

Annual Report

2020-21

For the year ended
30 June 2021

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1 INTRODUCTION

1.1 SOME KEY RESULTS

In 2021–21 Copyright Agency:

- enabled copying and sharing of content by millions of Australians without the individual copyright clearances otherwise required, including:
 - nearly 300,000 teaching staff in more than 9,500 schools for more than 4 million students¹
 - 130,000 university staff for 1.4 million university students²
 - 670,000 students (341,000 FTE) in 24 TAFEs in 2,300 locations³
 - teachers in more than 1,000 other education institutions, such as registered training providers
 - more than 880,000 government employees⁴
 - staff in nearly 900 licensed businesses.
- allocated \$102m to more than 17,000 recipients, many of whom passed on payments to multiple ultimate recipients (e.g. literary agents to their clients) or shared payments with other recipients (e.g. under book publishing contracts)
- collected \$1.2 million in artists' resale royalties
- licensed nearly 900 businesses with blanket licences, including 58 new clients
- reached an agreement with Strem for its media monitoring services⁵
- completed proceedings in the Copyright Tribunal to determine licence fees payable by two other media monitoring organisations⁶
- applied to the Copyright Tribunal for assistance with new data collection methodologies for the school sector, to harness new technologies and reduce the administrative burden on teachers⁷
- completed proceedings in the Copyright Tribunal to establish new data collection methodologies in universities, and fair compensation for writers, artists and publishers⁸
- licensed, under individual agreements, nearly 1,000 other education institutions (such as registered training organisations), including 75 newly licensed institutions
- continued the development and deployment of Flex for Education: at 30 June, there were 18 licensees (some comprising multiple colleges), a further 32 were running a trial, and 55 had expressed an interest in a trial
- represented our members in government inquiries and reform proposals, including the Parliamentary inquiry into Australia's creative industries and proposals for amendments to the Copyright Act
- welcomed more than 600 new members
- approved nearly \$2m for 99 projects from the Cultural Fund (members' contribution of 1.5% of licence revenue)
- increased Reading Australia subscribers by 11% to nearly 22,000, and added 28 new teaching resources for schools
- sponsored the Miles Franklin Literary Award, the Reading Hour, Australian Book Industry Awards, Educational Publishing Awards, Walkley Awards for Journalism and Sydney Contemporary Art Fair

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

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

³ <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funded-students-and-courses-2020>

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

⁵ <https://www.copyright.com.au/2017/09/strem-enters-content-licensing-agreement-copyright-agency>

⁶ The Tribunal's determination was delivered on 15 October 2021. See further Directors' Report under 'Likely Developments'.

⁷ <https://www.copyright.com.au/2021/05/copyright-agency-asks-copyright-tribunal-for-21st-century-data-collection>

⁸ The Tribunal has not yet released its determination.

1.2 EFFECTS OF COVID-19

1.2.1 Licences for the education sector

We have a four-year agreement for the school sector, from 2019 to 2022, that sets a fixed price per full-time equivalent (FTE) student per year as follows:

Calendar year	2019	2020	2021	2022
\$ per FTE student	\$15	\$14.75	\$13.75	\$13

There is no provision for review of the licence fees during the period of the agreement, which means that there is no provision to increase the fee for increased copying and sharing of content under the education statutory licence during lockdown periods.

Licence fees payable by the university sector are being determined by the Copyright Tribunal, following an application by us in 2018 for assistance from the Tribunal with the approach to assessing the value of the education statutory licence for the sector, particularly for digital use, and data collection arrangements.⁹ The proceedings were completed in September 2020, and the Tribunal is preparing its determination. In May 2019, the Tribunal ordered that, pending a determination by the Tribunal, universities continue to pay the annual licence fee in the agreement applying to 31 December 2018, with half the licence fee available for distribution and the other half to be held in escrow.¹⁰ That determination has not been affected by COVID-19.

We also have licences with more than 1,000 other education institutions. They are listed on our website.¹¹ Some of the licensees in that sector have been affected by COVID-19, particularly those with significant proportions of overseas students.

1.2.2 Data collection from the education sector

There is information on our website about pre-pandemic data collection arrangements from schools and universities, via surveys.¹²

Our four-year agreement with the school sector included provisions on working together to develop new data collection arrangements. At the time the agreement was made, we envisaged that the data collection arrangements in place at the time would continue while those negotiations were in train. However, the data collection from schools was paused in March 2020 due to COVID-19. In late 2020, we and the school sector agreed to continue the pause while negotiations continued, given the ongoing uncertainties about COVID-19. In May 2021, we applied to the Copyright Tribunal for assistance with developing new data collection arrangements. Our position statement to the Tribunal makes clear that the application is not intended to be adversarial, and that a key consideration is reducing the burden on teachers involved in data collection arrangements.

1.2.3 Licences for other sectors

Our licences for other sectors include the statutory licence for the Commonwealth, State and Territory governments (see <https://www.copyright.com.au/licences-permission/government-licences/>), and licences for the business, not for profit and local government sectors (summary <https://www.copyright.com.au/membership/licence-participation/>).

The licences for the government sector have not been affected by COVID-19. Some of the other licences have, however, been affected where COVID-19 has had an impact on a licensee's revenue and/or staff numbers.

⁹ [copyright.com.au/2018/11/media-release/](https://www.copyright.com.au/2018/11/media-release/)

¹⁰

https://www.copyrighttribunal.gov.au/decisions/judgments?sq_content_src=%2BdXJsPWh0dHBzJTnBJTJGJTJGd3d3Lmp1ZGdtZW50cy5mZWRjb3VydC5nb3YuYXUIMkZqdWRnbWVudHMIMkZkdWRnbWVudHMIMkZ0cmliW5hbHMIMkZkY29weXQIMkYyMDE5JTJGMjAxOWFjb3B5dDAwMDImYWxsPTE%3D

¹¹ [copyright.com.au/licences-permission/educational-licences/private-education-providers/search-australian-educational-copyright-licence/](https://www.copyright.com.au/licences-permission/educational-licences/private-education-providers/search-australian-educational-copyright-licence/)

¹² <https://static-copyright-com-au.s3.amazonaws.com/uploads/2019/12/R02345-CA-surveys-in-schools-and-unis-Dec-2019.pdf>

1.2.4 Our members

While the impact of COVID-19 on the copyright fees we collect for members has so far been relatively small, COVID-19 has affected other sources of revenue for our members. This includes sources of revenue for creators from public interactions such as appearances at literary festivals, speaker fees and school visits.

1.3 ADDITIONAL INFORMATION ABOUT COPYRIGHT AGENCY

Apart from the information in this annual report, there is additional information about Copyright Agency:

- from the links from our Governance and Policy webpage,¹³ which include:
 - corporate documents: Constitution; Corporate Governance Statement
 - government appointments and guidelines: Declaration as collecting society for education statutory licence; Declaration as collecting society for government statutory licence; Guidelines for declared Collecting Societies
 - Annual reports, Annual Reviews and lookbooks
 - Annual General Meetings: notices and minutes
 - Code of Conduct for Australian collecting societies
 - International codes of conduct: IFRRO Code of Conduct; CISAC Professional Rules
 - Policies and procedures: Distribution Policy; Client Service Charter; Complaints procedure; Dispute resolution procedure; Whistleblowing Disclosure Form
 - Data processing protocols agreed with licensees
- from the infosheets about distributions available on our website

We have also included references to further relevant information on the topics covered in each section of the report.

¹³ copyright.com.au/about-us/governance/

2 COPYRIGHT AGENCY AT A GLANCE

What we do	<p>We support creation of content by making it easy for users to access copyrighted materials on fair terms.</p> <p>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.</p>
Structure	We are a not-for-profit company limited by guarantee.
Members	We have more than 38,000 members, who include writers, artists, publishers and more than 70 copyright management organisations in other countries. Many members receive payments that they pass on to, or share with, multiple other rightsholders. These include publishers who share payments with writers and illustrators, and agents and copyright management organisations who pass on payments to writers, artists and publishers they represent.
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 ¹⁴ 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. ¹⁵
Copyright Tribunal	The Copyright Tribunal can determine licensing and distribution arrangements, including how usage is monitored, that are not resolved by agreement. ¹⁶
Code of Conduct	Copyright Agency is a signatory to the Code of Conduct for Australian Collecting Societies.

2.1 MORE INFORMATION

- About Us webpage¹⁷ including links to:
 - What we do
 - Staff, board and international affiliates
 - Governance and policies

¹⁴ From statutory and voluntary licences, but not the artists' resale royalty scheme or payments from Screenrights for artists.

¹⁵ Principally Screenrights (broadcast content), APRA AMCOS (music compositions), and PPCA (recorded music).

¹⁶ copyrighttribunal.gov.au

¹⁷ <https://www.copyright.com.au/about-us/>

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’.¹⁸

Copyright rights are granted by the Copyright Act.¹⁹ 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.²⁰ 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.²¹

The artists’ resale royalty right (artists’ entitlement to a share of the resale price for artworks) is often regarded as a copyright-related right, though it differs from copyright rights in a number of respects, and in Australia is granted by stand-alone legislation.²²

Rights usually last for 70 years after the creator’s death.²³

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.²⁴

The copyright system is international, involving national legislation that conforms with standards in international treaties.²⁵

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’.²⁶

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.²⁷ Content creators have adjusted to the statutory licences, which were introduced a long time ago and enable efficient licensing solutions.

¹⁸ *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.

¹⁹ *Copyright Act 1968* (Cth), available at jade.io/article/218245.

²⁰ Other forms of intellectual property include patents, trademarks and designs: see ipaaustralia.gov.au/understanding-intellectual-property

²¹ Creators have these rights in their work even if they do not own copyright.

²² 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.

²³ copyright.com.au/duration

²⁴ For an overview of all the statutory licences, see Ricketson & Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* at [12.0]ff.

²⁵ 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.

²⁶ Ricketson & Creswell, *The Law of Intellectual Property: Copyright Designs & Confidential Information* at [12.0].

²⁷ 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

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.²⁸

A statutory licence for education was introduced in 1980 following the recommendations of an expert committee,²⁹ extensively amended in 2000 to enable digital uses of content (such as making content available on an intranet and emailing),³⁰ 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.³¹

A statutory licence for governments was introduced in 1968 as part of the current Copyright Act, following the recommendation of an expert committee,³² and was amended in 1998 to facilitate collective management.³³

Statutory licences are consistent with Australia's international treaty obligations, and exist in other countries, but are more prevalent in Australia than elsewhere.³⁴

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.

3.2 MORE INFORMATION

- Australian Copyright Council information sheets and copyright guides³⁵

purchases the requisite number of originals), though the statutory licence remains available to schools for uses not covered by the AMCOS agreement.

²⁸ 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'.

²⁹ Report of the Copyright Law Committee on Reprographic Reproduction (AGPS, Canberra, 1976), known as the Franki Report.

³⁰ By the Copyright Amendment (Digital Agenda) Act 2000 (Cth).

³¹ The Guidelines and Constitution are available at copyright.com.au/governance.

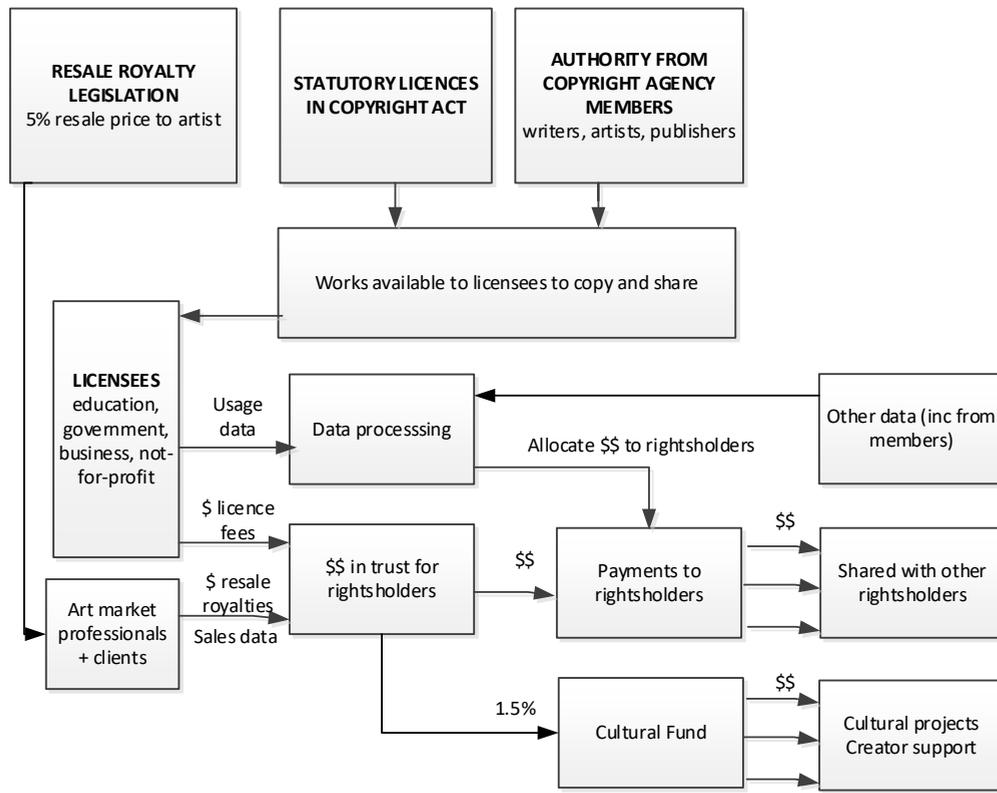
³² Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations are Desirable in the Copyright Law of the Commonwealth (1959), known as the Spicer Report, at [404]

³³ 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.

³⁴ 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.

³⁵ copyright.org.au

4 OUR BUSINESS: AN OVERVIEW



4.1 REVENUE BY CATEGORY

These figures are for revenue recognised for the 2020–21 financial year, rather than received in that period.³⁶

\$ Million	2016–17	2017–18	2018–19	2019–20	2020–21
Schools	63.4	64.6	61.5	58.0	56.3
Universities	31.6	32.5	32.5	32.5	22.5 ³⁷
TAFEs	3.4	3.5	3.5	3.3	3.4
Other education providers	7.0	7.2	7.4	7.4	7.3
Education total	105.4	107.8	104.9	101.2	89.5
States & territories	4.1	4.0	4.2	4.8	5.1
Commonwealth	1.6	1.5	1.5	1.5	1.5
Survey plans ³⁸	0.8	0.9	2.2	1.3	1.5
Government total	6.5	6.4	7.9	7.5	8.1
Media monitoring organisations	18.7	19.5	17.6	15.3	15.8 ³⁹
Other commercial	6.7	7.1	7.6	7.9	7.5
Overseas	3.8	3.2	4.1	3.6	3.5
Resale royalty	0.8	1.0	0.9	1.0	1.4
Visual Arts	-	1.6	2.1	2.4	2.8
LearningField ⁴⁰	3.0	3.5	4.0	2.1	0
Investment income ⁴¹	1.9	1.8	1.6	0.7	0.4
Other	0.7	0.2	0.1	0.5	<0.1
Other total	35.6	37.9	38.0	33.5	31.44
TOTAL	147.5	152.1	150.8	142.2	129.03

4.2 REVENUE AND DISTRIBUTIONS AT A GLANCE

Each year's distributions include some money received before that year, depending on when the funds and data for allocation were received. For more on payments to content creators, and funds received in 2020–21 for distribution in 2021–22, see Parts 11 and 13. For Expenses, see Part 14.

	\$m 2020–21	
	Revenue	Distributions
Domestic	125.5	88.1
Foreign	3.5	13.9
Total	129	102

4.3 REVENUE AND DISTRIBUTIONS 2017–21

	\$m				
	2016–17	2017–18	2018–19	2019–20	2020–21
Revenue	148	152	151	142	129
Distributions	118	124	116	114	102

³⁶ See also Directors' Report under 'Likely Developments' and 'Tribunal proceedings regarding universities'.

³⁷ In 2020–21, the amount accrued for universities revenue was revised, in order to recognise the inherent risks in litigation, necessitating a cumulative write-down on previous amounts accrued since the agreement with universities expired. See Directors' Report under 'Tribunal proceedings regarding universities'.

