

2013

HIGHLIGHTS

2013 – 2014

screenrights

14

HIGHLIGHTS OF 2013 – 2014

DURING 2013–2014 SCREENRIGHTS HAS:

- Collected \$42.0 million in licence revenue and other income for the film and television industries, with expenses at 14.91% of collections
 - Made more than 2,260 individual payments to members with a total distribution of more than \$34.92 million
 - Delivered an upgraded version of EnhanceTV Direct, our streaming service for educators across the country
 - Worked closely with stakeholders in responding to the Australian Law Reform Commission Review into copyright
 - Upgraded our online portal for members, MyScreenrights, and our royalty distribution database
 - Established a new disbursement service for members
 - Reached agreement with Foxtel on the terms of a new five year deal for Foxtel retransmission of free to air broadcasts
- 



OUR GOALS

We are leveraging our current reputation to achieve:

ACCESS – greater access to content for licensees

SERVICES – increased distribution efficiency and diversified range of services for members

RELATIONSHIPS – strategic relationships, bringing educators and filmmakers together, positioning and partnering with stakeholders

CAPABILITY – ensured capability to meet the current and future needs of the organisation

GOVERNANCE – stronger and transparent governance and risk management



Image Credits

The Moodys, *Jungleboys*, image courtesy of Jason Burrows

Once Upon a Time in Punchbowl, SBS, Northern Pictures

The Surgery Ship, Media Stockade

Enigma Man, *A Stone Age Mystery*, Electric Pictures, © Vince Valitutti / Electric Pictures

The War That Changed Us, Electric Pictures, Megan Lewis, © Electric Pictures



*Macarthur Girls High School, image by Philippe Penel
Acid Ocean, 360 Degree Films*

ACCESS

Screenrights provides simple, technology neutral access to audiovisual content for audiences across the country and in New Zealand.

IN TEACHING

Our educational licences reach more than 5.8 million students in Australia and New Zealand. They enable teachers, academics and students to use broadcast material in lecture theatres, on smart whiteboards, on their own computers and on mobile devices, whether they are at work or at home.

We want to ensure that our licences work in the digital classroom and we work closely with a range of innovative resource centres that provide archives of content to educators. We also offer EnhanceTV Direct, our own streaming service giving teachers and students unparalleled access to educational broadcasts, streamed directly to them. An upgraded version of this service continues to be rolled out across the country and is proving increasingly popular with our schools, clearly demonstrating just how effective our licence is in today's teaching environment.

IN THE HOME

Screenrights also licenses the retransmission of members' works into the homes of pay television subscribers, and via mobile phones and IPTV.

In the last 12 months, we have reached an agreement with Foxtel on the terms of a new five-year deal, ensuring pay television subscribers continue to receive the benefits of free-to-air television through their Foxtel service, and providing payment to rightsholders.

IN GOVERNMENT

In addition, our government copying agreements cover the copying of television and radio across federal and state departments.

“EnhanceTV Direct is a quick, accessible and easy to use service. The immediacy is great and the range of subjects is very broad. It's a really valuable tool.”

Sue Torr, Macarthur Girls High School



SERVICES

“Screenrights does the work that no independent producer could do alone to collect broadcast and other royalties due to the films and program makers, providing cashflow to help cover overheads and mount future projects. It is a huge benefit.”

Graeme Isaac, Mayfan Pty Ltd.



The Moodys, Jungleboys, image courtesy of Jason Burrows

In 2013-2014, we made more than 2,260 payments covering almost 3 million royalties to members in 62 countries across the world. Our total of \$34.92 million paid for the year included a record-breaking \$26.0 million paid out to members in December alone.

The volume of data we process continues to increase – in 2013-2014, we processed 136,817 new rights registrations. In order to ensure distribution efficiency, we continue to make improvements to MyScreenrights, our online portal for members. We have also made changes to our conflicts

resolution process, and continue to work closely with all our members in ensuring their programs are registered.

In 2013-2014, Screenrights has also commenced offering a disbursement service for members, filling a need in the market now that Screen Australia and the South Australian Film Corporation no longer offer this to the industry. As a trusted independent organisation, with considerable experience in managing rights and royalties, we are ideally poised to offer this service and ease the administrative burden on producers.

RELATIONSHIPS

Screenrights works closely with its members, the people who use their work and with government to ensure simple access to audiovisual material and fair payment to the people who make this work.

During the last 12 months, the ALRC released its long-awaited report on copyright. Pleasingly the report did not propose the abolition of the educational and other statutory licences as canvassed in its earlier discussion paper. However, it did propose the introduction of a very broad and uncertain fair use exception. Screenrights has worked closely with the film industry in opposing this proposal. We are also working with our licensing stakeholders to ensure that our licences continue to provide the access that consumers want, without eroding filmmakers' rights in their work.

Since the report was released, the government has indicated its intention to simplify the Copyright Act. We look forward to being part of this process, and achieving sensible reforms that continue to encourage our creators, and provide effective access to their work.

