

Transparency and Reform of Music Royalty Distribution in Indonesia, Australia, and the United States

Ni Putu Nita Anggrelia Jayanti¹⁾ & Kadek Julia Mahadewi ²⁾

¹⁾ Faculty of Law, Universitas Pendidikan Nasional, Indonesia, E-mail: nitaanggrelia2025@gmail.com

²⁾ Faculty of Law, Universitas Pendidikan Nasional, Indonesia, E-mail: juliamahadewi@undiknas.ac.id

Abstract. *The protection of economic rights for songwriters and musicians in Indonesia is regulated under Law No. 28 of 2014 on Copyright and Government Regulation No. 56 of 2021 on royalty management. However, implementation through the National Collective Management Institution (LMKN) still suffers from weak transparency, accountability, and data integration. This study analyzes the transparency of Indonesia's royalty distribution system, compares it with practices in Australia and the United States, and proposes reform strategies. Using a normative legal research method with statute, conceptual, and comparative approaches, this research examines primary legal sources, academic works, and institutional reports. The findings reveal Indonesia lacks an integrated database, detailed audits, and independent supervision, causing legal uncertainty and eroding creators' trust. By contrast, Australia's APRA AMCOS and the U.S. system through ASCAP, BMI, SESAC, and the Mechanical Licensing Collective (MLC) offer greater transparency via digital monitoring, open annual reports, and strict regulatory oversight. These mechanisms enable creators to trace royalty flows and secure fair compensation. The study concludes that Indonesia requires comprehensive reform through digitalization, a national database, transparent reporting, and stronger independent monitoring to achieve a fair and accountable royalty distribution system.*

Keywords: *Distribution; Music; Reform; Transparency.*

1. Introduction

The protection of the economic rights of songwriters and musicians in Indonesia rests on a solid legal foundation. Article 28C paragraph (1) of the 1945 Constitution guarantees every individual the right to develop themselves, including the protection of intellectual property rights (Rahmani, 2022). This constitutional safeguard is reinforced by Law No. 28 of 2014 on Copyright, which regulates both the moral and economic rights of creators (Raihana, 2023). Article 1 point 2 of the law defines a creator as one or more persons who, individually or jointly, produce a work that bears distinctive and personal characteristics (Mukhasibi & Widodo, 2025). Further, Government Regulation No. 56 of 2021 on the Management of Song and/or Music Royalties requires the payment of royalties whenever a song is used commercially, with the collection and

distribution handled by the National Collective Management Agency (LMKN) (Junaedi, 2025). To strengthen this framework, Minister of Law and Human Rights Regulation No. 27 of 2025 was introduced to ensure that LMKN operates in a more professional, accountable, and transparent manner.

This regulation officially replaces Ministerial Regulation No. 9 of 2022 and Ministerial Regulation No. 36 of 2018, with the aim of modernizing the legal framework to remain adaptive to contemporary developments. Among the key substantive changes are the restructuring of the LMKN along with the establishment of regional branches, stricter provisions on the collection and distribution of royalties, a reduction in the maximum threshold for operational expenses, and the mandatory integration of data into the Central Database of Songs and/or Music (PDLM). The enactment of Ministerial Regulation No. 27 of 2025 not only strengthens legal certainty for creators and copyright holders but also reflects the state's commitment to fostering a royalty governance system that is more transparent, accountable, and equitable. Accordingly, academic inquiry into this new regulation is essential to understand its implications for Indonesia's copyright protection system while offering a critical perspective on the effectiveness of its implementation in practice (Ryanthie, 2025).

Nevertheless, the implementation of these regulations continues to face significant challenges. One of the most pressing issues is the very low level of royalty compliance among business operators. Data from LMKN indicate that out of 13 business sectors legally required to pay royalties, only about 2 percent or fewer than 6,000 businesses nationwide have actually fulfilled this obligation. This illustrates a wide gap between the existing legal norms and the level of public legal awareness in respecting copyright (Ryanthie, 2025). Several factors contribute to this low compliance, including limited understanding of the legal consequences of using music in public spaces, insufficient outreach and education from both the government and LMKN, and a prevailing perception that royalty costs are disproportionate to the lengthy and complex enforcement procedures. As a result, the economic rights of songwriters and related rightsholders remain inadequately protected. Strengthening public awareness, improving compliance, and reforming enforcement mechanisms have therefore become urgent priorities to ensure that royalty governance operates more effectively, transparently, and fairly for all stakeholders involved.