³⁸ Revenue includes one-off 'retrospective' payments for past sales of survey plans.

³⁹ The Copyright Tribunal delivered a determination regarding licence fees for media monitoring companies on 15 October 2021. See further Directors' Report under 'Likely Developments'.

⁴⁰ LearningField ceased operation at the end of 2019.

⁴¹ Investment income is taken into account in calculations for the deduction from licence fees for anticipated operating costs, effectively reducing the deductions.

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.⁴² 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.⁴³

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 (CAG Schools)⁴⁴ in negotiations for fair compensation and data collection arrangements. All Technical and Further Education (TAFE) colleges (apart from those in Victoria)⁴⁵ are represented by CAG TAFE. Australian universities are represented by Universities Australia.⁴⁶

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 AUSTRALIA'S EDUCATION STATUTORY LICENCE COMPARED

Australia's education statutory licence is broader than licensing arrangements in other territories such as the UK and New Zealand. For example, key points of difference between Australia and the UK are:

⁴² 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.

⁴³ There are also arrangements for use of music in schools and universities through the music collecting societies, APRA AMCOS and PPCA.

⁴⁴ CAG (Schools) reports to the Australian Education Senior Officials Committee, the National Catholic Education Commission and Independent Schools Australia. CAG is assisted by the National Copyright Unit (NCU), the specialist copyright team responsible for copyright policy and administration for Australian schools and TAFE, based in the NSW Department of Education.

⁴⁵ Since 2006, Victorian TAFEs have been represented by their own self-funded association, Victorian TAFE Association (VTA).

⁴⁶ There are 42 Australian Universities registered by TEQSA. UA represent 39 – the remaining three, Torrens University Australia, University of Divinity and Avondale University is individually licensed.

Scope	Australia ⁴⁷	UK ⁴⁸
Which text	any	<ul style="list-style-type: none"> books, journals and magazines, except those excluded by rightsholders⁴⁹ Websites where the owner has expressly opted-in⁵⁰ Foreign works are included by virtue of agreements with CMOs in other territories
Which images	any	<ul style="list-style-type: none"> images published books, journals and magazines, except those excluded by rightsholders Images on websites where the owner has expressly opted-in
Workbooks, workcards, assignment sheets, test/assessment papers ⁵¹	yes	no
Maps and charts	yes	no
Newspapers	yes	Copyright Licensing Agency (CLA) acts as an agent for Newspaper Licensing Agency (NLA) in education and sells the NLA licence to schools and universities on their behalf. ⁵²
Printed music ⁵³	yes	Separately licensed by Printed Music Licensing Limited ⁵⁴
Digital publications	yes	Limited for non-UK publications
Website content	Any that would otherwise require permission from copyright owner	Websites are included where the publisher has expressly opted-in to CLA's licences.
Unpublished material ⁵⁵	yes	no
Source publication owned by institution	no	yes
Which reproductions and communications	any	From printed publications and certain digital publications (some US titles are not included for electronic reproductions and communications)
Scanning	yes	Limited for US publications
Recording a lesson	yes	no
Storage of digital copies	any	cannot be stored, or systematically indexed, with the intention of creating an electronic library/learning resource
How much	<ul style="list-style-type: none"> As much as does not unreasonably prejudice the legitimate interests of the rightsholders Can be an entire publication 	<ul style="list-style-type: none"> schools: one chapter, one article or 5% higher education: <ul style="list-style-type: none"> one chapter, one article or 10% Second Extract Permissions Service for additional extracts
How many copies	As many as required for educational purposes	One copy per student

⁴⁷ Summary of licence scope at <https://www.copyright.com.au/licences-permission/educational-licences/copying-under-education-licence/>

⁴⁸ Summary of licence scope at <https://www.cla.co.uk/licencetocopy>

⁴⁹ <https://www.cla.co.uk/excluded-works>

⁵⁰ CLA's online search tool enables licensees to check which publications, including websites, are covered by their licences

⁵¹ These are a significant proportion of copying done under the Australian education statutory licence, particularly in primary schools.

⁵² <https://www.cla.co.uk/nla-schools-licence>

⁵³ Most schools are also covered by a licence from APRA AMCOS that allows copying of entire pieces of sheet music that the school has purchased: see <https://www.apraamcos.com.au/music-licences/select-a-licence/educational-institutions>

⁵⁴ <https://www.cla.co.uk/schools-printed-music-licence>. As of 2021, CLA is no longer an agent for PMLL.

5.2 EDUCATIONAL PUBLISHING IN AUSTRALIA

The other key difference between Australia and the UK is that Australian markets are much smaller: often state-based due to variations in state and territory curricula. In addition to the textbooks and other materials published by the Australian offices of large publishing companies, there are many medium, small and micro businesses publishing Australian educational resources.

One of the factors for determining the licence fees payable by the education sector under the education statutory licence is the ongoing production of education resources in Australia.⁵⁶ This reflects the clear benefit to all Australians of adequate investment in the sustainability of quality Australian educational resources.

5.3 DEVELOPMENTS IN 2020–21

- in response to COVID-19:
 - reassurances to policy makers that we and our members understand the challenges that teachers are facing, and support practical approaches that enable teachers to deliver online teaching during lockdowns
 - assisting our members to respond to requests for assistance from schools
 - special 'story-time' arrangement from Australian Society of Authors and Australian Publishers Association to allow teachers to record readings of stories for children to view online
 - webpage on Online Teaching in Lockdowns⁵⁷
 - continued pause in data collection from schools
 - continuation of modified data collection from universities
 - providing flexible payment plans to affected individually licensed education institutions
- hearing before 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 ago⁵⁸
- application to Copyright Tribunal to assist with new data collection methodologies from schools that harness opportunities provided by new technologies and reduce the reporting burden on teachers
- individual licence agreements with more than 1,000 other education institutions (such as registered training organisations), 75 of which are newly licensed institutions

5.4 TOTAL COST OF EDUCATION FOR SCHOOL STUDENTS

According to the Australian Curriculum and Assessment Authority, the recurrent government funding for school education in 2018–19 was \$61.6 billion: about \$16,700 per student.⁵⁹

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

5.5 LICENCE FEES FOR THE SCHOOL SECTOR

The current four-year agreement for the school sector (2019–22) was negotiated between us and the Copyright Advisory Group for the (then) Education Council (CAG) in 2018.

That agreement sets an amount per student per year. The amount decreases each year so that in 2022 it will be about 25% less than the amount per student in 2018.

⁵⁵ e.g. theses, dissertations, assignments, company reports, catalogues, brochures: the Australian education statutory licence allows the copying of all this material (i.e. teacher does not have to worry about permissions requirements), but the nature of the material is taken into account when assessing the value (if any) for licensing fees.

⁵⁶ Regulation 73(2)(c): 'the need to ensure adequate incentive for the production of educational works, educational sound recordings and educational cinematograph films in Australia.'

⁵⁷ <https://www.copyright.com.au/licences-permission/educational-licences/online-teaching-in-lockdown/>

⁵⁸ The Tribunal has not yet delivered its determination.

⁵⁹ <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>

Calendar year	2019	2020	2021	2022
\$ per FTE student	\$15	\$14.75	\$13.75	\$13

Under the agreement, the rates are fixed irrespective of external developments. That includes COVID-19 even though copying and sharing of content may increase while schools are doing online teaching during lockdown periods.⁶⁰

The negotiations that led to the current agreement took into account a large range of matters, as is common in any large commercial negotiation.

These included:

- uses recorded in surveys in schools that were excluded in accordance with the data processing protocols agreed with CAG;⁶¹
- overall discounts for certain classes of use;
- content used by schools under direct licences from rightsholders; and
- treatment of content available online.

In the data processing protocols agreed with CAG, processing exclusions include:

- quotations and extracts of three paragraphs or less;
- material created by school staff;
- media releases;
- exam papers used for assessment purposes;
- logos;
- advertisements and branded material; and
- content published by government departments and agencies.

The negotiations also included adjustments for uses such as the following:

- ‘small portions’;
- copying from ‘blackline masters’;⁶² and
- content that may lack sufficient ‘originality’ to be protected by copyright.⁶³

The processing protocols also covered exclusion of directly licensed content, including by:

- notifications from CAG that content is directly licensed for the entire school sector;
- reports from surveyed schools on content that they have direct licensing arrangements for; and
- checking with surveyed schools whether they have direct licences for other content that they have accessed via a login.

We and CAG have also agreed on a classification system for online content, into 10 categories.⁶⁴ In the 2018 negotiations, we agreed that two of the five categories that had previously been treated as ‘remunerable’ for negotiations would now be treated as ‘non-remunerable’. The remaining four categories that we and CAG agreed would be treated as ‘remunerable’ are those with:

- terms of use that allow personal use only;
- terms of use that provide that copying of content from the site is prohibited;
- terms of use that provide that content from the site may be copied and shared under the education statutory licence; and
- content accessible via a login that has not been directly licensed to the surveyed school.

⁶⁰ The surveys in schools were paused in March 2020 due to COVID-19, and have remained paused due to ongoing uncertainties. In accordance with their agreement for 2019–22, Copyright Agency and the Copyright Advisory Group to the Education Sector (CAG) began discussions about new data collection arrangements in 2019. Copyright Agency applied to the Copyright Tribunal for assistance with new data collection arrangements in May 2021.

⁶¹ <https://www.copyright.com.au/data-processing-protocols/>

⁶² ‘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.

⁶³ Such as the TV guides at issue in the High Court decision in *Ice TV*.

⁶⁴ See ‘website copying notices’ at <https://www.copyright.com.au/data-processing-protocols/>

5.6 DATA COLLECTION FROM SCHOOLS

In the current agreement, we and CAG agreed to work together on new data collection arrangements that harness opportunities provided by new technologies and reduce the reporting burden on teachers. The agreement provides that either we or CAG could apply to the Copyright Tribunal for assistance with these new arrangements if we were unable to reach agreement by September 2020. In May 2021, we applied to the Copyright Tribunal for that assistance. Our position statement to the Tribunal makes clear that our application is not intended to be adversarial, and that reducing the administration burden on teachers is a key concern.⁶⁵ The application does not preclude ongoing discussions between us and CAG.

The surveys of use conducted in schools are currently paused. We are reviewing other sources of information for assistance with distribution of licence fees, in combination with data we have from past usage.

5.7 WHAT TEACHERS COPY UNDER THE EDUCATIONAL STATUTORY LICENCE

The education statutory licence allows teachers to copy and share content that they would otherwise need permission for. They do not need permission for content that has been published for free use in schools, such as material published by governments or with a Creative Commons licence, or for copying and sharing in accordance with the terms of use of content that they have purchased, such as an online subscription.

In 2019, about 70% of copying and sharing under the education statutory licence was from books. Most were textbooks, and many were workbooks (activity books), particularly in primary schools. There is a list of commonly copied titles on our website.⁶⁶

Teachers also copied and shared from newspapers and magazines (about 2% of copying), from online sources (about 17%), and from other sources (about 12%).

The material that teachers copied and shared from online and other sources included worksheets, activity sheets, student resources, fact sheets, practice tests, lesson plans and images.

5.8 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. The Tribunal has made interim orders regarding the payments to be made by universities until it makes its final determination.⁶⁷

5.9 INDIVIDUALLY LICENSED INSTITUTIONS

As at 30 June 2021, we had 1,050 individual agreements in place with education institutions, 75 of which are newly licensed institutions (58 commercial institutions, and 17 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 1–4. Some offer specialist education, such as theological studies, business studies and English language training.

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

⁶⁵ We are happy to provide the statement to anyone interested.

⁶⁶ <https://www.copyright.com.au/licences-permission/educational-licences/schools/top-50-books-teachers-chose-to-copy/>

⁶⁷ <https://www.judgments.fedcourt.gov.au/judgments/Judgments/tribunals/acopyt/2019/2019acopyt0002>. See further external auditors' report, annexed.

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.

5.10 EARLY CHILDHOOD LICENCE

We offer a joint licence, with music licensing bodies, to cater for the needs of early childhood education and care providers.⁶⁸

5.11 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 2020–21 due to COVID-19. Engagement included:

- VELG National VET Conference – Online October 2020
- NEAS Management Conference – Sydney May 2021
- Australian Copyright Council – Webinar series for educational institutions September 2020 & March 2021
- IHEA – Information Webinar for member colleges February 2021

In addition to this, over 75 general copyright and FLEX training sessions were delivered to individual education providers.

5.12 MORE INFORMATION

- webpages on Copying Under the Education Licence⁶⁹ and Online Teaching in Lockdown⁷⁰
- top 50 books teachers copied in 2018–19⁷¹

⁶⁸ <https://www.copyright.com.au/licences-permission/educational-licences/early-childhood-education-licence>

⁶⁹ <https://www.copyright.com.au/licences-permission/educational-licences/>

⁷⁰ <https://www.copyright.com.au/licences-permission/educational-licences/online-teaching-in-lockdown/>

⁷¹ <https://www.copyright.com.au/licences-permission/educational-licences/schools/top-50-books-teachers-chose-to-copy/>

6 FLEX FOR TERTIARY EDUCATION

We have developed an online product called FLEX, which makes the preparation of course reading material simpler and faster for librarians and educators in tertiary institutions.

Among other features, FLEX customers get access to participating publishers' digital content, get to share scan copies and can order high-quality scans from the British Library. FLEX also enables management of course material from other sources, such as content in the licensed institution's library, open access content, and content available online.

FLEX allows visibility of reading list content at a course level, which (among other things) assists us with distribution of licence fees, and enables easy digital assignment of content to students.

As at 30 June 2021, we had deployed FLEX with 18 licensees (some comprising multiple colleges), a further 32 were running a trial, and 55 had expressed an interest in a trial.

Participating publishers that provide digital content currently include: Allen & Unwin, Australian Academic Press, Bloomsbury Publishing, Cengage, CSIRO, HarperCollins, McGraw-Hill, Pearson, PsychOz, Oxford University Press, Wiley, Wolters Kluwer, Elsevier US, Aspire Learning Resources, Kilbaha Education, NewSouth Publishing, Emerald Publishing, Taylor & Francis, and Thomson Reuters.

6.1 MORE INFORMATION

Our FLEX webpage⁷² includes links to:

- 'Introducing Flex' animation
- key features for FLEX
- FAQs about FLEX

⁷² <https://www.copyright.com.au/licences-permission/educational-licences/flex/>

7 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.⁷³ 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.⁷⁴ Copyright Agency also licenses, as agent for its members, the communication of text, images and print music.⁷⁵

There are arrangements with State and Territory governments for payment of royalties from sales of survey plans that are separate to the arrangements for other activities done by governments under the statutory licence.

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).

Licence fees paid by the Commonwealth, State and Territory governments are based on a per-employee (full-time equivalent) rate of \$7.30 per year.

7.1 DEVELOPMENTS IN 2020–21

- agreements finalised:
 - Commonwealth (to June 2022)
 - ACT (to June 2022)
 - New South Wales (to June 2023)
 - Northern Territory (to June 2024)
 - Western Australia (to June 2022)
- renewals in progress for the remaining jurisdictions, slowed by COVID-19 lockdowns
- agreement with ACT finalised for sales of survey plans, both retrospective and prospective
- agreement with Victorian government for sales of survey plans extended to June 2024

7.2 NUMBER OF GOVERNMENT EMPLOYEES

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

State	Reported for	FTEs
Commonwealth	2016-2017 ⁷⁶	208,824
ACT	2020 - 2021	17,325
NSW	2020 - 2021	238,671
Northern Territory	2019-2020	16,892
Queensland	2019-2020	160,111
Victoria	2019-2020	79,304
Western Australia	2019-2020	77,518
Tasmania	2019-2020	22,646
South Australia	2020-2021	61,916
Total		883,208

⁷³ The statutory licence is in Part VII Division 2 of the Copyright Act

⁷⁴ Screenrights is similarly declared for broadcast content.

⁷⁵ The legislation does not enable the Tribunal to ‘declare’ Copyright Agency for communication, only for ‘government copies’.

⁷⁶ Since 2018, FTEs have not been reported due to agreement on a lump sum payment. The licence fees are based on the 2017 FTEs, with provision for invoicing for additional FTEs.

