

Chapter 2

Review of selected reports

2.1 The committee provides the following comments on the annual reports of the Audio-Visual Copyright Society Limited (Screenrights) and the Copyright Agency Limited (Copyright Agency).

Audio-Visual Copyright Society Limited

2.2 Screenrights has prepared and tabled its annual report in accordance with the *Copyright Act 1968* (Copyright Act).⁸ The annual report for 2018-19 was tabled in the House of Representatives on 28 November 2019 and subsequently in the Senate on 2 December 2019.

2.3 Screenrights is an Australian-domiciled company and not-for-profit entity. Its principal activities include exercising its rights as a collecting society under the Copyright Act, including the distribution of royalties collected from educational institutions, government departments and agencies and retransmitters for distribution to relevant copyright owners.⁹

Performance reporting

2.4 The annual report provided a satisfactory overview of Screenrights' key revenue and expenditure figures for the 2018-19 financial year. This included relevant extracts from its Corporate Governance Statement.¹⁰ The committee notes that Screenrights made available \$43.5 million for distribution to its members during the reporting period and increased its membership by five per cent to 4,438.¹¹ In addition, Screenrights distributed \$325,000 from its recently established Cultural Fund to seven projects in Australia and New Zealand.

2.5 Screenrights has included further relevant information on its website; including trend data for some categories, such as total distributions by licences for the last three reporting periods and a breakdown of expenditure for 2018-19. This data was useful for comparative purposes and is presented in a variety of formats including charts and diagrams and included a breakdown of total distributable amounts paid to members, as well as allocations between Australian and overseas rights holders.¹²

8 *Copyright Act 1968*, s. 135ZZV and 183D.

9 *Copyright Act 1968*, Parts IVA, VC and s. 183.

10 Screenrights, *Annual Report 2018-19*, p. 1.

11 Screenrights, *Annual Report 2018-19*, p. 4.

12 Screenrights, 'Year in Review 2018-2019', www.screenrights.org/about-us/corporate-governance/ (accessed 10 September 2020).

2.6 The annual report noted that in November 2018, Screenrights reached a settlement agreement with the Australian Writers' Guild and the Australian Writers' Guild Authorship Collecting Society.¹³ The committee notes that the terms of the settlement deed are confidential and all parties have declined to provide any further public comment on the matter.¹⁴

2.7 The committee also notes that this was the final annual report presented by Ms Jill Bryant, former Chair of the Screenrights Board, who stepped down from the role in November 2019 after 13 years. The committee thanks Ms Bryant for her service to the board.

Financial reporting

2.8 As noted above, Screenrights reported a total of \$43.5 million available for distribution to its members in 2018-19. This represented a three per cent increase on the \$42.1 million available for distribution in the previous financial year.¹⁵

2.9 The committee considers that Screenrights has met its reporting obligations and that its annual report is 'apparently satisfactory'.

Copyright Agency Limited

2.10 In accordance with its obligations under the Copyright Act and the *Resale Royalty Right for Visual Artists Act 2009*, the Copyright Agency submitted its annual report to the Minister on 30 October 2019. The annual report was subsequently tabled in the House of Representatives and the Senate on 4 December 2019.

2.11 The Copyright Agency is a not-for-profit rights management organisation or 'declared collecting society' and operates as a public company limited by guarantee. The agency is appointed by the Australian Government to manage statutory licences in the Copyright Act as well as the artists' resale royalty scheme. The licences regulate the use of text, images and print music, by educational institutions and people with disabilities, and for reproduction by Commonwealth, state and territory governments.

2.12 The Copyright Agency assists in reproducing, storing and sharing copyright material whilst delivering fair compensation to the rights owners of content and

13 On 3 March 2016, the Australian Writers' Guild and the Australian Writers' Guild Authorship Collecting Society filed proceedings against Screenrights in the Federal Court of Australia alleging amongst other things that Screenrights had failed to pay scriptwriters their royalty entitlements.

14 Australian Writers' Guild Authorship Collecting Society, Australian Writers' Guild and Screenrights, 'AWGACS, AWG and Screenrights agree settlement of dispute', *Media Release*, 6 November 2018, www.screenrights.org/awgacs-awg-screenrights-settle-dispute/ (accessed 10 September 2020).

15 Screenrights, *Annual Report 2018-19*, p. 10.

managing the resale royalty schemes of artists. The Copyright Tribunal has the power to determine licencing and distribution arrangements, including how usage is monitored, where this cannot be resolved by agreement.¹⁶

Performance reporting

2.13 The Copyright Agency's annual report provided an overview of its principal activities and performance for the reporting period. This included the operation of the statutory licence schemes in the education and government sectors, as well as the commercial and other non-statutory licences offered by the agency. The annual report also provided a detailed breakdown of payments to content creators by sector, content type and by state and territory.¹⁷

2.14 In 2018-19, the Copyright Agency recorded revenues of \$150.8 million, and, after the deduction of operating costs, allocated \$127.7 million for distribution to rights holders.¹⁸ Of this pool of funds, approximately \$116.4 million was distributed to content creators during the reporting period. This compared to \$123.9 million that was distributed in the previous reporting period.¹⁹ The Copyright Agency also approved \$1.5 million for projects and applicants under its Cultural Fund, IGNITE Fund and CREATE Fund, as well as five Copyright Agency Fellowships.²⁰

2.15 In addition, the Copyright Agency paid a total of \$690,000 to 351 artists under the artists' resale royalty scheme. Of the artists receiving royalties, 64 per cent were Aboriginal and Torres Strait Islander artists.²¹ The annual report noted that, as of 30 June 2019, over \$7 million in royalties had been generated for 1,821 artists under the scheme since its commencement.²²

2.16 As foreshadowed in its 2017-18 annual report, the Copyright Agency was not able to reach agreement with Universities Australia on a new 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. As a

16 *Copyright Act 1968*, Part VI.

17 Copyright Agency Limited, *Annual Report 2018-19*, pp. 27–34.

18 Copyright Agency Limited, *Annual Report 2018-19*, p. 59.

19 Copyright Agency Limited, *Annual Report 2018-19*, p. 59.

20 Copyright Agency Limited, *Annual Report 2018-19*, pp. 35–41. The Cultural Fund is the philanthropic arm of the Copyright Agency. Members commit 1.5 per cent of revenue annually towards grants to enhance the profile of Australian writers and visual artists and to support the dynamic writing, publishing and visual arts sectors. The IGNITE grants provide financial support to authors and visual artists in recognition of their creative endeavours that enrich and promote Australia's literary and arts communities. The CREATE funding provides authors and artists with a living allowance that enables them critical time and space to create.

21 Copyright Agency Limited, *Annual Report 2018-19*, p. 25.

22 Copyright Agency Limited, *Annual Report 2018-19*, p. 25.

result, the Copyright Agency was required to initiate proceedings in the Copyright Tribunal and the matter has been set down for hearing in September 2020.²³

Financial reporting

2.17 The committee notes that the Copyright Agency recorded a deficit for the year of \$741,877 compared to a surplus of \$113,023 recorded for 2017-18.²⁴ The report noted that the deficit 'represents monies disbursed by the Company for certain non-operating expenses sourced from the Future Fund and Indemnity Fund for that purpose'.²⁵

2.18 The committee considers that the Copyright Agency has met its reporting obligations and that its annual report is 'apparently satisfactory'.

**Senator the Hon David Fawcett
Chair**

23 Copyright Agency Limited, *Annual Report 2018-19*, p. 61.

24 Copyright Agency Limited, *Annual Report 2018-19*, p. 68.

25 Copyright Agency Limited, *Annual Report 2018-19*, p. 59.