Another pressing issue is the absence of detailed data on the amount of royalties received by individual musicians and the total collections obtained (Alfitra Akbar, 2025). This lack of transparency raises doubts about the accuracy of royalty calculations and diminishes the level of trust that creators place in collective management organizations. The unavailability of clear information not only prompts questions about the distribution mechanism but also creates the potential for inequities in the allocation of economic rights. This problem becomes even more critical amid the rapid growth of the digital music industry, where demands for transparency and accountability are increasingly urgent.

In contrast, developed countries such as Australia and the United States have established more modern and transparent royalty distribution systems. In Australia, APRA AMCOS has implemented a digital distribution system that not only accelerates royalty payments but also provides members with detailed, accessible reports. APRA AMCOS is a key music rights management organization that plays a vital role in the creative industries of Australia and New Zealand. Representing more than 119,000

songwriters, composers, and music publishers, its primary function is to license musical works for public performance, communication, and reproduction. As the largest collective management organization for music rights in both Australia and New Zealand, APRA AMCOS occupies a strategic position in ensuring that songwriters, composers, and publishers receive fair compensation for their works. With an extensive licensing network, it collects royalties from a wide range of sources, from traditional media such as radio and television to digital platforms. Beyond its economic functions, APRA AMCOS also provides a strong institutional framework that guarantees consistency in royalty distribution. Its role extends further, supporting the sustainability of the regional music ecosystem by offering legal protection to thousands of creators (Morrow, 2025).

In comparison, the study by Annisa Putri Nadya (2023) in *Journal Jaksa* emphasizes the normative authority of LMKN as the sole institution authorized to collect and distribute royalties under Law No. 28 of 2014 and Government Regulation No. 56 of 2021, thereby affirming that creators cannot individually manage their royalties (Annisa Putri Nadya, 2023). Meanwhile, the research conducted by Dynda Noor Farida et al. (2025) in *Journal Al-Zayn* adopts a normative-empirical approach through a case study of coffee shops in Bengkulu City. The study found that although legal awareness increased following the implementation of Government Regulation No. 56 of 2021, practical challenges remain, including resistance from small business operators, limited oversight, and lack of transparency in royalty distribution (Farida & Hasanah, 2025). Distinct from these studies, the present research is directed toward an international comparative analysis, examining royalty management practices in Indonesia alongside models in Australia through APRA AMCOS and in the United States through ASCAP, BMI, SESAC, and the MLC operating under the Music Modernization Act of 2018. The U.S. system is regarded as more advanced due to its integration of digital tracking technologies, stronger government oversight, and relatively greater transparency in royalty distribution. Accordingly, this study seeks to address the existing research gap by not only highlighting the normative and empirical dimensions within Indonesia but also presenting cross-national comparisons as a reference for reforming LMKN governance to make it more transparent, adaptive, and accountable.

Based on this background, the research addresses the following questions:

1. How transparent is the system of royalty distribution in Indonesia?
2. How does the transparency of royalty distribution systems in the United Kingdom and Australia compare?
3. What solutions can be proposed to enhance transparency in the distribution of music royalties in Indonesia?

To answer these questions, this study employs a normative legal method with several approaches. A statute approach is applied to examine the relevant legal provisions; a conceptual approach is used to explore the ideas of transparency, accountability, and fairness in royalty distribution; and a comparative approach is adopted to analyze practices in the United Kingdom and Australia. The sources of legal materials include national and foreign legislation, academic literature, and tertiary legal materials such as law dictionaries and encyclopedias. The analysis is carried out qualitatively using a deductive pattern, beginning with the general concepts of copyright and royalty governance before narrowing the discussion to the specific issue of transparency in

Indonesia, in comparison with other jurisdictions. Through this approach, the research is expected to contribute theoretically to the development of intellectual property law in Indonesia and, at the same time, offer practical recommendations for improving LMKN's governance to ensure greater transparency, accountability, and fairness.