7.3 MORE INFORMATION

- what is covered by our agreements with the Commonwealth, State and Territory governments for copyright sharing by their staff⁷⁷
- which departments and agencies are covered by those agreements⁷⁸
- sales of survey plans by governments⁷⁹

⁷⁷ <https://www.copyright.com.au/licences-permission/government-licences/>

⁷⁸ Links from <https://www.copyright.com.au/licences-permission/government-licences/>

⁷⁹ <https://www.copyright.com.au/licences-permission/government-licences/sales-of-survey-plans-by-governments/>

8 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.⁸⁰

The licences do not cover works that are listed on Copyright Agency’s website as excluded works,⁸¹ but do include an indemnity for uses of other works not represented by us.

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

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

8.1 DEVELOPMENTS IN 2020–21

- 58 new clients resulting in about \$378,000 of new business in licence fees from the corporate sector
- 803 existing clients valued at \$5.6m of retained licences
- continuation of monitoring program for corporate websites with infringing newspaper content, with a view to increased uptake of licences in the corporate sector
- settlement agreement with one major media monitoring organisation
- two hearings by Copyright Tribunal regarding licence fees payable by two other major media monitoring organisations⁸²

8.2 LICENCES FOR THE CORPORATE SECTOR

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

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

Other licence schemes include:

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

8.3 NOT-FOR-PROFIT SECTOR

We offer licences for a range of not-for-profit entities, including incorporated associations, unincorporated associations, societies and unions. We have specific sector licences for:

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

⁸⁰ rightsportal.copyright.com.au/

⁸¹ copyright.com.au/excluded-works

⁸² The Tribunal’s determination was delivered on 15 October 2021. See further Directors’ Report under ‘Likely Developments’.

8.4 TRANSACTIONAL (PAY PER USE) LICENCES

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

- an automated online service (RightsPortal);⁸³ and
- a manual clearance service.

The automated service currently applies to newspaper content (text, but not images).

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

Most of the users of these services are publishers.

8.5 ENGAGEMENT WITH LICENSEES

The Commercial Licensing team engages with current and potential licensees in a variety of ways. In 2020–21, this was affected by COVID-19. The team conducted 65 training sessions with a range of organisations around Australia.

And the team participated in the following conferences Industry events:

- Public Relations Institute of Australia (PRIA) – Online Annual conference October 2020
- LG Professional, Victoria –Corporate Partners – Online February 2021
- LGNSW – Conference in the month of November 2020
- Association of Corporate Counsel – Online November 2020
- Association of Regulatory and Clinical Scientists – Conference June 2021

8.6 MORE INFORMATION

- Webpage on commercial licensing⁸⁴ with links to:
 - guides on annual licences for different sorts of businesses
 - guides to pay-per-use licences
 - information for clients of media monitoring licences

⁸³ rightsportal.copyright.com.au/

⁸⁴ <https://www.copyright.com.au/licences-permission/commercial-licences/>

9 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.

9.1 DEVELOPMENTS IN 2020–21

- licensing worth nearly \$2.3m
- significant licences included those for Babarra and Kip & Co, fashion with the MAARA Collective, Adairs with Miimi and Jiinda, Western Australia Museum digital presentation, New Zealand’s Tepapa Museum Surrealist exhibition, a fabric collaboration for Babarra art centre with Magpie Goose, a product branding licence with L’Oréal, a book licence for Albert Namatjira, furniture collaboration between Billy and Lulu Cooley of Maruku arts centre and Altone Furniture, and Katie Nalgood prints for Adina Apartment Hotel’s Vienna Belvedere.
- public galleries, auction houses and commercial licences contributed 78% of the licensing revenue this year, with commercial licences in home furnishings, architectural, rugs, merchandise, branding, fashion and event uses.
- artists licensed include those mentioned above, plus Robert Klippel, Salvador Dali, Picasso, Betty Muffler, Joy Hester, Lindsay Bird, Elisabeth Cummings and many more.
- the 2020 John Fries Award continued to be recognised as an important national award for emerging and early career artists. The 2020 JFA finalists’ exhibition was postponed until March 2021. That exhibition was 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 and in April this year announced the launch of the ‘Copyright Agency Partnerships’ three-year commission series. In partnership with leading Australian arts institutions 4A Centre for Contemporary Asian Art (Sydney), the Australian Centre for Contemporary Art (Melbourne), and the Institute of Modern Art (Brisbane), CAP will support mid-career and established visual artists with an \$80,000 artistic commission and solo exhibition opportunity.

9.2 MORE INFORMATION

- visual arts licensing webpage⁸⁵ including links to:
 - Visual Arts Licensing Portal
 - Image Bank of 3,000 images of our Australian and New Zealand members’ works⁸⁶
 - price guide
 - examples of products with images we have licensed, such as clothing, homewares and books

⁸⁵ <https://www.copyright.com.au/licences-permission/visual-art-licences/>

⁸⁶ <https://copyrightagency.imagegallery.me/>

10 ARTISTS' RESALE ROYALTY SCHEME

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

The scheme requires payment of a 5% royalty of the sale price for certain resales of artworks by Australian artists.⁸⁷ It also requires the reporting of all resales with a sales value of \$1,000 or more to Copyright Agency, with sufficient information to determine if a royalty is payable. A royalty is not payable if the seller acquired the work before the scheme commenced.

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

10.1 DEVELOPMENTS IN 2020–21

- as at 30 June 2021, the scheme had generated over \$10m in royalties from nearly 24,000 resales benefitting over 2,200 artists⁸⁸
- over \$1.6 million in royalties was generated in 2020–21, higher than any previous year, and a 19% increase on the prior year
- artists who receive royalties includes artists at all stages of their careers, from emerging to senior, living all around Australia, including in remote communities
- 65% of artists receiving royalties are Aboriginal and Torres Strait Islander artists
- 214 artists received a royalty for the first time in 2020–21
- our engagement activities continue to show a high level of awareness and understanding of the scheme amongst art market professionals
- we adjusted aspects of our services (in particular, stakeholder engagement, research and monitoring activities) in early 2020 due to the impact of COVID-19, and this has continued for 2020–21
- as a result of the Australia–United Kingdom Free Trade Agreement, we are expecting to enter into reciprocal arrangements with the UK, which has had a scheme in place since 2006

10.2 SUMMARY OF RESALES

	2020–21	Since June 2010
Resales reported ⁸⁹	7,604	88,061
Resales subject to royalty ⁹⁰	2,572	23,901
Royalties invoiced	\$1,353,348	\$8,806,384
Royalties collected	\$1,236,406	\$8,660,453
Royalties paid (exc admin fee)	\$924,927	\$7,105,794

The following shows the percentage of resales reported to Copyright Agency that met the eligibility criteria for payment of a royalty, by payment range.⁹¹

⁸⁷ 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.

⁸⁸ This includes some royalties due to artists that have not yet been collected by us, and some royalties paid direct to artists.

⁸⁹ Resales for \$1,000 or more.

⁹⁰ 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.

⁹¹ 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).

Royalty amount	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
\$50–99	45%	44%	42%	41%	40%	40%	38%	37%	35%	32.5%
\$100–999	54%	53%	54%	52%	54%	55%	56%	57%	57%	61%
\$1,000–4,999	1%	2%	3%	4%	5%	4%	5%	5%	6%	5%
\$5,000–19,999	0%	0%	1%	1%	1%	1%	1%	1%	1.5%	1%
\$20,000+	0%	0%	0%	1%	0%	0%	0%	0%	0.5%	0.5%

10.3 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 2021
NSW	34%
NT	33%
VIC	15%
ACT	6%
QLD	4%
SA	3%
WA	2%
TAS	2%

10.4 STAKEHOLDER ENGAGEMENT

Due to COVID-19, the majority of activities were delivered online in 2020–21.

Key activities included:

- Information sessions and meetings to discuss resale royalty at or in conjunction with key events included Ku Arts Conference Strong Arts Program, IACA Art Worker information session and the Desert Conference, these forums are utilised to reach artists, art centre managers, arts workers and art market professionals.
- Information sessions to artists via professional development programs and artist studio talks included 10 Projects, Zetland, Shepparton TAFE – Centre for Koori Education.
- Articles to improve compliance, provide clarity on eligibility criteria and support efficient administration of the scheme included:
 - Ability to provide voluntary resale reports
 - The Resale Royalty Right: Scheme Performance 2010 to 2021
 - How blockchain might assist Resale Royalty
- information to artists and art market professionals via email alerts and through our visual arts eNewsletter, *CANVAS – Copyright Agency News for Visual Artists*, which has a distribution to more than 11,300 recipients (400 more than last year)
- advocacy and policy representation of artists' interests including:
 - participation in IP Australia Indigenous expert reference group as part of their Indigenous Knowledge Project
 - submission on Growing the Indigenous Visual Arts consultation paper

10.5 MORE INFORMATION

- Artists Resale Royalty website⁹²
- Office of Arts Resale Royalty Scheme webpage⁹³
- Australian Government Post-Implementation Review of resale royalty scheme⁹⁴

⁹² <https://www.resaleroyalty.org.au/>

⁹³ <https://www.arts.gov.au/funding-and-support/resale-royalty-scheme>

⁹⁴ <https://www.arts.gov.au/documents/post-implementation-review-resale-royalty-right-visual-artists-act-2009-and-resale-royalty-scheme>

11 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.⁹⁵

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

In 2020–21, we allocated payments to more than 17,000 unique recipients, many of whom pass on payments to multiple ultimate recipients (e.g. literary agents to their clients) or shared payments with other recipients (e.g. under book publishing contracts). Our payments also support the staff and principals of companies and firms, many of whom are creating content for their firms.

11.1 PAYMENTS TO CONTENT CREATORS BY LICENCE SECTOR AND PUBLICATION TYPE

The following table show estimates of allocations to content creators according to type of publication the content was copied from, where relevant, and licence sector. It also shows the amounts for the annual artists' and writers' royalty claim distributions. These are amount 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 to artistic works copied from books or websites in schools and universities.

	\$m					
	education	government	commercial	overseas	art resales	total
book	51.15	2.22	1.55	1.12		56.04
journal	2.29	3.04	2.94	0.16		8.43
newspaper/magazine	0.93	0.68	15.41	0.10		17.12
website/online content	4.24	0.02	0.15	<0.01		4.41
other ⁹⁶	2.29	<0.01	<0.01	<0.01		2.29
survey plans		0.82				0.82
writers' royalty claim	3.27	0.46	0.69	<0.01		4.43
artists' royalty claim	3.31	0.13	0.16	0.40		4.01
artwork licences			1.56	0.86		2.42
artists' resale royalties					0.92	0.92

11.2 RECIPIENTS BY STATE AND TERRITORY

Australian Capital Territory	5%
New South Wales	40%
Northern Territory	1%
Queensland	12%
South Australia	6%
Tasmania	29%
Victoria	7%
Western Australia	5%

⁹⁵ copyright.com.au/distribution-policy

⁹⁶ Includes educational resources such as worksheets, activity sheets, practice tests and lesson plans.

11.3 ALLOCATION RECIPIENTS FOR 2020–21

The following tables show amounts allocated in 2020–21, some of which may be paid in subsequent financial years.

11.3.1 Recipient categories

Category	Includes
education resources creators	educational publishers, writers and illustrators who create resources specifically for the education sector, including not-for-profit entities such as teacher associations
core content creators	journal publishers, trade publishers, media companies, film/tv companies, and writers and artists who create content for those publications
not-for-profit	cultural institutions, arts organisations, community groups, charities, religious organisations, health and disability organisations, special interest associations, industry groups, professional associations, sporting groups
education/training bodies	colleges, universities and TAFEs
other collecting societies	APRA AMCOS and collecting societies in other countries listed on our website ⁹⁷

11.3.2 Schools

		\$m			%		recipients	
		domestic	foreign	total	domestic	foreign	domestic	foreign
licence fees for separate distribution	artists	2.50	0.34	2.85	88%	12%	2,703	453
	writers	1.86	0.04	1.90	98%	2%	4,745	130
licence fees for recipients that include writers, artists and publishers ('main' distribution)	education resources creators	34.28	0.06	34.34	100%	0%	2,668	23
	core content creators	2.74	0.36	3.10	88%	12%	737	38
	not-for-profit	0.41	0.00	0.41	99%	1%	236	2
	education/training bodies	0.18	0.00	0.18	100%	0%	45	0
	other collecting societies	0.95	2.81	3.76	25%	75%	1	22
	other	0.03	0.00	0.03	97%	3%	25	1
TOTAL		42.95	3.62	46.57	92%	8%	11,160	669

The licence fees for separate distribution are for writers and artists who do not have arrangements with publishers for a share of Copyright Agency allocations. We combine similar amounts set aside from other licence fees, and do a single annual distribution for artists and writers respectively from the combined pool of fees. The number of recipients the table is for the combined pool.

The remaining licence fees are distributed to recipients who include publishers, writers and artists. Some writers and artists receive payments directly from us, where we have information about their arrangements with publishers for sharing Copyright Agency allocations. More than 2,400 writers and artists (principally contributors to books) received *direct* allocations from the 2021 'main' distribution, in addition to the writers and artists who received allocations from the dedicated distributions for writers and artists. Other writers and artists received payments *indirectly* from their publishers, in accordance with their publishing contracts.

Recipients of Copyright Agency payments also have writers and artists on staff, or are self-publishers of content that they create. Copyright Agency payments support those businesses and jobs.

⁹⁷ <https://www.copyright.com.au/about-us/international-affiliates/>

11.3.3 Universities

The amount available for distribution to members was less than 2018 and 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	
		domestic	foreign	total	domestic	foreign	domestic	foreign
licence fees for separate distribution	artists	0.18	0.02	0.21	88%	12%	2,703	453
	writers	0.40	0.01	0.41	98%	2%	4,745	130
licence fees for recipients that include writers, artists and publishers ('main' distribution)	education resources creators	6.47	0.09	6.56	99%	1%	661	7
	core content creators	2.70	2.07	4.77	57%	43%	427	35
	not-for-profit	0.06	0.00	0.06	100%	0%	32	0
	education/training bodies	0.17	0.00	0.17	100%	0%	30	0
	other collecting societies	0.00	1.32	1.32	0%	100%	0	18
	other	0.01	0.00	0.01	100%	0%	6	
	TOTAL	9.98	3.52	13.50	74%	26%	8,604	643

11.3.4 TAFEs

		\$m			%		recipients	
		domestic	foreign	total	domestic	foreign	domestic	foreign
licence fees for separate distribution	artists	0.32	0.04	0.37	88%	12%	2,703	453
	writers	0.19	0.00	0.20	98%	2%	4,745	130
licence fees for recipients that include writers, artists and publishers ('main' distribution)	education resources creators	1.18	0.00	1.18	100%	0%	1,110	7
	core content creators	0.71	0.20	0.91	78%	22%	663	23
	not-for-profit	0.04	0.00	0.04	98%	2%	39	1
	education/training bodies	0.07	0.00	0.07	100%	0%	23	0
	other collecting societies	0.00	0.06	0.06	0%	100%		10
	other	0.01	0.00	0.01	91%	9%	16	1
	TOTAL	2.52	0.31	2.83	89%	11%	9,299	625

11.3.5 Other education providers

		\$m			%		recipients	
		domestic	foreign	total	domestic	foreign	domestic	foreign
licence fees for separate distribution	artists	0.21	0.03	0.24	88%	12%	2,703	453
	writers	0.33	0.01	0.33	98%	2%	4,745	130
licence fees for recipients that include writers, artists and publishers ('main' distribution)	education resources creators	0.94	0.28	1.22	77%	23%	1,427	12
	core content creators	1.01	0.49	1.49	67%	33%	1,558	50
	not-for-profit	0.02	0.00	0.02	98%	2%	107	2
	education/training bodies	0.94	0.00	0.94	100%	0%	48	0
	other collecting societies	0.01	0.46	0.47	2%	98%	1	19
	other	0.00	0.00	0.00	96%	4%	23	2
	TOTAL		3.46	1.26	4.72	73%	27%	10,612

11.3.6 Governments

The allocation of licence fees compensation from governments in 2020–21 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.⁹⁸

		\$m			%		recipients	
		domestic	foreign	total	domestic	foreign	domestic	foreign
licence fees for separate distribution	artists	0.11	0.02	0.13	88%	12%	2,703	453
	writers	0.44	0.01	0.45	98%	2%	4,745	130
licence fees for recipients that include writers, artists and publishers ('main' distribution)	education resources creators	1.42	0.77	2.19	65%	35%	1,024	12
	core content creators	2.09	0.90	2.99	70%	30%	1,520	50
	not-for-profit	0.07	0.00	0.07	97%	3%	124	2
	education/training bodies	0.06	0.00	0.06	100%	0%	49	0
	other collecting societies	0.02	0.50	0.52	4%	96%	1	19
	other	0.01	0.00	0.01	96%	4%	21	2
	TOTAL		4.22	2.20	6.43	66%	34%	10,187

⁹⁸ We had regard to the Attorney-General's Department's guidelines for declared collecting societies (2001) in determining the approach to the distribution.

