthly basis regarding the performance of the investment portfolio.

There is no profit impact, except for investments held at fair value through profit or loss. Equity would increase / decrease as a result of fair value movements through the FVOCI reserve.

	Market value	+10% impact	-10% impact
Managed equity investment	601,168	60,117	(60,117)
	601,168	60,117	(60,117)

Fair value

All financial investments held are quoted on the Australian Securities Exchange and have quoted prices, therefore they are allocated to level 1 of the fair value hierarchy.

The fair value of payables and receivables approximate their carrying amount due to their short-term nature.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

COVID-19 has had a limited level of impact on the Company's operations and activities since its outbreak. The Company's revenue is from contracts or in accordance with court orders which have produced a consistent result up to the date of reporting. The impact to the overall performance of operation has not been significant, and this is expected to continue. However it is possible that it may become material to the Company as the effects and consequences are outside the Company's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Company will remain a going concern.

Other than the impacts and potential impacts of COVID-19, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations, the results of those operations, or the state of affairs of the Company, in future financial years.

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 68 to 89, are in accordance with the *Corporations Act 2001*:
 - (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 2020 and performance for the year ended on that date.
2. 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: 
Jane Curry

Dated this 17th day of September 2020

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the member 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 2020 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 2020
- 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.

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.

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.

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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 this 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

Tony Nimac

Partner

Sydney

17 September 2020

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