

15 February 2016

PwC report: Understanding the costs and benefits of introducing a ‘fair use’ exception

The attached report is provided to the Productivity Commission on behalf of the following organisations:

- APRA AMCOS
- Copyright Agency | Viscopy
- Foxtel
- News Corp Australia
- PPCA
- Screenrights

The report is a cost-benefit analysis of a recommendation by the Australian Law Reform Commission (ALRC) that Australia introduce a broad new copyright exception based on the US ‘fair use’ exception known as ‘fair use’.

PwC’s report sets out the methodology for a CBA in this situation and finds that there would be significant costs associated with the introduction of fair use in Australia including: an increase in litigation costs, a reduction in Australian publishing and increased transaction costs for licensing.

PwC’s findings are based, in part, on the experience in two countries where changes similar to those recommended by the ALRC were introduced: Singapore and Canada. In Canada the effects for Canadian educational were severe: a 98% reduction in copyright fees for Canadian authors and publishers and the closure by a major publisher of its Canadian K to 12 publishing operations. PwC also finds no evidence to support offsetting benefits and no evidence that copyright impedes innovation. On the other hand, there is evidence that firms that use intellectual property are more successful and attract more investment than those that don’t, and that innovation is driven by certainty of regulation.