2. Research Methods

This research employs a normative legal research method aimed at examining the norms, principles, and legal doctrines that regulate transparency and reform in the music royalty distribution system. The normative approach is chosen because it allows for an in-depth analysis of how the existing legal framework in Indonesia, particularly Law No. 28 of 2014 on Copyright and Government Regulation No. 56 of 2021 on Royalty Management, is implemented in practice, while also enabling a comparative assessment with similar systems in Australia and the United States. The primary objective of this study is to evaluate the extent to which these legal instruments reflect the principles of legal certainty, justice, and accountability in the management of intellectual property rights. To achieve this objective, the study adopts three main approaches. First, the statutory approach, which analyzes relevant legal provisions at both national and international levels governing copyright and royalty management. Second, the conceptual approach, which explores fundamental concepts and principles such as transparency, accountability, and justice that should underpin the royalty distribution system. Third, the comparative approach, which compares the royalty management system in Indonesia, operated by the National Collective Management Organization (Lembaga Manajemen Kolektif Nasional/LMKN), with those in Australia through APRA AMCOS and in the United States through ASCAP, BMI, SESAC, and the Mechanical Licensing Collective (MLC). Through this comparative analysis, the research identifies structural differences, technological advancements, and governance mechanisms that make systems in developed countries more transparent and efficient.

This study is descriptive-analytical in nature, aiming to systematically describe the applicable legal provisions and analyze their implementation in practice. The descriptive aspect provides an overview of the legal framework governing royalty distribution, while the analytical aspect assesses the alignment between legal norms and their enforcement in the field and proposes reforms to improve LMKN's governance. The legal materials used in this study consist of primary, secondary, and tertiary sources. Primary legal materials include legislation such as laws, government regulations, and ministerial decrees related to copyright and royalty management. Secondary legal materials are derived from academic books, scholarly journal articles, institutional reports, and previous research, while tertiary legal materials, such as legal dictionaries and encyclopedias, are used to clarify legal terms and concepts. The data analysis is conducted qualitatively using a deductive reasoning approach, beginning with a general review of legal theories and concepts, such as legal certainty, justice, and transparency in copyright management, and then narrowing the focus to the specific issue of transparency in Indonesia's royalty distribution system. The findings are then compared with best practices in Australia and the United States to identify legal gaps, institutional weaknesses, and necessary reform measures to strengthen transparency, accountability, and justice in the management of music royalties in Indonesia.

3. Results and Discussion

3.1. Transparency in the System of Music Royalty Distribution in Indonesia

Since the inauguration of the LMKN Commissioners for the 2025–2028 term on August 8, 2025, LMKN has formally become the sole institution authorized to collect royalties in Indonesia (Hutauruk, 2022). This mandate, grounded in Law No. 28 of 2014 on Copyright, positions LMKN as a state-authorized body responsible for regulating, supervising, and ensuring that the collection of royalties for the commercial use of songs and/or music is conducted fairly and transparently (Prima Tiara Muthi'ah Rizky Asihatka, 2024). To consolidate this authority, LMKN issued Circular No. SE.06.LMKN.VIII-2025 on August 27, 2025, which revoked the authority of several collective management organizations (LMKs) to collect royalties. From that date onward, only LMKN for Creators (*LMKN Creator*) and LMKN for Related Rights Holders (*LMKN Related Rights Owners*) were legally recognized as the entities authorized to manage royalty collection in Indonesia. This policy introduced a “one gate system,” whereby commercial users, whether for analog or digital uses are required to obtain licenses for music usage directly through LMKN. The system is intended to simplify procedures, improve efficiency, and clarify accountability.