11.4 PAYMENTS TO INDIVIDUAL CREATORS

All content is created by individuals. They do so in a large variety of scenarios. The scenarios include:

1. it is part of their salaried employment: for example, they are on the staff of a publishing company as a writer, illustrator, editor or software developer;
2. they are commissioned to create specific content (e.g. that a publisher requires for a textbook) for a payment;
3. they create content, then look for a publisher; and
4. they create work that they choose to license for free because they are not dependent on income from their content.

In educational publishing, (1) and (2) are more common than (3). In trade publishing, (3) is common for fiction, and (2) more common for non-fiction.

Payment options for (2) and (3) include:

- a) an upfront fee that includes a copyright buyout;
- b) an upfront fee and royalties from sales; and
- c) an advance against future royalties, then royalties once the advance is recouped.

In (b) and (c), publishing contracts commonly provide that the creators will receive all Copyright Agency payments (rather than sharing them) when a book is out of print.

We have partial information about Copyright Agency payments for individual creators who are contracted by publishers to create content in return for a fee. This is where members have provided us with information about how payments are to be shared among rightsholders.

Our information about the following is very limited:

- how many individual creators are on the staff of companies that receive Copyright Agency payments;
- the components of upfront fees that relates to buyout of future Copyright Agency allocations;
- the sharing arrangements for Copyright Agency payments for books that we do not yet have registered shares for.

In 2020–21, we made *direct* allocations to more than 13,000 individuals, totalling nearly \$16m. We also made allocations to more than 80 agents for writers and artists, totalling more than \$1.5m, to pass on to multiple clients. We made allocations to more than 60 copyright management organisations, totalling more than \$9m, to pass on to their members, who include artists, writers and songwriters. Other allocations were to businesses that employ content creators, and that share payments for books with writers and artists.

11.5 MORE INFORMATION

- distribution policy⁹⁹
- deductions from licence fees (fees)¹⁰⁰
- distribution schedule, including links to infosheets¹⁰¹
- unpaid allocations¹⁰²

⁹⁹ <https://www.copyright.com.au/membership/payments/distribution-policy/>

¹⁰⁰ <https://www.copyright.com.au/membership/administration-fees/>

¹⁰¹ <https://www.copyright.com.au/membership/payments/distribution-schedule/>

¹⁰² <https://www.copyright.com.au/membership/payments/unpaid-allocations/>

12 CULTURAL FUND

Copyright Agency's Constitution allows the Board to allocate up to 1.5% of income to support writers, visual artists, publishers, creative organisations and Reading Australia through the Cultural Fund.¹⁰³ With an annual budget of approximately \$2 million the Cultural Fund supports a wide variety of projects each year.

In 2020–21, **\$1,968,339** was approved through the Cultural Fund for 99 projects, including six Create Grants, four Copyright Agency Fellowships, one Publishing Industry Career Development grant, and for Reading Australia. 28 multiyear projects funded previously were also paid in 2020-21 and are included here for the first time to present an overall summary of Cultural Fund support.

Category	Applications	Approved	Declined
Grants for organisations	155	60	75
Multi-year grants approved previously and paid in 2020-21	0	28	0
Create Grants	175	6	162
Author Fellowship	23	1	22
Fellowship for a Visual Artist	40	1	39
Fellowship for Non-Fiction Writing	29	1	28
Publishing Industry Career Development Grants	6	1	2
Reading Australia Fellowship for Teachers of English and Literacy	6	1	4
TOTAL	434	99	332

12.1 RECIPIENTS BY CATEGORY 2020–21

Some of the amounts paid were approved in previous years.

Category	Total	%
Fellowships – Author Fellowship, Fellowship for Non Fiction Writing, Fellowship for a Visual Artist, Reading Australia Fellowship for Teachers of English and Literacy	\$255,000	12.96%
Prize/Award	\$202,500	10.29%
Writing Organisations/projects	\$196,000	9.96%
Journal/Review	\$187,773	9.54%
Trade Association	\$130,600	6.64%
Theatre	\$130,500	6.63%
University	\$110,000	5.59%
Industry Initiatives	\$105,000	5.33%
Visual Arts Organisations/projects	\$103,500	5.26%
Festival/Event	\$100,000	5.08%
Creation/new work, Create Grants	\$95,000	4.83%
Reading Australia	\$85,000	4.32%
Poetry	\$81,000	4.12%
Cultural Institution	\$47,539	2.42%
Education	\$33,476	1.70%
Publisher	\$30,000	1.52%
Research	\$29,051	1.48%
Children's Literature	\$26,400	1.34%
Indigenous Organisations	\$15,000	0.76%
Publishing Industry Career Development Grant	\$5,000	0.25%
TOTAL	\$1,968,339	100.00%

¹⁰³ copyright.com.au/cultural-fund. The deduction does not apply to artists' resale royalties or payments from Screenrights for artists.

12.2 PROJECTS SUPPORTED BY THE CULTURAL FUND IN 2020–21

The following projects were approved for funding in 2020–21. These, and projects supported in previous years, are described in more detail on our website.¹⁰⁴ In some cases, the funding was approved for a project spanning up to three years.

ORGANISATION	AMOUNT	PROJECT
Adelaide Writers' Festival 2021	\$15,000	Adelaide Writers' Week 2021, writers' panel sessions
Art Fairs Australia	\$15,000	Sydney Contemporary 2020
Association for the Study of Australian Literature (Year 2)	\$15,000	ASAL Public Events Program
Australia Council for the Arts	\$20,000	Copyright Agency VIPs Fellowships 2020
AustLit and The University of Queensland (Year 2)	\$15,000	Teaching and Learning with Blackwords – professional development for teachers in WA
Australian Association for the Teaching of English/Australian Literacy Educator's Association	\$10,000	AATE/ALEA 2021 National Conference - Online
Australian Book Review	\$10,000	<i>ABR Arts</i> – Theatre and visual arts reviews
Australian Book Review	\$20,000	Commentary on cultural, political and social issues
Australian Centre for Contemporary Art (ACCA) (Year 3)	\$18,000	<i>Contemporary Australian</i> series - critical moments in artistic practice
Australian Children's Laureate Foundation (Year 2)	\$26,400	Australian Children's Laureate Stipend, Ursula Dubosarsky
Australian Historical Association	\$9,000	Early Career Researcher Scheme 2020
Australian Library and Information Association (Year 2)	\$30,000	Australian Reading Hour (Australia Reads) 2020
Australian Poetry	\$20,000	Australian Poets Festival 2021
Australian Network for Art & Technology (ANAT) (Year 3)	\$30,000	Synapse - where art and science meet – Residency program
Australian Society of Authors (Year 3)	\$39,600	Developmental Mentorships for Writers and Illustrators
Australian Theatre for Young People (Year 3)	\$15,000	ATYP Fresh Ink National Writers' Program 2019
Better Reading	\$15,000	Online month-long features and promotion of Australian emerging authors 2020
Big Issue in Australia	\$5,000	The Big Issue Fiction Edition 2020
Blackfella Films	\$20,000	Books That Made Us, ABC TV series
Booked Out Agency	\$15,000	Celebrating Literature across Australia: Rural and Regional Author Visits
Brisbane Writers' Festival 2021	\$10,000	Author/Editor Series, plus online series, writers' panel sessions
Byron Writers' Festival 2021	\$7,500	Online Schools Program 2021
Canberra Writers' Festival 2021	\$7,500	Canberra Writers Festival 2021, writers' panel sessions
Centre for Media History, Macquarie University (Year 2)	\$5,000	Brian Johns Annual Lecture series 2020
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
Deakin University (Year 3)	\$29,051	Australian adolescents and reading research: discoverability and cultural pathways to engagement
Express Media (Year 3)	\$20,000	Toolkits 21
Goolarri Media Enterprises	\$15,000	Teaching, mentoring and supporting emerging Indigenous performance writers
Griffin Theatre Company	\$22,000	Griffin Award 2021-23 – A national playwriting prize celebrating the best in new Australian writing
Griffith Review	\$20,000	Emerging Longform Voices: A New Award for longform writing (non-fiction, fiction, creative non-fiction)

¹⁰⁴copyright.com.au/cultural-fund/projects-supported

ORGANISATION	AMOUNT	PROJECT
Griffith Review	\$16,000	Unsettling the Status Quo: Supporting new First Nations' work
Guardian Australia	\$20,000	Weekly reviews of Australian books
Inside Story Publishing	\$25,000	Inside Story Essays and Reportage
Institute of Professional Editors	\$5,000	Editing on the Edges: 10th National Editors' Conference
International Pen Sydney Centre	\$10,000	PEN Free Voices – funding for speakers' events
Island Magazine	\$15,500	Contributors' fees and the Gwen Harwood Poetry Prize
Kaldor Public Art Projects	\$10,500	do it (homework) – Connecting artists with schools
Left Bank Literary	\$10,000	First Nations People of Colour Publishing Internship
Malthouse Theatre	\$20,000	Playwriting Innovation Award – A new award to support innovation in playwriting
Meanjin	\$20,000	Meanjin Papers
Melbourne Press Club	\$15,000	The 2020 Michael Gordon Social Justice Journalism Fellowships
Melbourne Writers' Festival 2021	\$20,000	Melbourne Writers Festival, writers' panel sessions
National Art School, NAS Gallery	\$10,000	Multimedia presentation of John Olsen journals for major exhibition
National Association for the Visual Arts (NAVA)	\$5,000	Professional Practice Mentorship Program
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
News/The Australian	\$30,000	In partnership with the Judith Neilson Institute for Journalism and Ideas, support Sarah Holland-Batt's weekly poetry column (March 2020 to March 2021) Total combined support is \$60,000.
Nine/Fairfax Media	\$45,000	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. Total combined support is \$90,000.
Office of Other Spaces	\$10,000	The Moon Speaks – funding for Ceridwen Dovey to write text and for visual artists
Perpetual Limited	\$37,500	2021 Miles Franklin Literary Award – Prize money for shortlisted authors and towards judges' fees
Perth Festival 2021	\$15,000	Literature & Ideas: Weekend in the City, writers' panel sessions
Photo Australia	\$10,000	PHOTO Fellowship program for mid-career Australian artists
Poetry in Action	\$23,476	To create new theatre shows for young people, both live and digital
Queensland Theatre	\$18,500	Support for Robyn Archer to write "The Other Great Australian Songbook"
Reading Australia	\$85,000	Creating resources for teachers to teach Australian books in schools
Red Room Poetry	\$15,000	3030 Poetic Pursuits – 30 poets:30 days of publication – commission 30 poets each year and poems released daily as part of the national celebration of Poetry Month in August 2021
Red Room Poetry (Year 3)	\$14,000	Poetry Object Prize and Partnerships - Cross-Curricular/Disciplinary Outreach
Red Stitch Actors Theatre (Year 2)	\$15,000	INK New Writing Program 2020
Small Press Network (Year 2)	\$20,000	Independent Publishing Conference 2020
Society of Children's Book Writers & Illustrators	\$18,300	SCBWI Australian Picture Book Illustrator Awards
Spineless Wonders Publishing	\$9,000	Carmel Bird Digital Literary Award 2021

ORGANISATION	AMOUNT	PROJECT
State Library of Queensland (Year 2)	\$40,039	black&write! Editor Training Program
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>
State Library of Queensland (Year 3)	\$10,000	Judith Wright Calanthe Award for a poetry collection
State Library of NSW (Year 3)	\$7,500	Going Places - Authors on Tour Project
Sydney Morning Herald	\$10,000	Best Young Australian Novelist Award 2021
Sydney Review of Books	\$25,000	Commissions for 20 writers for substantial reviews on new works of Australian literature
Sydney Review of Books (Year 2)	\$16,500	Emerging Critics Fellowships 2021
Sydney Review of Books	\$27,000	Commissions for writers to expand the review coverage of Australian non-fiction
Sydney Theatre Company (Year 2)	\$20,000	Multiyear investment in new writing and mentorship
Sydney Writers' Festival 2021	\$25,000	Our Favourites' Favourites, writers' panel sessions
The Eleanor Dark Foundation	\$10,000	The Blue Mountains International Writers' Residency Program for Australian writers at Varuna – The Writers' House
The Ethics Centre	\$6,000	Festival of Dangerous Ideas (FODI) Digital essay series – commissioning fees for writers
TLB Society (Year 2)	\$7,000	The Lifted Brow Prize for Experimental Non-Fiction + related writing workshops
The Stella Prize	\$25,000	The Stella Prize 2021
The Walkley Foundation	\$12,000	Advancing Australian arts journalism and criticism
The Wheeler Centre	\$15,000	Speakers' fees for Australian participants in Broadly Speaking digital series 2021
University of Queensland Library (Year 2)	\$30,000	Creative Writing Fellowship 2020
University of Queensland Press	\$7,000	Extraordinary Voices for Extraordinary Times Poems and Podcast
University of Tasmania	\$20,000	The Hedberg Writers-in-Residence Program 2021
University of Technology Sydney (UTS) (Year 3)	\$40,000	Copyright Agency NEW Writer-in-Residence
UNSW Press (Year 3)	\$32,000	The Bragg UNSW Press Prizes for Best Australian Science Writing
UWA Publishing (Year 2)	\$18,700	The Dorothy Hewett Award for an Unpublished Manuscript 2021
West Space	\$10,000	Offsite digital commissioning platform for artists
Westerly Centre	\$7,773	Westerly Magazine's Writers' Development and Fellowship Program 2021
WestWords	\$20,000	Western Sydney Emerging Writers' Fellowships
WestWords (Year 3)	\$25,000	Writers in schools in Western Sydney
Word Travels	\$15,000	Story-Week 2020
Writing NSW (Year 3)	\$10,000	Boundless: Showcasing and Supporting Culturally Diverse Writers 2021

12.3 FELLOWSHIPS 2020–21

The following applicants were successful for Fellowships in 2020–21.

Fellowship	Amount	Awarded to
Author Fellowship	\$80,000	Award-winning author Rodney Hall (Victoria), for his work <i>Vortex</i> , a novel addressing the overwhelming crisis worldwide in relation to the life of refugees. This experimental novel is set in 1954, the year when the first escaping boat people set out from Vietnam to Australia. Hall will structure the novel as a web of connections rather than a linear narrative, inviting the reader to read the chapters in any order. His publisher, Picador, is eagerly awaiting the book.
Fellowship for Non-Fiction Writing	\$80,000	Author Krissy Kneen (Queensland), for <i>With This Body</i> . Kneen will research and write the first draft of her creative non-fiction book, which will be published by Text Publishing in 2022. The book will be a mix of memoir and non-fiction, exploring her own personal relationship with her body and the societal pressures and stressors of living in a fat, post-menopausal femme body.
Fellowship for a Visual Artist	\$80,000	Khaled Sabsabi (NSW) for his project, ' <i>A Hope</i> ': <i>First major survey exhibition in NSW with a comprehensive publication</i> . Sabsabi's project aims to achieve several important artistic and professional development outcomes, including two new mixed-media artworks, presentation of a first major survey exhibition, and the design, editing, printing and distribution of a hardcopy monograph publication. Inspired by what may define us as a society, Sabsabi strives to create artwork that reflects human connectedness, while questioning ideological principles and complexities of identity politics.
Reading Australia Fellowship for Teachers of English and Literacy	\$15,000	Edwina West from Oakhill College in Sydney for her project 'Combating Aliteracy with Australian Literature'. West will use the Fellowship to develop a resource and toolkit for teachers and teacher librarians to help students to better select books, with a focus on diverse and engaging Australian writing. She will also create a 'bank' of Young Adult fiction, which teachers and teacher librarians can use to effectively pitch books to students in terms of interest, relevance and reading ability.

