

Matters arising from submission

1. **Page 4 – the Publishing Licence Agreement of 2003 was for 15 years with an option to renew for 5 years.**
 - **At whose call, and on what conditions, is the option exercisable ?**
 - **Can you supply a copy of the Publishing Licence Agreement to the Committee ?**

The Publishing Licence Agreement (or 'PLA') was one of the key material contracts underpinning the SAI Global Prospectus in 2003 when Standards Australia offered 60% of its shares in SAI Global to the public. (Standards Australia subsequently sold all its remaining shares in SAI Global.)

As a material contract during the Initial Public Offering in 2003, the key material terms of the PLA were disclosed in the 2003 Prospectus. I have arranged for the relevant pages of the Prospectus to be copied and distributed to Committee members today.

Not only does the PLA contain strict confidentiality provisions, but commercial sensitivities are heightened at this time as we approach the renewal of the term of the PLA in 2018. Put simply, we cannot be put in a position where we lose control over who has access to this very important document.

Re option to renew: In summary, it is **SAI Global's option** to renew, subject to the PLA being amended to reflect market terms (and other conditions) and subject to the approval of SAI Global's shareholders if that is a requirement of the Australian Stock Exchange at the time.

Subscriptions

2. **How are the licence fees for online subscriptions calculated? The Parliamentary library was quoted an annual fee in the region of \$40,000 for a single use licence. However, we have received evidence of quotes for a local government well in excess of that.**

I am not in a position to comment on specific quotes given to different organisations over the years but I can say that subscription or licence fees do vary - for good reasons.

The prices of Online Subscription Licences are based on a range of factors, including the number of enterprises captured by the subscription (based on ABN's), the number of actual users, concurrent user access as well as the quantity and type of content accessed in any given subscription.

The subscription price might also be discounted if you are a Buyer Advantage Programme (BAP) member. For indication, if you were a BAP member, the 1st licence for a full collection of Australian standards (Premium) would be \$27,703.00 and any additional licences would be 50% of the first one (\$13,851.50). The same rationale applies for a Select (customised) collection; if your first licence costs \$12k, any subsequent licences would be \$6k each.

So, going back to the example you have raised, it would depend on what the Parliamentary Library and local government were respectively quoted for e.g. for what content, for how many ABN's and concurrent users, and does a BAP discount apply?

3. What proportion of your sales takes the form of hard copies of Standards as opposed to online subscriptions or one off pdf downloads?

Hard copy sales make up around 5-10% of our sales by **value** in any given month. The proportion by **volume** is higher, around 15-20%.

Libraries

4. The Standards Australia submission points out that NSW has purchased a licence allowing for access by the State Library and for public libraries in general. What would be the cost difference between a licence for the State library alone and such a wider licence?

As explained in point 2 above it will depend on the number of ABN's and the content to which they would want to subscribe.

5. The Copyright Act provides for inter-library copying, but we are told that your licences prevent this. Why not allow free temporary sharing or online access between State library and regional ones, when someone in a regional area asks to see a copy of a Standard held under licence or accessible by an online subscription held by the State library?

I am not an expert in relation to the Copyright Act. However, suffice it to say that SAI Global does not own the copyright in Australian standards – that is something which belongs to Standards Australia. SAI Global operates under the terms of the Publishing Licence agreement, for which rights it has paid and continues to pay Standards Australia handsomely.

In the publishing, marketing, distribution and sale of Australian Standards, SAI Global must ensure, to the extent it can, that Standards Australia's copyright is not compromised. I struggle to understand how "*free temporary sharing*" would protect the copyright of the document used.

6. National and State Libraries Australia informed the Committee through its evidence that SAI Global refuses to negotiate with consortia to allow for a better pricing model for libraries. Is this correct? If so, why is this the case?

No, this is not correct and we have indeed secured consortia licences (otherwise known as enterprise licences) with several bodies such as Municipal Association of Victoria for all local councils, NSW.Net representing all public libraries in NSW and are in discussions with SA government, QLD and NSW local council associations. We also have agreements with industry bodies and associations to the benefit of their members, such as the Concrete Institute of Australia.

7. Can some form of user pays method be devised, password protected, based on internet time usage?

No. At present we do not have the appropriate technology.

8. The State Library stated in its submission that a "Premium" service exists, allowing for 48 hour access online, akin to the lending of an e-book, but that this is no longer available to State libraries. Why is this service no longer available?

I am advised by my operational managers that this is not correct and that such a service with that functionality has never existed.

We do have a package, however, called Premium which provides for a cost as explained in point 2, access to all Australian Standards. Individual can access any Australian Standards online and download their PDF to their desktop. The downloaded copy is protected and turns blank after 5 days to both protect the users from saving a copy which will not be up dated should the standards be updated and also for copyright protection.

Supplementary / Additional

- 9. Does SAI Global have any objection in principle to free Parliamentary access? If not, could this simply be achieved by allowing password controlled free internet access to Members and Parliamentary staff, or by SAI Global undertaking not to enforce copyright?**

I'd like to preface my answer by saying that SAI Global would be unable to give any undertaking that could amount to a breach of its obligations under the PLA and any initiation of copyright infringement proceedings would, as I understand it, have to involve the copyright owner, Standards Australia.

That said, in relation to what you propose, SAI Global would have to make a commercial decision about the matter at the relevant time but from a technical standpoint, it is possible.

- 10. There are currently 5 bodies accredited by Standards Australia as Standards Development Organisations, being the Australian Forestry Standard Ltd, the Communications Alliance, the Fisheries Research and Development Corporation, the Rail Industry Safety and Standards Board and the Pharmacy Guild of Australia.**

- **Does SAI Global publish market and sell Standards produced by these bodies, in the same way as it does Standards Australia products?**

SAI Global has exclusive rights to publish, distribute market and sell Australian Standards. It does not matter whether the Australian Standards are developed by Standards Australia or a Standards Development Organisation (SDO) which has been accredited by Standards Australia.

- **If so, what sort of recompense or royalties do these bodies get in return?**

SAI Global has varying commercial agreements in place with these SDOs, some of which include confidentiality provisions.

Generally speaking, rates are consistent with those paid to Standards Australia i.e. being 10% and 5-15% subject to certain conditions. I am afraid I am not at liberty to go into the specifics of each agreement.

- 11. The Inquiry has been told of examples of SAI Global pursuing local governments or libraries for breach of copyright and/or licence conditions.**

Can you tell the Committee :-

- **How SAI Global polices its rights in this context? How does it go about finding transgressors?**

As mentioned, SAI Global operates under the terms of the Publishing Licence Agreement which includes taking measures to safeguard copyright and protect its source of revenue.

In practice, we have a dedicated team which deploys a range of strategies to monitor and search websites, document storage sites and tender sites. They also answer and address calls from whistleblowers, and closely monitor google alerts.

- **How many local governments or libraries have been pursued in this way in WA?**

To the best of my knowledge, in WA there have been 7 cases since 2007.

Peter Mullins

Chief Executive Officer

SAI Global Limited

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