The centralization of authority is designed to reform royalty governance, which has long been subject to criticism for its lack of accountability and transparency. By explicitly stating that organizations such as WAMI, KCI, RAI, SELMI, PAPPRI, ARDI, and several LMKs specializing in traditional music no longer hold collection authority, the circular seeks to establish legal certainty and eliminate overlapping mandates. However, transparency in Indonesia's system of music royalty distribution remains an unresolved issue. Normatively, the national legal framework has provided a solid foundation through Law No. 28 of 2014 on Copyright and Government Regulation No. 56 of 2021 on the Management of Song and/or Music Royalties. Both instruments clearly affirm LMKN's mandate to collect and distribute royalties to creators and copyright holders based on the principles of openness and accountability. Furthermore, Ministerial Regulation No. 27 of 2025 obliges LMKN to submit financial accountability reports as a concrete measure of transparency.

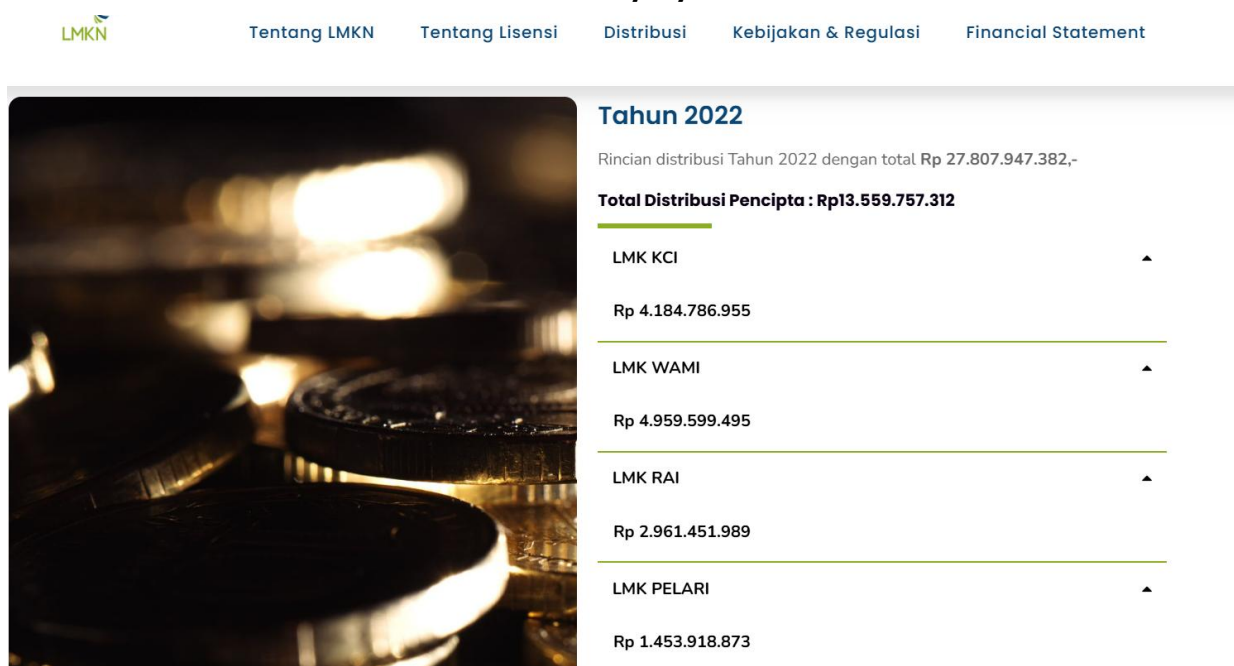
Yet the implementation of this legal framework continues to encounter significant obstacles. One of the most pressing issues is the limited access to detailed data regarding the amount of royalties received by individual songwriters. Many musicians have voiced concerns about the lack of clarity on how often their works are commercially used and how royalty distributions are calculated by LMKN. Problems such as the ambiguous definition of performance rights, insufficient public outreach, and weak transparency in setting tariffs and distributing royalties further exacerbate the situation. This has created a widening gap, as collective management practices are often perceived to favor well-established players in the music industry. Conversely, traditional musicians and local artists face more complex challenges, including difficulties in meeting administrative requirements, documentation, and registration processes needed to qualify for royalty payments. As a result, many of them receive no benefits at all from the current system, despite the fact that their works contribute significantly to the nation's cultural heritage.(Setiawan, 2025) Such disparities have eroded trust in collective management institutions and deepened polarization among musicians. This article underscores the urgent need for reform, particularly through enhanced transparency, simplified procedures for smaller artists, and extensive public

outreach, to ensure that all music creators, both modern and traditional are able to enjoy their rights fairly and sustainably.