12.4 CREATE GRANTS 2020–21

The following applicants were successful for Create Grants in 2020–21.

Recipient	Amount	Activity
Felicity Castagna	\$10,000	Sydney-based young adult author Felicity Castagna will develop her project <i>The Faraway Highway</i> . Written in a surrealist style, <i>The Faraway Highway</i> will explore our new reality, following the journey of children who move from the country to a futurist Parramatta, which has been overdeveloped and abandoned during a time when a pandemic made living in overcrowded cities a health hazard.
Bernard Cohen	\$20,000	NSW-based author Bernard Cohen will work on <i>What was Normality?</i> , a collection of short stories that draws on the COVID-19 crisis to explore the responses of individuals to major disruptions and traumas, and how these responses illuminate an understanding of normality and patterns of life.
Mandy Ord	\$15,000	Victoria-based author Mandy Ord will create a collection of original autobiographical comic stories that explore the power of this genre.
Ellena Savage	\$20,000	Victoria-based author Ellena Savage will work on her manuscript <i>A Place to Live</i> , a long-form work of hybrid and experimental nonfiction that blends various genres including lecture, essay and drama, to think through theories of place, property and belonging.
Nicholas Mangan	\$20,000	Victoria-based visual artist Nicholas Mangan will work on <i>Core-Coralations</i> , involving a year-long artistic research enquiry to elicit material testimonies contained within Antarctic ice bubbles and bleached coral samples from Far North Queensland to postulate effects of global climate change on ecological health.
Doris Thomas	\$10,000	Northern Territory-based visual artist Doris Thomas will create a stop-motion animation about the events of Titjikala Pension Day. The animation aims to illustrate what life is like in Titjikala, and many other remote communities across Central Australia.

12.5 PUBLISHING INDUSTRY CAREER DEVELOPMENT GRANTS

Brigid Mullane, commissioning editor at Ultimo Press, will attend the NonfictionNow conference in New Zealand, in December 2021.

12.6 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, publishers 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 246 titles, covering all genres and periods of Australia’s literary history, have been added to Reading Australia.

Resources are available for 233 titles, aimed at Foundation to Senior Secondary. These 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 100 essays written by eminent authors, academics and critics. The website additionally features video interviews with authors, including 10 created in partnership with ABC Education (formerly 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.

12.7 READING AUSTRALIA DEVELOPMENTS IN 2020–21

- 10.7% increase in subscriber numbers from 19,831 to 21,951
- Total pageviews for the year are 841,964 – on par with results from 2019–2020 (841,890)
- New resources:
 - 12 new resources for secondary teachers – 139 in total
 - 16 new resources for primary teachers – 94 in total
 - Charmaine Ledden-Lewis commissioned to create colouring sheets for Reading Australia’s illustrator gallery
- The second Reading Australia Fellowship for Teachers of English and Literacy was awarded to Karen Yager (Knox Grammar School, NSW)
- A total of 26 resources published in partnership with The Garret podcast, accompanying interviews with Reading Australia authors and illustrators
- Partnership with the Australian Children’s Laureate Foundation to develop a playwriting competition for upper primary and lower secondary students
- Partnerships with Nelson Cengage and Penguin Random House to give away new books and resources to Reading Australia subscribers
- Engagement with Australian publishers to source potential titles for resource development

12.8 MORE INFORMATION

- Cultural Fund webpage¹⁰⁵ including links to:
 - how to apply for funding
 - projects and people supported by the fund

¹⁰⁵ <https://www.copyright.com.au/culturalfund/>

13 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.

13.1 MONEY HELD AT 30 JUNE 2021 FOR PAYMENT TO RIGHTSHOLDERS

As at 30 June 2021, there was \$28.33m for payment to members representing:

	\$m
1. Licence fees received but not yet allocated ¹⁰⁶	17.35
2. Licence fees allocated but not yet paid	7.60
3. Unpaid allocations for return as member benefits	3.38
TOTAL	28.33

13.2 LICENCE FEES RECEIVED BUT NOT YET ALLOCATED

The table below shows licence fees we are holding that have not yet been allocated. We make a deduction for anticipated operating costs and for the Cultural Fund before we allocate to rightsholders.

Licence sector	Licence fees held \$m	For distribution (est)
Education	3.06	2.62
Government	2.94	2.51
Other	11.36	9.71
Total	17.35	14.83

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

Licence fees were due from the school sector in April 2021 for January to December 2021, and allocated to rightsholders in June 2021. 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 2021 were due in April 2021, allocated to rightsholders in June 2021, and mostly paid to rightsholders by 30 June 2021.

13.4 WHY ALLOCATED FUNDS HAVE NOT YET BEEN PAID

The government guidelines for declared collecting societies refer to the following as reasons for a collecting society holding unpaid allocations:

- the society has lost contact with the member concerned;
- the qualified person entitled is not currently a member;
- the relevant copyright owner or agent entitled to the amount is not finally ascertained;
- there is a dispute as to entitlement;

¹⁰⁶ This includes amounts that will be deducted for operating costs.

- the accumulated aggregate amount due to a member would be uneconomic to distribute, ie, is below a threshold limit;
- a portion of funds collected cannot be allocated immediately as there is presently inadequate data for apportionment;
- monies are required, under mutual arrangements, to be held pending acquittal with a foreign society; and
- it is desired to set aside a specific sum to meet ex gratia claims which might later arise in respect of the current period¹⁰⁷

The following is a breakdown of allocations that we were holding at 30 June 2021.

	\$m				
	Education	Government	Commercial	Other	Total
Awaiting member confirmation	1.90	0.29	0.33	0.07	2.59
Rightsholder not yet a member	0.94	0.86	0.69	0.72	3.21
Pending updated bank details	0.25	0.20	0.14	0.01	0.60
To be re-allocated ¹⁰⁸	0.28	0.05	0.06	<0.01	0.38
Unable to be re-allocated ¹⁰⁹	0.33	0.03	0.03	-	0.39
Disputed allocations	0.07	0.01	<0.01	-	0.08
Pending Membership Approval	-	-	<0.01	<0.01	0.00
Payment In Progress	0.27	0.02	0.06	0.01	0.36
Total	4.04	1.45	1.31	0.81	7.60

13.5 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 2021, we were holding a total of \$3.38m in allocations made more than four years earlier:

- \$2m from allocations made in 2016–17; and
- \$1.38m from allocations made in previous years.

The table shows the sources of licence fees that remained unpaid in 2020–21 from allocations in 2016–17. There is a breakdown in the 2020 annual report of allocations in 2015–16 and earlier that remained unpaid at 30 June 2020.

Unpaid allocations from 2016–17 by sector	\$m
schools	0.63
universities	0.24
TAFE	0.08
individually licensed education institutions	0.13
governments (inc survey plan sales)	0.38
commercial	0.21
overseas	0.34
Total unpaid from 2016–17	2.00
Total allocated in 2016–17	119.91
% unpaid in 2020–21	1.7%

¹⁰⁷ Clause 17.

¹⁰⁸ We initially allocated to a rightsholder who advised they were not entitled to the allocation, and we are in the process of identifying another rightsholder.

¹⁰⁹ We initially allocated to a rightsholder who advised they were not entitled to the allocation, and we have been unable to identify another rightsholder.

13.6 REASONS ALLOCATIONS WERE NOT PAID IN 4 YEARS

	\$m				
	Education	Government (inc survey plan sales)	Commercial	Other	Total
Allocated to member but not claimed	0.53	0.06	0.10	0.04	0.74
Work identified: rightsholder unknown	0.44	0.03	0.03	0.01	0.50
Rightsholder identified, but not contacted or did not join ¹¹⁰	0.08	0.29	0.10	0.22	0.69
Foreign recipients: no agreement with foreign collecting society	0.03	<0.01	< 0.01	0.03	0.07
Aggregate amount for rightsholders < \$10 ¹¹¹	<0.01	<0.01	<0.01	<0.01	<0.01
Total	1.08	0.38	0.23	0.30	2.00

13.7 STEPS TAKEN TO LOCATE RIGHTSHOLDERS

When we allocate an amount to a non-member rightsholder, we create a non-member account in our membership database, with any contact details available to us at the time. Our steps for locating rightsholders include researching contact details, direct contact by email or phone, and indirect contact via relevant professional associations, such as associations for writers, artists, publishers and surveying firms. Rightsholders for whom we are holding allocations include members who have not updated their contact and bank details with us, as well as non-members. In order to keep our operating costs at a reasonable level, our application of resources to locating a rightsholder needs to be proportionate to the amount allocated to the rightsholder. In 2020–21, we admitted more than 600 new members (membership is free), which included rightsholders with allocated amounts.

13.8 RESERVES AS AT 30 JUNE 2021

As at 30 June 2021, there was \$12.95m in reserves, representing:

	\$m
Future Fund reserve	9.57
Indemnity Fund reserve	3.37
Amalgamation reserve from Viscopy merger ¹¹²	<0.01
TOTAL	12.95

13.9 RESERVATION OF AMOUNTS FOR CONTINUED OPERATIONS AND CONTINGENCIES

The Australian government guidelines for collecting societies that are appointed to manage statutory licences allow us to reserve amounts from allocation and distribution for continued operation and contingencies.¹¹³

Costs associated with continued operation include ‘day to day’ costs, such as staff salaries, leasing costs and data collection for distribution of licence fees. They also include costs associated with the long-term sustainability of our services to members, such as investment in the information technology that supports those services, advocacy to maintain or improve the regulatory settings that underpin those services, and proceedings in the Copyright Tribunal to determine future licence fees and data collection arrangements.

We have funds available for distribution from three sources: licence fees, interest on licence fees, and amounts allocated to rightsholders that we were unable to pay after a period of time (rollovers).

¹¹⁰ 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.

¹¹¹ Under our distribution policy, we make payments to members once allocations for that member aggregate to \$10. The total of these small amounts in 2020–21 was about \$2,600.

¹¹² In 2020–21, we invested \$0.47m from reserves held by Viscopy when it merged with Copyright Agency into a new licensing platform for visual artists.

¹¹³ <https://static-copyright-com-au.s3.amazonaws.com/uploads/2015/04/R00561-Guidelines-for-declaring-Collecting-Societies-2001-1.pdf> at Article 10.

Our current practice is that amounts available for distribution principally comprise licence fees received. We distribute the balance of licence fees we receive, after a deduction for anticipated operating costs for the financial year and a deduction for our Cultural Fund. There is information about those deductions on our website.¹¹⁴ In 2020–21, the total deduction (anticipated operating costs and Cultural Fund) ranged from 10% to 15%.

We currently include interest on licence fees in our calculations of the deductions from licence fees for anticipated operating costs: that is, the interest effectively reduces the deduction.

We currently apply some unpaid allocations (rollovers) to meet expenses.¹¹⁵ This also has the effect of reducing the deductions for anticipated operating costs.

In the past, the Board has decided to hold interest and rollovers for potential *future* expenses, in the light of external circumstances at the time and the best interests of members in those circumstances. It regularly reviews these amounts in the light of changing circumstances, to assess the company's need for reserves for future expenses and whether funds should be released from reserves to meet expenses associated with long-term member benefits.

13.9.1 Establishment of Future Fund in 2013

In 2013, the Board considered the best interests of members, and potential costs associated with continued operation, in the light of the following external circumstances:

- the decision of Canadian education institutions to not renew their licensing arrangements with the copyright management organisation, Access Copyright; and
- recommendations by the Australian Law Reform Commission (ALRC), in its draft report, to both introduce a US-style 'fair use' exception and repeal the education statutory licence.

The Board considered that there was a real risk that developments similar to those in Canada could eventuate if the ALRC recommendations were implemented.¹¹⁶ It therefore decided to hold interest and rollovers in reserve to meet potential future expenses associated with continued operation in the event of developments such as had occurred in Canada.

The Board has reviewed the reserve periodically since it was established, as noted in previous annual reports and Directors' Reports.

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 would be returned to members.

13.9.2 Funds allocated and spent to 30 June 2021

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
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)		
Copyright Tribunal proceedings							(1.57)	(2.0)
IT systems functionality improvements							(0.68)	
public awareness and advocacy	0.00	(0.06)	(0.12)	(0.16)	(0.04)			
support for creators affected by COVID-19							(0.50)	
net movement for year	0.00	4.27	6.17	(0.36)	(0.04)	(0.75)	(2.75)	(2.0)
net balance	5.03	9.30	15.47	15.11	15.07	14.32	11.57	9.57

¹¹⁴ <https://www.copyright.com.au/membership/administration-fees/>

¹¹⁵ We add some amounts rolled over to distribution pools. In 2020–21, we included unpaid allocations from foreign collecting societies in distributions for writers and artists.

¹¹⁶ Access Copyright's attempts to restore licensing revenue for its members via the Copyright Board and the courts have recently ended, after 10 years, with an adverse decision of the Supreme Court. Canadian writers and publishers now require legislative change to restore licensing arrangements.

13.9.3 Use of the Fund in 2020–21

In accordance with a Board decision to reduce the Fund over time, \$2.0m was released from the Fund in 2020–2021 and used to meet expenses associated with proceedings in the Copyright Tribunal. These proceedings seek assistance from the Copyright Tribunal in determining equitable remuneration payable by universities, future data collection arrangements from the university and school sectors, and licence fees payable by media monitoring associations. The Tribunal has been asked for assistance because negotiations between us and licensees on the implications of major changes brought about by digital technologies did not result in agreed outcomes. The Tribunal's determinations for universities and media monitoring companies will affect licence fees for both 2020–21 and future years.¹¹⁷

The use of reserved funds 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.

13.10 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).

13.11 FUNDS FOR DISTRIBUTION AND RESERVES AT 30 JUNE 2014–21

	\$m							
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
For distribution and return to members	61.7	36.1	29.2	40.2	35.4	27.3	31.6	28.3
Reserves	6.8	12.2	18.4	18.4	19.4	18.2	15.5	12.9
Total	68.5	48.3	47.6	58.6	54.8	45.5	48.1	44.61

13.12 MORE INFORMATION

- distribution policy¹¹⁸
- unpaid allocations¹¹⁹

¹¹⁷ Costs associated with proceedings in the Copyright Tribunal were also met from unpaid allocations, totalling \$1.1m: \$1m for the proceedings relating to universities and \$0.1m for the proceedings relating to schools.

¹¹⁸ <https://www.copyright.com.au/membership/payments/distribution-policy/>

¹¹⁹ <https://www.copyright.com.au/membership/payments/unpaid-allocations/>

14 EXPENSES

In 2020–21, the deduction for anticipated operating costs from most of the licence fees distributed was 13%, and the deduction for the Cultural Fund was 1.5%.¹²⁰

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.

14.1 OPERATING COSTS IN 2020–21

- Revenue recognised: \$129.03m
- Total expenses met from deductions from licence fees: \$19.14m

Cost	\$m
Employee benefits	12.53
Depreciation and amortisation	2.55
Occupancy expense	0.02
Consultancy costs	0.73
Data Collection (surveys of content usage by licensees)	0.20
Legal costs	0.15
Information technology costs	1.59
Marketing and communications	0.31
Office running costs	0.17
Other expenses	0.89
TOTAL	19.14

14.2 OPERATING COSTS TO REVENUE RATIO

The following represents our operating costs, met from deductions from licence fees, as a proportion of our total revenue.

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Cost Ratio	15.0%	14.3%	14.3%	14.1%	13.9%	13.8%	12.9%	14.8%

14.3 OTHER EXPENSES

In addition to expenses met from deductions from licence fees, we also met some expenses from unpaid allocations (‘rollovers’), and from reserves.

These were one-off investment expenses that affect member benefits in future years as well as the current year. They relate to investment in new IT systems, and Copyright Tribunal proceedings that will affect future licence fees and data collection. They also include investment of reserve funds that were held by Viscopy when it merged with Copyright Agency in 2017.