The absence of well-documented and publicly accessible information makes it difficult for creators to verify the accuracy of the royalties they receive. Another problem lies in the weak integration of data between music users, such as hotels, restaurants, shopping centers, and digital platforms and the database managed by LMKN. Without an accurate music-tracking system directly linked to LMKN, royalties are often calculated based on estimates or manual reports that are frequently unreliable. This leads to discrepancies between the royalties paid by users and those actually received by creators, while also giving rise to potential *black box revenue*. Moreover, tariff schemes based on seat numbers or hotel rooms do not always reflect the actual scale of business operations due to limited field data. As a result, royalty distribution risks becoming misallocated and further undermines trust in the system. The article therefore recommends systemic reform through digitalization, the adoption of data-driven distribution algorithms, and the establishment of an independent supervisory board to ensure that royalty governance is truly transparent, fair, and sustainable (Hidayat, 2025). Without a comprehensive digital framework, reporting mechanisms from users remain inconsistent and prone to significant discrepancies. Ultimately, this perpetuates inequities in distribution, as the royalties received by creators do not necessarily correspond to the actual use of their works in practice. Although the legal framework is relatively robust, in reality Indonesia's royalty distribution system continues to face persistent challenges of transparency and public trust (Nurjanah & Azizah, 2025).

LMKN is required to undergo external audits, the results of which must be made public through at least one national print outlet and one electronic media platform (Hawin & Riswandi, 2020). However, the publications released thus far have been limited to financial and operational reports, without providing detailed explanations of the mechanisms for royalty distribution to creators. These reports do not include specific data identifying the recipients of royalties, the exact amounts allocated to each creator, or the frequency of song plays that form the basis of the calculations. As a result, royalty collection from various commercial music users appears to be conducted on a general or aggregated level, but when it comes to distribution, transparency regarding per-song and per-rightsholder calculations becomes obscured. The absence of detailed data on the number of plays and the corresponding royalties for each work generates legal uncertainty.

Picture 1. Detailed data on royalty distribution from LMKN



Source: In Indonesian language (Original Version)

According to Gustav Radbruch's theory of legal certainty, law should ideally not only guarantee justice but also provide certainty and utility for legal subjects (Naldo et al., 2021). In this context, copyright holders are not fully protected because they lack clear evidence regarding the collection and distribution of royalties for their works. Such ambiguity creates doubt, weakens the bargaining position of creators, and ultimately risks undermining the economic rights that are constitutionally guaranteed by the state. The lack of transparency is further compounded by the weakness of external oversight mechanisms. To date, supervision of LMKN has been largely administrative in nature, carried out through the relevant ministry, without the presence of an independent body specifically tasked with monitoring, evaluating, and assessing the transparency of royalty management. Consequently, there is no adequate system of checks and balances to ensure that royalty distribution is truly conducted in accordance with the principles of justice and proportionality.

The National Consumer Protection Agency (BPKN) has raised criticism of LMKN's mechanism for collecting and distributing music royalties. BPKN Chair Mufti Mubarak emphasized that royalties are a legitimate economic right of creators as guaranteed under the Copyright Law, yet there remains no clear certainty regarding tariff rates, the scope of levies, or the procedures for payment. In response, BPKN has urged LMKN to disclose detailed information on royalty tariffs and the basis for their determination, to optimize digital distribution systems so that creators can receive royalties directly without disadvantageous deductions, and to conduct broad outreach efforts, particularly targeting small and medium-sized enterprises that are directly affected by these obligations (Fathurrozak, 2025). The call from BPKN reflects public concern over the lack of clarity in royalty policies. Although the regulatory framework is in place, its implementation and enforcement in practice are perceived as insufficiently transparent. Efforts to disclose royalty tariffs and the basis for their determination are crucial to ensuring legal certainty and fairness, particularly for creators and small

business operators (Khifni et al., 2025). Without such clarity, businesses may feel unfairly burdened, while songwriters may not receive their rightful share.