Expense	rollovers ¹²¹	reserves ¹²²	Viscopy amalgamation fund	Total
IT systems functionality improvements	1.89			1.89
Copyright Tribunal proceedings	1.13	2.00		3.13
Visual arts licensing platform			0.47	0.47
Total	3.02	2.00	0.47	5.49

¹²⁰ See further copyright.com.au/fees

¹²¹ The total comprises \$1.3m of unpaid allocations from 2012–15 totalling \$3.96m that we were holding at 30 June 2019, that the Board determined should be applied to meet expenses over a three-year period (\$1.3m a year), and \$1.7m rolled over in 2019–20 from allocations in 2015–16.

¹²² See further Part 13.8.

14.4 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 2020–21, employee benefits expense was 9.7% of total revenue (65.5% 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 2020–21, staffing levels ranged from 72.4 full-time equivalent (FTE) to 85.2 FTE
- At 30 June 2021, there were 72.4 FTE staff
- As at 30 June 2021, the median remuneration (including superannuation) for all staff was \$121,010

Staff remuneration greater than \$153,600¹²³ as follows:

Remuneration range ¹²⁴	\$153,600–200k	\$200-250k	\$250k+
Staff in range 2020–21	4	7	4

14.5 MORE INFORMATION

- Fees webpage¹²⁵
- Our People webpage¹²⁶

¹²³ Employees who earn over the high-income threshold are considered ‘high income employees’ under the Fair Work Act 2009. The threshold for 2021 is \$153,600 (includes superannuation guarantee contributions but not incentive payments)
¹²⁴ includes superannuation but not incentive payments
¹²⁵ <https://www.copyright.com.au/membership/administration-fees/>
¹²⁶ <https://www.copyright.com.au/about-us/our-people/>

15 MEMBERS

Membership of Copyright Agency is free. Anyone with a copyright interest in a text work or image can apply for membership.¹²⁷ Applications for membership are approved by the Board.

Until November 2017, there were three classes of membership: ‘author’, ‘publisher’ and ‘collecting society’.¹²⁸ 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. Many members who receive payments share them with others, including non-members. For example, many authors receive Copyright Agency payments indirectly via their publisher rather directly from Copyright Agency.

15.1 DEVELOPMENTS IN 2020–21

- new member portal with features that include:
 - simpler application process for new members
 - dynamic payment reports
 - clear visibility of publications and survey plans in our system connected to online accounts
 - facility for members to upload additional publications and survey plans
 - streamlined systems for requesting and providing payment shares for books
 - functionality for creator members to register publications containing their works
 - self-serve management of licence participation

15.2 MEMBERS AT 30 JUNE 2021

In 2020–21, 614 new members were admitted to membership. Some memberships also ceased for various reasons (e.g. companies that ceased trading).

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Members	26,732	28,375	29,539	30,462	30,987	34,257	36,707	37,416	38,108

Many rightsholders are not direct members of Copyright Agency, but are represented by (and receive payments from) our members. For example, there are nearly 1,600 writers represented by literary agents who are members, and more than 7,600 artists represented by artists’ agents and Indigenous art centres.

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

15.3 MEMBERS BY PROFILE

writers	54%
artists	20%
publishers	21%
other ¹²⁹	5%

¹²⁷ Membership is open to owners of copyright and their agents.

¹²⁸ 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.

¹²⁹ Includes: agents for artists, writers and publishers; beneficiaries of writers’ and artists’ estates; executors, administrators and trustees; surveying firms.

15.4 MEMBER ENQUIRIES

The Member Services team answered more than 15,000 enquiries in 2020–21, mostly from members.

Query Type	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Total
Email	1,541	2,580	1,405	2,878	8,404
Phone	1,210	897	904	1573	4,584
Online chat	423	452	576	838	2,289
Total	3,174	3,929	2,885	5,289	15,277

Many members are now getting the information they need from the online Help Centre: there were more than 35,700 views of information on the Help Centre in 2020–21.

Of the customers who provided feedback on the response to their enquiry, 96% were satisfied with the response.

The Member Services team responded to more than 95% of enquiries within four hours.

15.5 MORE INFORMATION

- Member webpage¹³⁰ including links to:
 - How to apply
 - Licence participation
 - Payments to members

¹³⁰ <https://www.copyright.com.au/membership/>

16 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)¹³¹ and the International Confederation of Societies of Authors and Composers (CISAC).¹³² Copyright Agency plays an active role on the IFRRO Committees, and is on the Executive Committee of CISAC visual arts body, CIAGP.¹³³ Copyright Agency is also a member of the Press Database and Licensing Network (PDLN)¹³⁴.

16.1 AGREEMENTS

Copyright Agency currently has agreements with 37 rights management organisations around the world that are members of IFRRO and represent rightsholders for the text/image sector. We also have 38 agreements in place with CISAC visual arts societies, as well as with 5 foreign artist estates/foundations.

New agreements in 2020-21: ASCRL (USA) – unilateral agreement, March 2021.

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.

16.2 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	2016–17	2017–18	2018–19	2019–20	2020–21
\$m	3.8	3.2	4.1	3.6	3.5

In 2020–21, the top five sources of international revenue were:

Copyright Clearance Center (CCC, USA)	\$1,378,537
Copyright Licensing New Zealand (CLNZ, NZ)	\$758,003
Copydan Tekst Node (COPYDAN, Denmark)	\$434,976
Authors Licensing and Collecting Society (ALCS, UK)	\$331,106
Copyright Licensing Agency (CLA, UK)	\$138,074

¹³¹ www.ifrro.org

¹³² www.cisac.org

¹³³ In 2020 -21 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

¹³⁴ www.pdln.info

16.3 INTERNATIONAL ENGAGEMENT IN 2020–21

Due to circumstances related to the ongoing Coronavirus pandemic, all international engagement was undertaken remotely in FY 2020–21.

- Chaired 3 IFRRO Asia Pacific Committee Meetings, 16 -17 July 2020, 26-28 October 2020, 18/25 March 2021, focusing on the impact of COVID-19 on global creative industries and collective management organisations in the region
- Presented on collective management and the Australian model at the Copyright Forum Series on the Publishing Sector, hosted by Intellectual Property Office of the Philippines (IPOP HL), 25 September 2020
- Participated in IFRRO Annual General Meeting, which took place remotely throughout November 2020, including Legal Issues Forum, the Newspapers and Periodicals Working Group, and Visual Arts Working Group.
- Contributed to CISAC CIAGP Annual meeting 6 November 2020, representing visual arts licensing and resale rights developments in the Asia Pacific region
- Participated in CISAC Asia-Pacific Committee, 25 November 2020
- Participated in the Philippines-Korea Copyright Forum: Non-Face-to-Face Education and Copyright Issues” Intellectual Property Office of the Philippines (IPOP HL), 26 November 2020
- Presented at PDLN Update – Australian Developments, 25 February 2021, focussing on implementation of News Media and Digital Platforms Mandatory Bargaining Code
- Contributed to CISAC Strategies for Creative Industries Meeting, 26 May 2021
- Participated in CISAC Asia Pacific Committee Meeting, 3/10 June 2021
- Participated in CISAC General Assembly, 30 June 2021

16.4 MORE INFORMATION

- International affiliates¹³⁵
- IFRRO¹³⁶
- CISAC¹³⁷

¹³⁵ <https://www.copyright.com.au/about-us/international-affiliates/>

¹³⁶ <https://www.ifrro.org/>

¹³⁷ <https://www.cisac.org/>

17 POLICY AND ADVOCACY

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

The objects in Copyright Agency’s Constitution include:

- to promote and foster the interests of owners of copyrights and neighbouring rights; and
- to support or oppose any legislation which might affect the Company’s interests.¹³⁸

Members expect us to represent their interests, and that we will retain an appropriate proportion of licence fees in order to do so. The extent of that representation is affected by external developments, including recommendations for changes to legislation that adversely affect content creators.

We encourage and facilitate the copying and sharing of content on fair terms. In particular, we want teachers to be able to focus on their critical teaching role, knowing that they can copy and share the best teaching resources for their students. Teachers support a copyright framework and simple guidelines that enable them to do this. They also support fair payments to the creators of the content they copy and share, many of whom are current or former teachers. The system works best when those responsible for copying and sharing by teachers and others recognise that fair payments support the long-term sustainability of quality content, particularly Australian content.

17.1 DEVELOPMENTS IN 2020–21

In August 2020, the Minister for Communications, Urban Infrastructure, Cities and the Arts announced some proposed changes to the Copyright Act.¹³⁹ Some of the proposals related to matters canvassed in a consultation process in 2018, referred to as ‘Copyright Modernisation’. These were ‘orphan works’ (material for which a potential user cannot find a copyright owner), quotation, libraries and streamlining the statutory licence for governments (following the streamlining of the education statutory licence, by consensus, in 2017). We supported sensible reforms in these areas.

Other proposals related to the education sector. While we do not think legislative change is necessary given the breadth of the current framework for the education sector, we support measures that would reduce apparent confusion and concern, particularly in connection with teaching during lockdown periods.

Other developments in 2020–21 were:

- Parliamentary inquiry into Australia’s creative and cultural institutions;¹⁴⁰
- Parliamentary inquiry into the Aboriginal flag;¹⁴¹
- Consultation Paper on Growing the Indigenous Visual Arts Industry;¹⁴²
- copyright recommendations in a draft report from the Productivity Commission on the Right to Repair.

17.2 INTERNATIONAL DEVELOPMENTS

17.2.1 Canada: Supreme Court decision in York University case

The Canadian Supreme Court released its decision on the long-running *Access Copyright v York University* case on 30 July 2021. The case concerns the decision by Canadian educational institutions, in 2013, to rely on the fair dealing provisions in the Canadian copyright legislation rather than renew their licences with the copyright management organisation, Access Copyright. The case involved two issues: whether a tariff set by the Canadian Copyright Board is mandatory for unlicensed education institutions, and whether York University’s fair dealing guidelines reflected Canadian law. The Court held that the tariff is not mandatory for

¹³⁸ <https://static-copyright-com-au.s3.amazonaws.com/uploads/2015/04/Copyright-Agency-Constitution-2017-.pdf>

¹³⁹ <https://www.paulfletcher.com.au/media-releases/media-release-copyright-reforms-to-better-support-the-digital-environment>

¹⁴⁰ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Communications/Arts

¹⁴¹ https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Aboriginal_Flag/AboriginalFlag

¹⁴² <https://www.arts.gov.au/have-your-say/consultation-paper-growing-indigenous-visual-arts-industry>

unlicensed institutions, and that consequently it did not need to consider the second issue. However, it made some comments on fair dealing that differed from the decision of the Full Federal Court.

The outcome of the decision is that, after 10 years of litigation, Canadian writers and publishers will need legislative change to support re-instatement of collective licensing as a support for future Canadian educational content.

17.2.2 Other developments

Other developments include:

- Canada: consultation on Artificial Intelligence (AI) and the Internet of Things;¹⁴³
- UK: consultation on ‘exhaustion’ of intellectual property rights, including rules that constrain ‘parallel importation’ of books into the UK without the licence of the rightsholder for the book in the UK;¹⁴⁴
- UK: voluntary scheme, initiated by a large seller of second-hand books, to pay royalties from the sales to authors;¹⁴⁵ and
- Singapore: in July 2021, the government introduced a Bill intended to replace the current Copyright Act, expected to come into effect in November 2021. Changes include new provisions relating to use of resources from the internet by not-for-profit schools, ‘computational data analysis’, activities of cultural institutions, and governance arrangements for copyright management organisations.¹⁴⁶

17.3 SUBMISSIONS AND REPRESENTATIONS IN 2020–21

Engagement in policy and advocacy included:

- working with the Department of Infrastructure, Transport, Regional Development and Communications, and with stakeholders, on the matters in the Minister’s August 2020 announcement;
- submission to the Parliamentary inquiry into Australia’s creative and cultural institutions;¹⁴⁷
- submission to, and appearance before, the Parliamentary inquiry into the Aboriginal flag;
- submission to Office of the Arts on Growing the Indigenous Visual Arts Industry;¹⁴⁸
- submission on the Productivity Commission’s draft report on the Right to Repair, re-iterating our strong opposition to a US-style fair use exception, and calling for any new exception to be very specific.

¹⁴³ [https://www.ic.gc.ca/eic/site/693.nsf/vwapj/ConsultationPaperAIEN.pdf/\\$file/ConsultationPaperAIEN.pdf](https://www.ic.gc.ca/eic/site/693.nsf/vwapj/ConsultationPaperAIEN.pdf/$file/ConsultationPaperAIEN.pdf)

¹⁴⁴ see consultation paper at <https://www.gov.uk/government/consultations/uks-future-exhaustion-of-intellectual-property-rights-regime> and opposition from UK publisher and author associations at <https://publishingperspectives.com/2021/06/uk-book-publishing-industry-raises-copyright-alarm-save-our-books-covid19/>.

¹⁴⁵ <https://societyofauthors.org/News/News/2021/June/AuthorSHARE-launch>

¹⁴⁶ <https://www.ipos.gov.sg/docs/default-source/resources-library/copyright/copyright-bill-factsheet.pdf>

¹⁴⁷ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Communications/Arts/Submissions

¹⁴⁸ https://www.arts.gov.au/sites/default/files/submissions/givia_copyright-agency-limited.pdf

18 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).

18.1 DEVELOPMENTS IN 2020–21

- Joint sponsorship of Parliamentary Friends of Books and Writing group
- Meetings with various Departments and Ministers
- John Fries Award for 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 Provider
- Publication of opinion pieces in media on copyright issues
- Promotion of new Code of Conduct website to all members (in conjunction with other collecting societies)
- Literary agents and publishers briefed in Sydney and Melbourne

19 GOVERNANCE AND ACCOUNTABILITY

Copyright Agency is a signatory to the Code of Conduct for Copyright Collecting Societies.¹⁴⁹ 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.¹⁵⁰

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.

19.1 DEVELOPMENTS IN 2020–21

- Code Reviewer's report on collecting societies' compliance with the Code of Conduct in 2019–20 published (available on Code of Conduct website)
- report to Code Reviewer on compliance with the Code of Conduct 2020–21 (available on Code of Conduct website)
- appointment of Triennial Code Reviewer

19.2 MORE INFORMATION

- Code of Conduct website¹⁵¹
- Report by Bureau of Communications and the Arts from Review of Code of Conduct for Australian Collecting Societies¹⁵²

¹⁴⁹ The Code is available at copyright.com.au.

¹⁵⁰ There are links to the declaration and guidelines at copyright.com.au/governance

¹⁵¹ <https://www.copyrightcodeofconduct.org.au/>

¹⁵² <https://www.communications.gov.au/documents/review-code-conduct-australian-copyright-collecting-societies>

COPYRIGHT AGENCY LIMITED

ABN 53 001 228 799

Directors' Report and Financial
Report

For the year ended 30 June 2021

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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 2021 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 (resigned 26 November 2020)

Arthur Baker (appointed 26 November 2020)

Jane Curry

Jason Eades

Richard Eccles (appointed 17 September 2020)

Adele Ferguson

Cath Godfrey

Dr Kate Harrison

Kirsty Murray (appointed 26 November 2020)

Anne Maria Nicholson

Helen O'Neill (resigned 26 November 2020)

Dr Oliver Watts

Kimberley Williams AM (resigned 30 June 2021)

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 \$128,548,031 (2020: \$140,985,408). With the addition of interest income on funds invested and other minor sources of income, revenues for the year totalled \$129,026,432 (2020: \$142,232,953).

After deducting the costs of running the Company, including employee, occupancy and other relevant expenses, the Company allocated \$104,843,416 (2020: \$120,537,199) 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 \$2,511,831 (2020: \$2,724,408) represents monies disbursed by the Company for certain non-operating expenses sourced from the Future Fund, Amalgamation Reserve 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 \$101,762,702 (2020: \$113,920,753).

DIRECTORS' REPORT

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 (the "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 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 strategic pillars in its current three-year plan:

- Serve and advocate for members;
- Enhance customer partnerships; and
- Optimise organisation expertise.