From the foregoing discussion, it is clear that transparency in Indonesia's royalty distribution system remains normatively strong but weak in implementation. The principle of openness, though guaranteed by regulation, has not yet been fully reflected in practice. This reveals a gap between legal ideals and real-world realities. Roscoe Pound's theory of *law in action* versus *law in the books* is particularly relevant in this context. The theory draws a distinction between law as codified in statutes (*law in the books*) and law as applied in practice (*law in action*) (Mahaly et al., 2024). The discrepancy between the two produces a tangible gap, as evident in Indonesia's royalty management system. Without reforms, such as digital system integration, the publication of comprehensive reports, and the establishment of independent oversight mechanisms the distribution of royalties in Indonesia will continue to face serious challenges in realizing transparent and accountable governance.

The absence of an integrated database within LMKN further exacerbates the lack of clarity in royalty distribution. Although the processes of collection and distribution are formally in place, LMKN has yet to establish comprehensive factual data on the number of musicians holding copyrights in Indonesia or the total number of copyright owners officially registered with collective management organizations (LMKs). As a result, royalty distribution risks being inaccurate, as it is not based on a verified and reliable database. The lack of detailed data on song play frequency and per-work royalty amounts, coupled with the absence of a nationally integrated database, creates legal uncertainty. According to Gustav Radbruch's theory of legal certainty, law must not only ensure justice but also guarantee certainty and utility for legal subjects (Margono, 2019). In this context, copyright holders are not adequately protected because they lack clear evidence regarding the collection and distribution of royalties for their works. This uncertainty weakens the bargaining position of creators, erodes trust in LMKN, and threatens to undermine the economic rights constitutionally guaranteed by the state.

Many musicians have complained that the royalties they receive do not reflect the actual proportion of their songs' airplay. Songs that are frequently played often generate only small amounts of royalties, while those rarely played may yield similar payments. Public policy expert and lecturer at the School of Administrative Sciences (STIA) Malang, Alie Zainal Abidin, has observed that royalty management policies still leave much to be desired, particularly in terms of transparency and institutional governance. Although the legal framework has long been established, its enforcement has only recently been intensified, and this sudden implementation, combined with limited public outreach has been criticized as premature. The abrupt nature of the policy rollout has, in turn, created various forms of unpreparedness on the ground. (Putu Ayu Pratama Sugiyo, 2025)

3.2. The Comparison with Royalty Distribution in the United States

Since Royalty distribution in the United States has distinctive characteristics, as it is administered by several major Performing Rights Organizations (PROs), such as ASCAP (American Society of Composers, Authors, and Publishers), BMI (Broadcast Music, Inc.), and SESAC. As noted by Meyn et al. (2023), royalty distribution systems in developed countries display several advantages when compared with Indonesia's

LMKN model. In Europe and the United States, royalty allocation is based on real-time data from digital platforms, ensuring that every instance of music playback is recorded transparently and can be independently audited. Moreover, alternative models such as the user-centric payment system have been tested, whereby royalties are distributed according to individual listener preferences. This approach has been shown to benefit niche artists, such as jazz musicians (+10%) and classical composers (+19.7%) while reducing the dominance of mainstream popular genres. Such innovations create greater fairness for independent artists and less commercially dominant genres. By contrast, Indonesia's distribution practices still rely heavily on manual reporting or estimations, such as the number of seats or rooms in hotels, restaurants, and cafés, which remain vulnerable to bias and inaccuracy. Thus, the primary advantages of international systems lie in their reliance on real-time digital technology, the flexibility of distribution models, and their stronger orientation toward fairness for smaller and independent artists, challenges that LMKN continues to face in its pursuit of transparent and equitable royalty governance (Meyn et al., 2023).

Unlike Indonesia, which designates LMKN as the sole authority, the U.S. system is multi-organizational, allowing songwriters to freely choose the collective management organization that best represents their interests. Each PRO competes to provide the most effective services, yet remains under strict legal oversight from institutions such as the U.S. Copyright Office and the Department of Justice (DOJ) through the Consent Decrees (Reed, 2019). Transparency in royalty distribution in the United States is realized through comprehensive reporting and digital access for members. Organizations such as ASCAP and BMI routinely publish annual reports detailing the total royalties collected, the methods of distribution applied, and operational efficiency data. In addition, each member is granted access to an online portal that provides royalty statements broken down by song, user, and frequency of performance across radio, television, and digital platforms. This system significantly reduces uncertainty, as creators are able to directly verify their royalty earnings against actual usage data.

One of the major strengths of the U.S. system lies in the implementation of the *Music Modernization Act (MMA) of 2018*, which established the Mechanical Licensing Collective (MLC). The MLC is an independent nonprofit organization tasked with administering the digital music licensing system in the United States. By replacing the outdated compulsory licensing regime with a blanket license system, the MMA enables streaming platforms to obtain a single license through the MLC rather than negotiating licenses for each individual song (Kramp, 2023). The MLC is specifically responsible for handling mechanical licenses for digital streaming services such as Spotify, Apple Music, and Amazon Music. By digitizing usage data and providing detailed reports, the MLC ensures that royalty distribution is more transparent, equitable, and subject to independent audit. This system effectively closes the reporting gap that often arises in developing countries, where discrepancies between user data and collective management records remain a persistent problem.

When compared with Indonesia, the royalty distribution system in the United States is clearly more advanced, supported by a strong regulatory framework, effective state oversight, and well-developed digital infrastructure. Indonesia, by contrast, continues to struggle with serious challenges such as database integration, transparency in audit reporting, and openness in distribution practices. In the United States, however, the combination of information disclosure and legal oversight makes PROs more accountable to their members. In other words, the U.S. experience demonstrates that

the success of royalty distribution is determined not only by the existence of regulations but also by the presence of robust digital infrastructure, independent supervisory mechanisms, and a culture of transparency embedded as an operational standard.

Table 1. The Comparative Analysis of Music Royalty Distribution Systems Across Countries

Aspect	Indonesia (LMKN)	Australia (APRA AMCOS)	United States (ASCAP, BMI, SESAC, MLC)
Institutional Form	Single authority under the Copyright Law (Law No. 28/2014) and Gov. Reg. No. 56/2021.	National management organization representing songwriters, composers, and publishers.	Multi-PRO system (ASCAP, BMI, SESAC) under DOJ supervision; MLC established by the <i>Music Modernization Act 2018</i> for digital licensing.
Database	No integrated national database; musician and repertoire data remain fragmented.	Integrated music repertoire database accessible through a digital portal.	Extensive and integrated databases, including a digital streaming database managed by the MLC.
Collection Mechanism	Royalties collected directly by LMKN from commercial users; tends to be global/aggregate, not detailed.	Relies on digital reporting, cue sheets, and automated tracking of music usage.	PROs and the MLC rely on digital reports, streaming data, cue sheets, and real-time tracking systems.
Royalty Distribution	Limited detail; reports cover financial and operational aspects without song-level or name-specific data.	Transparent; annual reports are published with clear breakdowns per song and per user.	Transparent; members can verify royalties via digital portals, with details by song, user, and frequency of use.
Audit & Oversight	External audits exist, but results are not published in detail.	Regular audits; transparency reports published for members and the public.	Subject to legal oversight (DOJ & Copyright Office); must comply with Consent Decrees and MMA 2018 requirements.
Technology	Predominantly manual, limited sampling; not fully digitalized.	Fully digitalized; real-time reporting from users.	Advanced digital infrastructure; MMA 2018 established the MLC for streaming data management
Legal Certainty & Protection	Weak: distribution often questioned, leading to uncertainty for creators.	Strong: high transparency; creators can access and verify their own data.	Very strong: strict regulation, independent oversight, and comprehensive protection of creators' rights.