DIRECTORS' REPORT

Company performance

The Company has a set of strategic initiatives designed to ensure it achieves these objectives and for measuring the Company's performance. These include:

- Implementing an effective advocacy and engagement plan
- Developing modern ways to better collect data to facilitate efficient and accurate distributions
- Relevant licensing solutions for users
- As necessary, conducting targeted litigation
- Supporting employee growth and engagement
- Improved business systems and reduced operating costs

Delivery against the strategic initiatives form part of the overall measurement of performance of the Company and, as relevant, are part of individual employees' KPIs.

After balance date events

Subsequent to balance date, on Friday 15 October 2021, the Copyright Tribunal delivered its decision in respect of the Meltwater and Isentia matter. The Copyright Tribunal matter with Universities Australia is ongoing. Refer to "Likely developments" below and Note 5 to the financial statements for further detail and the possible impact on the financial statements in future years.

The coronavirus 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 been, and is expected to continue to be, not significant. However, it is possible that it may become material to the Company as the effects and consequences of the latest outbreak 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 matters noted above, 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, and matters noted above, the Company expects to maintain the present status and level of operations.

MMO litigation:

The Company's licensees, media monitoring organisations Isentia Pty Ltd (Isentia), Meltwater Pty Ltd (Meltwater) and Stroom Pty Ltd each commenced proceedings in the Tribunal in order to seek a licence for their media monitoring activities. Each of these parties has previously been licensed by the Company,

DIRECTORS' REPORT

however all rejected the Company's proposed new industry model licence and made application to the Tribunal on the basis that, there is no licence scheme currently in operation, they require a licence and the Company proposes a licence that they claimed was on unreasonable terms. The matter was set down to be heard in October 2020 but was adjourned part-heard after the Company and Stream reached an agreement on licence terms and Stream discontinued its application.

The remainder of the hearing against Isentia and Meltwater took place in February 2021.

On Friday 15 October 2021, the Copyright Tribunal delivered its decision, requiring that the Company grant a licence to Isentia and Meltwater on terms that would result in a significant reduction in the licence fees payable by Meltwater and Isentia. The Board does not have access to the judgment at the time of this report due to confidentiality orders. The Company is currently consulting with legal advisers and considering whether to seek judicial review of the decision. The decision also has implications as to past payment adjustments and costs. To the extent that there is a need to retrospectively adjust any payments made under the interim orders of the Tribunal, those adjustments can be offset against future distributions to the relevant media rightsholders.

Tribunal proceedings regarding 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. Copyright Agency sought interim orders from the Tribunal at the same time to ensure that its members continue to be paid while the matter is before the Tribunal. The Tribunal ordered, on an interim basis, that the universities continue to pay the same amount but with half payable to the Company for distribution and half to be held in an escrow account to be dealt with on final determination of the matter. The Tribunal heard the matter in September 2020 and has reserved its final judgment. Pending the Tribunal decision, the Company has had to accrue an amount for universities revenue. The Company has this year revised the amount accrued for universities revenue, to recognise the inherent risks in litigation. This has included a cumulative write-down on previous amounts accrued since the agreement with universities expired. There has been no impact on distributions which have been made on a cash receipts basis and the amount paid into escrow has also continued on the same basis. As the amount which needs to be accrued cannot be ascertained with any certainty, final adjustments may need to be made following the decision of the Tribunal.

DIRECTORS' REPORT

Likely developments (continued)

Tribunal proceedings regarding data collection from schools

In May 2021 the Company filed an application in the Tribunal requesting it determine a suitable data collection method for the copying and communication of copyright material in schools. In the 2019 remuneration agreement reached with the schools sector, represented by the Copyright Advisory Group, the parties agreed to work together to determine a new methodology to collect data. That agreement contemplated that, after September 2020, either party could bring an application seeking the assistance of the Tribunal to determine the appropriate method for data collection. The rate payable with respect to usage by schools continues to be covered by the 2019 remuneration agreement until the end of 2022.

Future Fund:

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

In 2017, the Board reported that it had determined to maintain the Fund but that it would periodically review the need for it and any amounts no longer required for safeguarding members' interests will be returned to members in a manner determined by the Board. Since 2018, the Board has reviewed the quantum of the Future Fund and resolved to reduce it by \$5million. It was resolved that this money was to 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, phased over time. The money has been invested in securing future operations and revenue, including IT systems upgrades, applications to the Tribunal to determine future rates and methods of collecting data, and small amounts on advocacy. A total of \$500,000 was also used from the Future Fund to support an emergency program for creators in the COVID-19 crisis.

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

Information on Directors and Company secretary

David Barnett	Director (resigned on 26 November 2020)
Qualifications	BA, P Grad Dip HRM, FAICD
Experience	Managing Director of Pearson Asia Pacific until August 2021 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.
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 convenor of its Independent Publishers Committee; and former member of Copyright Agency's Education Portal Committee.
Special responsibilities	Publisher members elected Director since 2015. Convenor of the Audit and Finance Committee Member of Cultural Fund Committee. Member of the 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 Limited. Previously Director, Consulting with Social Ventures Australia and co-founder and Chief Executive Officer PricewaterhouseCoopers Indigenous Consulting. Former Non-executive Director at Australian Indigenous Mentoring Experience (AIME) and a current member of the Australia Council's First Nations Arts Strategy Panel.
Special responsibilities	Independent Director since December 2017. Convenor of the Visual Arts Committee Member of Cultural Fund Committee. Nominations and Governance Committee.

DIRECTORS' REPORT

Information on Directors and Company secretary (Continued)

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 The Sydney Morning Herald, The Age and The Financial Review and presented major investigations for the ABC's Four Corners and 7.30. Multiple awards include the Gold Walkley and Graham Perkin Journalist of the Year. Author of the best-selling unauthorised biography Gina Rinehart: The Richest Woman in the World and Banking bad. 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. Member of the Remuneration Committee.
Dr Kate Harrison	Director
Qualifications	LLB (Hons), Masters of Law (Columbia), PhD (Uni of Syd)
Experience	Partner with Gilbert + Tobin law firm. Experience encompasses corporate and commercial litigation, intellectual property advice, commercial licensing and commercialisation across technology industries, media and communications, the music industry, advertising and consumer goods. Also worked on a number of high-profile public inquiries and Royal Commissions. Public policy experience having worked as a senior advisor in Canberra between 2008 and 2011.
Special responsibilities	Independent Director since March 2018. Convenor of the Copyright Committee. Member of Audit and Finance Committee. Member of Cultural Fund Committee.

DIRECTORS' REPORT

Information on Directors and Company secretary (continued)

Richard Eccles	Director
Qualifications	Bachelor of Arts; Master of Arts
Experience	<p>Richard is a consultant and board director with a deep interest in the arts, health, sports, media and charitable sectors. He holds directorships or advisory positions with a number of organisations including Bangarra Dance Theatre, Copyright Agency Ltd, the Public Interest Journalism Initiative, Epilepsy ACT and the Federal Golf Club.</p> <p>Until March 2020, Richard enjoyed a successful career as a senior Commonwealth public servant, holding Deputy Secretary positions for ten years across several portfolios including the Department of the Prime Minister and Cabinet; Health and Aged Care; and Communications and the Arts. This is underpinned by over 30 years experience in the public and not-for-profit sectors.</p> <p>Career highlight to date include world leading reforms in cyber safety; driving reforms in the Australian media landscape; leading the Australian Government's World Cup Bid Taskforce and involvement in major sporting events; developing and implementing major changes in sports integrity; leading major reforms in copyright and arts policies, to protect and support Australian creators and industries; and leading social and economic reforms in Indigenous affairs.</p>
Special Responsibilities	<p>Independent Director since 2020</p> <p>Chair of the Copyright Committee</p> <p>Member of the Audit and Finance Committee</p> <p>Member of the Cultural Fund Committee</p>
Helen O'Neill	Director (resigned on 26 November 2020)
Qualifications	BA (Hons)
Experience	<p>Award-winning journalist with The Sydney Morning Herald, The Australian and Vogue Australia. Author, whose books include biographies of Harry Seidler, Florence Broadhurst and the department store David Jones. Co-founder of Curly Swirls Productions. Deputy Chair of Australian Society of Authors, serving on its Nominations Committee.</p>
Special responsibilities	<p>Australian Society of Authors appointed Director since 2014.</p> <p>Member of Cultural Fund committee.</p> <p>Member of the Copyright Committee.</p>

DIRECTORS' REPORT

Information on Directors and Company secretary (continued)

Dr Oliver Watts	Director
Qualifications	BA LLB MFA PhD (Syd)
Experience	Artist, curator, Academic. Head Curator of Artbank. Previously Senior Lecturer at the National Institute of Dramatic Art (NIDA) and Lecturer at Sydney College of the Arts (University of Sydney). Has shown internationally and nationally and is currently represented by Chalk Horse gallery and This is No Fantasy (Melbourne). Watt's research centres on the nexus between art and law and has published widely in this area.
Special responsibilities	Artist Director since December 2017. Member of Cultural Fund Committee. Member of the Copyright Committee. Member of the Visual Arts Committee
Kimberley Lynton Williams AM	Chair (resigned on 30 June 2021)
Qualifications	B.Mus, Hon DLitt
Experience	Media executive, composer and professional director; 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. He was formerly a Commissioner of the Australian Football League. Currently the Chair of the Thomson Reuters Board of Trustees, , the State Library of NSW Foundation (Co-Chair), Upper Hunter Economic Development Corporation, Richard Gill School and VidCorp. He is also on the Board of the University of Western Sydney Foundation and Myer Family Investments.
Special responsibilities	Independent Director since January 2015. Chair of the Cultural Fund Committee. Member of the Audit and Finance Committee. Chair of the Remuneration Committee. Chair of the Nominations and Governance Committee.

DIRECTORS' REPORT

Information on Directors and Company secretary (continued)

Cath Godfrey	Director
Qualifications	BA
Experience	Until September 2020 Cath was 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 held senior management and publishing roles at Thomson Reuters and Pearson, giving Cath 25 years' experience in educational and professional publishing in Australia and the South East Asian market. Cath was also a director of the Australian Publishers Association. She is a graduate of the Australian Institute of Company Directors.
Special Responsibilities	Australian Publishers Association appointed director since 2019 Member of the Cultural Fund Committee Member of the Copyright Committee Member of the Nominations and Governance Committee.
Arthur Baker	Director
Qualifications	BA English/History (Hons)
Experience	Arthur Baker has been engaged in educational publishing for 27 years, having commenced his career in January 1994 as a Secondary sales representative at Pearson (then Longman Cheshire). He has worked in multiple markets and held a number of roles in School Sales and Marketing, Operations and General Management at Pearson, and more recently at Oxford University Press (OUP). As Managing Director for OUP ANZ & Pacific, Baker supports a broad based business with business units focused on Primary, Secondary, Higher Education, ELT and Trade publishing. A strong advocate of broader industry engagement, Baker has been a member of the Australian Publishers Association's Schools and Educational Publishers Committee (SEPC), the CAL sponsored Learning Field Steering Committee and more recently the Fair Dealing Committee.
Special Responsibilities	Australian Publishers Association appointed Director since 2020 Member of the Audit and Finance Committee Member of the Cultural Fund Committee

DIRECTORS' REPORT

Information on Directors and Company secretary (continued)

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. Director of the Australian Society of Authors since 2018. In 2021 Anne Maria was made a Fellow of the Royal Society of New South Wales
Special Responsibilities	Australian Society of Authors appointed director since 2019 Member of the Cultural Fund Committee Member of the Visual Arts Committee
Kirsty Murray	Director
Qualifications	Dip. Arts (RMIT)
Experience	Kirsty Murray is a multi-award-winning author of more than 20 books for children and young adults. Based in Melbourne, she is passionate about Australian stories. Her work is published internationally and includes eleven novels as well as non-fiction, junior fiction, historical fiction, speculative fiction and picture books. Kirsty's work is widely studied in schools and universities and she has taught creative writing to thousands of writers in schools, universities and libraries around the world. Kirsty has been a Creative Fellow of the State Library of Victoria and an Asialink Literature Resident in South India. She is currently a director on the board of the Australian Society of Authors and an advocate for readers and writers of all ages.
Special Responsibilities	The Australian Society of Authors appointed Director since 2020 Member of the Cultural Fund Committee Member of the Copyright 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

Meetings of Directors										
Directors	Board of Directors'		Audit and Finance Committee		Cultural Fund Committee		Copyright Committee		Visual Arts Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Barnett	2	1	3	1	-	-	-	-	-	-
Richard Eccles	5	5	3	3	3	3	5	5	-	-
Jane Curry	6	6	5	5	5	5	-	-	-	-
Jason Eades	6	5	-	-	5	5	-	-	2	2
Adele Ferguson	6	5	5	3	5	3	-	-	-	-
Kate Harrison	6	6	5	5	5	5	8	8	-	-
Helen O'Neill	2	2	-	-	3	3	3	3	-	-
Arthur Baker	4	4	2	2	2	2	-	-	-	-
Kirsty Murray	4	4	-	-	2	2	2	2	-	-
Oliver Watts	6	4	-	-	5	4	8	7	2	2
Kimberley Williams AM	6	6	5	5	5	5	-	-	-	-
Cath Godfrey	6	6	-	-	5	5	8	8	-	-
Anne Maria Nicholson	6	6	-	-	5	5	-	-	2	2
The Remuneration Committee and the Nominations and Governance Committee have considered matters throughout the year by email correspondence and telephone conference calls as required.										

Directors' remuneration

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

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

COPYRIGHT AGENCY LIMITED
ABN 53 001 228 799

DIRECTORS' REPORT

	Base Remuneration \$	Superannuation Contributions \$	Total \$
Arthur Baker	18,657	1,772	20,430
David Barnett	12,542	1,191	13,733
Jane Curry	34,071	-	34,071
Jason Eades	31,115	2,956	34,071
Richard Eccles	25,397	1,485	26,881
Adele Ferguson	31,115	2,956	34,071
Cath Godfrey	31,115	2,956	34,071
Kate Harrison	31,115	2,956	34,071
Kirsty Murray	18,657	1,772	20,430
Anne Maria Nicholson	31,115	2,956	34,071
Helen O'Neill	12,542	1,191	13,733
Oliver Watts	31,115	2,956	34,071
Kimberley Williams	62,225	5,911	68,137

Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$20 each towards meeting any outstanding and obligations of the group. At 30 June 2021, the number of members was 38,108.

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.

DIRECTORS' 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:

Dr Kate Harrison



Director:

Jane Curry

Dated this 26 day of October 2021



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 2021 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.

A handwritten signature of the auditor, which appears to be 'KPMG' in a cursive script.

KPMG

A handwritten signature of Tony Nimac, written in black ink.

Tony Nimac

Partner

Sydney

26 October 2021

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STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue	2	129,026,432	142,232,953
Less: expenses			
Employee benefits expense	3(b)	(12,528,223)	(11,891,288)
Depreciation and amortisation expense	3(c)	(2,552,416)	(1,649,838)
Occupancy expense		(20,145)	249,701
Consultancy costs		(729,128)	(654,122)
Data collection		(198,474)	(1,246,639)
Legal costs	3(d)	(149,489)	(66,820)
IT costs	3(e)	(1,587,642)	(1,164,066)
Marketing and communications		(313,530)	(383,162)
Office running costs		(169,177)	(213,605)
Other expenses		(892,867)	(1,260,832)
		<u>(19,141,091)</u>	<u>(18,280,671)</u>
Payments made from Reserves			
Future Fund Reserve (Legal costs)	3(d)	(2,000,000)	(1,570,373)
Future Fund Reserve (IT costs)	3(e)	-	(679,627)
Future Fund Reserve (COVID19 emergency funding)		-	(500,000)
Indemnity Fund Reserve (Other expenses)		(98,952)	(18,232)
Amalgamation Reserve (Consultancy)		(474,435)	-
		<u>(2,573,387)</u>	<u>(2,768,232)</u>
Payments made from Distribution Rollover			
IT costs	3(e)	(1,894,176)	(1,321,534)
Legal costs	3(d)	(1,127,355)	-
Less: distributions			
Distribution paid and payable to members	11	(104,843,416)	(120,537,199)
Cultural Fund distributions		(1,958,838)	(2,049,725)
Deficit for the year	3(a)	(2,511,831)	(2,724,408)
Other comprehensive income for the year		-	-
Total comprehensive income before allocations to reserves		<u>(2,511,831)</u>	<u>(2,724,408)</u>

The accompanying notes form part of these financial statements.

COPYRIGHT AGENCY LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	4	1,104,341	551,274
Investments	15	23,513,316	32,214,156
Trade and other receivables	5	43,980,325	38,051,587
Other assets	6	2,618,212	1,564,133
Total current assets		71,216,194	72,381,150
Non-current assets			
Property, plant and equipment	7	811,155	6,163,190
Right of use asset	14	927,377	1,396,233
Intangible assets	8	14,647,051	8,946,270
Trade and other receivables	5	942,769	-
Other assets	6	-	1,200,000
Total non-current assets		17,328,352	17,705,693
Total assets		88,544,546	90,086,843
Current liabilities			
Payables	9	5,668,628	4,377,585
Provisions	10	1,459,512	1,327,377
Distributions payable	11	32,718,719	30,635,680
Contract liabilities	12	34,108,452	35,931,617
Lease liability	14	702,503	614,748
Total current liabilities		74,657,814	72,887,007
Non-current liabilities			
Payables	9	48,701	243,506
Provisions	10	359,100	263,071
Lease liability	14	524,967	1,227,464
Total non-current liabilities		932,768	1,734,041
Total liabilities		75,590,582	74,621,048
Net assets		12,953,964	15,465,795
Equity			
Retained earnings		-	-
Reserves		12,953,964	15,465,795
Total equity	13	12,953,964	15,465,795

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2021

	Retained earnings \$	Future Fund reserve \$	Indemnity Fund reserve \$	Amalga- mation reserve \$	Total equity \$
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	-	-
Transfer to Distributions payable	-	-	-	-	-
Balance at 30 June 2020	- 11,573,591	3,411,625	480,579	15,465,795	
Balance at 1 July 2020	- 11,573,591	3,411,625	480,579	15,465,795	
Deficit for the year	(2,511,831)	-	-	-	(2,511,831)
Transfers from reserves	2,573,387	(2,000,000)	(98,952)	(474,435)	-
Transfer surplus to reserves	(61,556)	-	61,556	-	-
Balance at 30 June 2021	- 9,573,591	3,374,229	6,144	12,953,964	

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Cash receipts from customers		131,167,475	137,677,568
Cash distributed to members and payments to suppliers and employees		<u>(136,479,672)</u>	<u>(143,137,917)</u>
Net cash used in operating activities		<u>(5,312,197)</u>	<u>(5,460,349)</u>
Cash flow from investing activities			
Interest received		330,021	961,610
Payments for property, plant and equipment	7	(299,568)	(78,329)
Payments for intangible assets	7, 8	(2,132,737)	(7,652,332)
Purchases of/increase in investments	15	(245,785)	(10,000,000)
Decrease in cash on deposit	15	<u>8,946,625</u>	<u>21,892,739</u>
Net cash from investing activities		<u>6,598,556</u>	<u>5,123,688</u>
Cash flow from financing activities			
Repayment of finance leases	14	<u>(733,292)</u>	<u>(696,386)</u>
Net cash used in financing activities		<u>(733,292)</u>	<u>(696,386)</u>
Net increase/(decrease) in cash held		553,067	(1,033,047)
Cash at the beginning of the financial year		<u>551,274</u>	<u>1,584,321</u>
Cash at the end of the financial year	4	<u>1,104,341</u>	<u>551,274</u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 2, 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 judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the 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 the current year impacted and in future years. Refer to note 5 for further information on the current status of matters before the Copyright Tribunal, which are subject to dispute between the Company and certain licensees.

(b) Changes in accounting policies

The Company has consistently applied the accounting policies set out in Note 1 to all periods presented in the financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(c) Accounting Standards issued but not operative at 30 June 2021

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 in to account the interest rates applicable to the financial assets.

(e) Foreign currency transactions

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax

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

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

(g) Goods and services tax (GST)

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

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, 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 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 on a straight-line basis.

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	7-10%	Straight line
Furniture, fixtures and fittings	1-12%	Straight line
Computer equipment	10-57%	Straight line
Systems development work in progress	Nil	Commence when ready for use

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Lease

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 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, and 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Lease (continued)

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 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 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Lease (continued)

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'.

(k) Impairment of non-financial assets

An impairment loss is recognised, in profit or loss, 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangibles

Internally developed software

Internally developed software is capitalised only if the expenditure can be measured reliable, 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.

(m) 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.

(n) 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

Financial assets

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'.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

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 not 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.

Financial liabilities

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 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

Financial assets

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.

Financial liabilities

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

simultaneously.

(o) Distributions payable

The Company holds the net distributable amount for each year in trust for rights holders. This includes funds that have not yet been allocated to rightsholders, and funds that have been allocated to rightsholders but not yet paid. The reasons that allocations have not yet been paid include provision of bank details.

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. The applicable trust period for moneys other than from statutory licence fees is one year or such other period as the Board may determine. 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. Currently, some of these amounts are added to distribution pools, some are used to maintain the Indemnity Fund and some are used to meet expenses, with the effect of reducing the deductions from licence fees for anticipated operating costs.

In administering the licences, the Company collects and distributes remuneration payable by various licensees, using a variety of data sources. Any amounts distributed are net of the operating expenses, providing for taxation if applicable.

(p) Amalgamation reserve

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

(q) 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 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Financial risk management policies and objectives (continued)

The Company's Audit and Finance 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 COVID19.

(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.

(r) Distribution Rollover

At any given time, the Company holds amounts allocated to rights holders that have not been paid because:

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

Unpaid allocations are held on trust for the periods noted above at note 1(o). The Company uses its best endeavours to enable payment of allocated amounts to rights holders. If an allocation remains unpaid after the relevant trust period, it is 'rolled over'. The Board determines how rollovers will be applied for the benefit of members. Once an allocated amount has rolled over, a member has no further entitlement to claim it. Currently, rollovers are applied to maintain the indemnity fund (when required), added to distribution pools in some cases, and used to meet expenses, with the effect of reducing deductions for anticipated operating costs.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 2: REVENUE		
Revenue from rendering of services	128,548,031	140,985,408
Interest income	455,898	796,009
Other income	22,503	451,536
	<u>129,026,432</u>	<u>142,232,953</u>
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	61,556	43,824
Payments made from reserves	(2,573,387)	(2,768,232)
	<u>(2,511,831)</u>	<u>(2,724,408)</u>
(b) Employee benefits expense		
Wages and salaries	10,178,097	9,726,949
Directors fees and expenses	444,747	404,065
Contributions to superannuation funds	903,947	857,596
Increase in liability for employee benefits	246,604	113,778
Employment taxes and costs	773,268	791,654
	<u>12,528,223</u>	<u>11,891,288</u>
(c) Depreciation and amortisation expenses		
Depreciation expenses	639,086	632,579
Amortisation expenses	1,913,330	1,017,259
	<u>2,552,416</u>	<u>1,649,838</u>
(d) Legal Costs		
Legal costs included in expenses	149,489	66,820
Legal costs paid from reserves	2,000,000	1,570,333
Legal costs from Distribution Rollover	1,127,355	-
	<u>3,276,844</u>	<u>1,637,193</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
(e) IT Costs		
IT costs included in expenses	1,587,642	1,164,046
IT costs paid from reserves	-	679,627
IT costs from Distribution Rollover	1,894,176	1,321,553
	3,481,818	3,165,227
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash at bank	1,104,341	551,274
	1,104,341	551,274
NOTE 5: TRADE AND OTHER RECEIVABLES		
<i>Current</i>		
Trade receivables	3,380,249	5,734,453
Other receivables	2,200,000	632,703
Accrued revenue	38,400,077	31,684,431
	43,980,326	38,051,587
<i>Non current</i>		
Other receivables	942,769	-

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.

Detailed below is further information on the current status of matters before the Copyright Tribunal, which are subject to dispute between the Company and certain licensees.

The Company's licensees, media monitoring organisations Isentia Pty Ltd (Isentia), Meltwater Pty Ltd (Meltwater) and Stream Pty Ltd each commenced proceedings in the Tribunal in order to seek a licence for their media monitoring activities.

On 15 October 2021, the Copyright Tribunal delivered its judgment, requiring that the Company grant a licence to Isentia and Meltwater on terms that would result in a significant reduction in the licence fees payable by Meltwater and Isentia. The Board does not have access to the judgment at the time of this report due to confidentiality orders. The Company is currently consulting with legal advisers and considering whether to seek judicial review of the decision. The decision also has implications as to past payment adjustments and costs. To the extent that there is a need to retrospectively adjust any payments made under the interim orders of the Tribunal, those adjustments can be offset against future distributions to the relevant media rightsholders.

The Company is engaged in proceedings in the Tribunal with Universities Australia regarding the total value of the revenue contract following expiry of the previous contract on 31 December 2018. The Tribunal has reserved its judgment.

The matters may have an impact on the Company's revenue, receivables and distributions to members in future years. Accrued revenue is recognised based on the best estimate of amounts expected to be received

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
<p>from licensees at balance date and may change in the future. Any changes in estimates are adjusted in the current year impacted and in future years either when legal proceedings have been exhausted or the parties have reached agreement.</p>		
NOTE 6: OTHER ASSETS		
<i>Current</i>		
Prepayments	812,756	958,677
Bank security deposit	1,805,466	605,456
	<u>2,618,212</u>	<u>1,564,133</u>
<i>Non current</i>		
Bank security deposit	<u>-</u>	<u>1,200,000</u>

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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	2,137,173	2,137,173
Accumulated amortisation	(1,636,937)	(1,236,365)
	500,236	900,808
Office equipment, furniture and computer equipment		
At cost	1,804,026	2,548,519
Accumulated depreciation	(1,493,107)	(2,366,938)
	310,919	181,581
Systems development work in progress		
At cost	-	5,080,801
	-	5,080,801
Total property, plant and equipment	811,155	6,163,190

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

<i>Leasehold improvements</i>		
Opening carrying amount	900,808	1,301,382
Amortisation expense	(400,572)	(400,574)
Closing carrying amount	500,236	900,808
<i>Office equipment, furniture and computer equipment</i>		
Opening carrying amount	181,581	267,435
Additions	299,567	78,329
Disposals	-	(460)
Depreciation expense	(170,229)	(163,723)
Closing carrying amount	310,919	181,581

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)		
<i>Systems development work in progress</i>		
Opening carrying amount	5,080,801	4,989,184
Additions	2,132,737	7,652,332
Transfers	(7,213,538)	(7,560,715)
Depreciation expense	-	-
Closing carrying amount	-	5,080,801
NOTE 8: INTANGIBLE ASSETS		
Software		
At cost	17,313,918	10,100,380
Accumulated amortisation	(2,666,868)	(1,154,110)
	14,647,050	8,946,270
(a) Reconciliations		
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year		
<i>Software</i>		
Opening carrying amount	8,946,270	2,002,241
Additions	2,132,736	7,560,715
Transfers from systems development work in progress	5,080,801	-
Amortisation expense	(1,512,757)	(616,686)
Closing carrying amount	14,647,050	8,946,270
NOTE 9: PAYABLES		
CURRENT		
Trade creditors	2,229,559	1,113,099
Accrued expenses	2,618,412	2,576,857
Cultural Fund	625,851	492,824
Other payables	194,806	194,805
	5,668,628	4,377,585
NON-CURRENT		
Other payables	48,701	243,506
	48,701	243,506

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 9: PAYABLES (continued)

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, 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.

	2021	2020
	\$	\$
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits	1,459,512	1,327,377
	<u>1,459,512</u>	<u>1,327,377</u>
NON CURRENT		
Employee benefits	359,100	263,071
	<u>359,100</u>	<u>263,071</u>

NOTE 11: DISTRIBUTIONS PAYABLE

CURRENT		
Distributions payable to members	32,718,719	30,635,680
	<u>32,718,719</u>	<u>30,635,680</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2021 2020
\$ \$

NOTE 11: DISTRIBUTIONS PAYABLE (continued)

(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	30,635,680	25,492,221
Distributions paid and payable	104,843,416	120,537,199
Payments to members	(101,762,702)	(113,920,753)
Payments in transit and GST	(997,675)	(1,472,987)
Closing carrying amount	<u>32,718,719</u>	<u>30,635,680</u>

NOTE 12: CONTRACT LIABILITIES

CURRENT

Deferred revenue arising from contracts with customers	34,108,452	35,931,617
	<u>34,108,452</u>	<u>35,931,617</u>

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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 13: EQUITY		
Retained earnings	-	-
Future Fund reserve	9,573,591	11,573,591
Indemnity Fund reserve	3,374,229	3,411,625
Amalgamation reserve	6,144	480,579
Total equity	<u>12,953,964</u>	<u>15,465,795</u>

Retained earnings

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

Future Fund Reserve

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

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

The Board has undertaken to periodically review the operation of the Future Fund. In 2017, the Board reported that it had determined to maintain the Fund but that it would periodically review the need for it and any amounts no longer required for safeguarding members' interests will be returned to members. The Board has subsequently resolved on multiple 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 14: LEASES		
<i>Leases as lessee</i>		
(a) Right-of-use asset		
Balance as at 1 July 2020	1,396,233	1,865,090
Depreciation expense for the year	(468,856)	(468,857)
Balance as at 30 June 2021	927,377	1,396,233
 (b) Lease liabilities		
Current	702,503	614,748
Non-current	524,967	1,227,464
 (c) Amounts recognised in profit or loss		
Interest expense on lease liabilities	118,548	146,129
Depreciation expense on right-of-use assets	468,856	468,857
 (d) Amounts recognised in cash flows		
Total cash outflows from leases	733,292	696,386
 (e) Maturity analysis of undiscounted lease payments		
Less than one year	771,583	733,292
One to five years	538,269	1,309,852
Five years or more	-	-
	1,309,852	2,043,144

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 14: LEASES (continued)

The Company leases an office, 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.

NOTE 15: INVESTMENTS	2021	2020
	\$	\$
Investments	10,196,651	9,950,866
Cash on deposit	13,316,665	22,263,290
	23,513,316	32,214,156

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(n)**. 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.

NOTE 16: RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

Compensation received by key management personnel of the Company

- short-term employee benefits	915,361	873,539
- post-employment benefits	56,059	54,182
	971,420	927,721

(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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 and Finance 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

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.

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 counter party 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's revenue is concentrated among a few customers including State and Federal governments, the schools sector and Australian universities.

The Company has no other 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2021
\$

2020
\$

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

(iv) Interest rate risk (continued)

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

	2021 \$	2020 \$
Fixed rate instrument		
Lease liability	1,227,470	1,842,212
Variable rate instruments		
Cash at bank	1,104,341	551,274
Cash on deposit	13,316,665	22,263,290
Investments (cash and cash equivalents held as part of Mutual Trust Pty Ltd)	9,116,298	9,349,698

Sensitivity analysis

No reasonably possible movement in interest rates at 30 June 2021, 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 17: FINANCIAL RISK MANAGEMENT (continued)

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 FVTPL reserve.

	Market value	+10% impact	-10% impact
Managed equity investment	1,080,354	108,035	(108,035)
	<hr/> 1,080,354	<hr/> 108,035	<hr/> (108,035)

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

Subsequent to balance date, on Friday 15 October 2021, the Copyright Tribunal delivered its judgment in respect of the Meltwater and Isentia matter and the Copyright Tribunal matter with Universities Australia is ongoing. Refer to Note 5 for further information.

Other than the matters disclosed above and the matter disclosed in Note 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.

NOTE 19: COVID-19

The coronavirus 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 been, and is expected to continue to be, not significant. However it is possible that it may become material to the Company as the effects and consequences of the latest outbreak 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.

DIRECTORS' DECLARATION

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

1. The financial statements and notes, as set out on pages 16 to 43, 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 2021 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: _____

Dr Kate Harrison



Director: _____

Jane Curry

Dated this 26 day of October 2021



Independent Auditor's Report

To the members of Copyright Agency Limited

Opinion

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

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

- giving a true and fair view of the Company's financial position as at 30 June 2021 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 2021
- 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 (including Independence Standards)* (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.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

KPMG

Tony Nimac

Partner

Sydney

26 October 2021