Source: Author's Research Findings, 2025

The table highlights fundamental differences in royalty distribution systems between Indonesia, Australia, and the United States. In Indonesia, LMKN operates on a clear legal basis; however, its implementation continues to face serious challenges. The absence of an integrated database often results in royalty distributions being carried out in aggregate form, without detailed information at the level of individual songs or creators. Moreover, published audit reports are limited to financial and operational

aspects, offering no substantive explanation of distribution mechanisms. This lack of detail weakens transparency and creates legal uncertainty for copyright holders. In contrast, Australia, through APRA AMCOS has developed a digitalized system that employs real-time reporting and cue sheets, ensuring more accurate and proportional royalty allocation. Annual transparency reports are openly published, and members have direct access to distribution details, thereby strengthening accountability and trust.

The United States presents a more complex yet advanced model, with multiple Performing Rights Organizations (ASCAP, BMI, SESAC) operating under strict oversight by the Department of Justice through Consent Decrees. The enactment of the *Music Modernization Act* (2018), which established the Mechanical Licensing Collective (MLC), further reinforced transparency, particularly in the distribution of digital streaming royalties. Through this system, songwriters can access detailed digital data on the frequency of use of their works, alongside the exact royalties received. In sum, both Australia and the United States place transparency and legal certainty at the core of their systems, while Indonesia is still striving to bridge the gap, particularly in terms of data integration, the publication of detailed reports, and comprehensive protection of copyright holders.

3.3. The Solutions for Enhancing Transparency in Music Royalty Distribution in Indonesia

Efforts to achieve transparency in the distribution of music royalties in Indonesia must begin with the development of an integrated national database. LMKN should establish a digital system capable of recording, in real time, the use of musical works in public spaces as well as on digital platforms. This system should be equipped with automated monitoring technologies, such as automatic content recognition (ACR) and digital fingerprinting, to ensure that royalty allocation is based on actual usage data rather than estimations or sampling. By consolidating information on creators, users, and the frequency of music plays, royalty calculations can be made more equitable and proportional. In addition, the obligation to publish annual transparency reports must be strengthened and broadened in scope. At present, LMKN reports are limited to general financial statements, whereas creators and rightsholders require more detailed information regarding royalty recipients, the amounts distributed, and the specific works on which payments are based. Distribution reports that include song-level, creator-level, and play-based data would not only increase creators' trust in LMKN but also enhance legal certainty. In this regard, the practices of APRA AMCOS in Australia and the MLC in the United States provide valuable models, where open reporting and member portals allow creators to directly access detailed distribution information. The next step is to reinforce independent oversight mechanisms. Supervision of LMKN should not be confined to administrative control by the Ministry of Law and Human Rights but must also involve independent auditing bodies, with their findings published openly. Furthermore, the active participation of professional music organizations and creators' associations as supervisory partners would strengthen legitimacy and accountability in royalty distribution. In this way, LMKN would not only function as a collecting and distributing agency but also as a trustworthy institution committed to protecting the rights of creators in line with the principles of good governance, transparency, accountability, effectiveness, and legal certainty.

4. Conclusion

The transparency in the distribution of music royalties in Indonesia remains weak despite a clear legal foundation provided by Law No. 28 of 2014 and Government Regulation No. 56 of 2021. The absence of an integrated database, the lack of detailed audit reports, and limited external oversight have created legal uncertainty and undermined the protection of creators' economic rights. Comparative insights from Australia, through APRA AMCOS and the United States, through ASCAP, BMI, SESAC, and the MLC demonstrate best practices where digitalized systems, open reporting, and strict oversight make transparency a central pillar of royalty governance. Accordingly, Indonesia must reform LMKN's governance by integrating a national database, digitalizing the monitoring of music usage, publishing detailed distribution reports, and establishing independent supervisory mechanisms. These measures are essential to strengthen transparency, accountability, and legal certainty, thereby ensuring fair and sustainable protection for creators' rights.

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