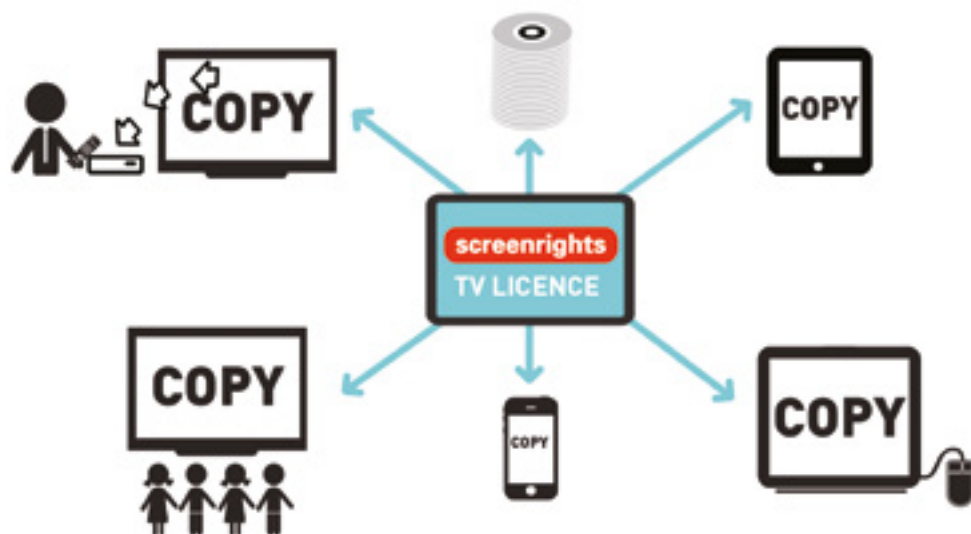
Screenrights has also provided support to the film industry and the education sector through our sponsorship program. We have also worked closely with NZ On Air and eTV to create pilot digital study guide resources for the landmark series, Making New Zealand.

We are also pleased to report that production companies in Sydney have been regularly using our new offices for meetings and work groups, further fostering our strong relationship with the industry.

"We use our Screenrights licence to allow us to show footage and images that greatly enhance visual and audible learning. Without it, we'd be limited to Powerpoint and homemade photography."

Kate Vaux,
Geography Teachers Association of Victoria.

COPY THE BROADCAST WITH YOUR SCREENRIGHTS LICENCE



**100's of Channels,
10,000's of Programs
and Films**



GOVERNANCE

Screenrights complies with a voluntary Code of Conduct for copyright collecting societies. An independent Code Reviewer assesses the compliance of all societies on an annual basis. Screenrights has once again complied with all its obligations under the Code.



Dragons in a Distant Land,
Gibson Group

CAPABILITIES

Screenrights' goals are to ensure that our information systems, staffing and workplace environment support our growth and strategic priorities. We have upgraded our royalty distribution system, RightTrack, improving staff capacity to manage the ever-increasing volumes of data from members. We have also launched an intranet to encourage and capture conversations, and ensure continued improvement to documentation of work processes.



CHAIRMAN'S REPORT



Jill Bryant Chairman

The role and importance of copyright in encouraging innovation and ensuring a vibrant digital economy continues to be hotly debated, both nationally and internationally.

Policy makers are grappling with the same fundamental questions around the globe: how can we ensure that copyright keeps abreast of rapid technological change while providing fair payment to creators and fair access to consumers?

It is a difficult balance and one that Screenrights is very much aware of in a real and practical sense. Since we were established in 1990, Screenrights has worked closely with rightsholders and the people who use their work to ensure that this balance is maintained. Our licences for education, government and retransmission give teachers and students, government departments, and households across the country simple, easy access to the wealth of content our talented filmmakers produce.

Importantly, they also provide payment to filmmakers – this year a total of \$42.0 million was collected for distribution to our members. This is the money that production companies use to continue to make the programs we all appreciate and enjoy. Interestingly, recent research by Screen Producers Australia found that Australian production companies, large and small, saw copyright as vital to the ongoing success of their business – yet for them, copyright was not an academic concept. It was very much linked to the nuts and bolts of licensing and returns.

When the Australian Law Reform Commission released its long-awaited report, Copyright and the Digital Economy, in early 2014, Screenrights and many others in the film industry were pleased that the Commission recommended retaining the statutory licences we administer. However, we strongly opposed the proposed introduction of a

broad fair use regime – one that went much further than reviews in other countries. If enacted such a proposal would significantly erode the capacity of our creators to license their work, and create an environment of commercial uncertainty.

Since this report was released, Screenrights has reiterated its commitment to working closely with our members, the people who use their work and the government, to ensure that we have a fair and balanced copyright regime.

We have long enjoyed a productive relationship with all our stakeholders and continue to do so. In particular, we pride ourselves on providing services that meet the real needs of creators and consumers. Our online streaming service to educators, EnhanceTV Direct, has been upgraded and continues to be taken up by schools and tertiary institutions across the country, giving teachers unparalleled access to a rich archive of teaching material. Our new disbursement service for filmmakers will help ease the administrative burden for many companies. We are also keen to work closely with the government in simplifying our Copyright Act in a way that continues to strike a fair balance between both sides of the copyright coin.

Screenrights' experience in administering flexible, technology neutral licences for the use of copyright material has shown us that copyright can provide simple and easy access for consumers, and fair payment to creators. We look forward to continuing to ensure that our laws encourage a vibrant digital economy for the benefit of all.

A handwritten signature in black ink, appearing to read 'J Bryant', with a stylized flourish at the end.

Jill Bryant Chairman
24 September 2014



Operation Hero Season 3, Gibson Group



88, Pursekey Productions, image courtesy of Peter Solness

AN OVERVIEW OF KEY REVENUE AND EXPENDITURE FIGURES

The following overview summarises revenue and expenditure figures for 2013-2014.

REVENUE FROM LICENCES

Total collections (including interest) for the 2013-2014 financial year were \$41.9 million. This total figure comprises:

- \$29.49 million from the Australian Educational Service (AES), an increase of 3.6 per cent on the previous year's figure of \$28.46 million
- \$1.99 million from the New Zealand Educational Service (NZES), an increase of 4.7 per cent on the previous year's figure of \$1.90 million
- \$7.66 million from the Australian Retransmission Service (ARS), a decrease of 16.7 per cent on the \$9.20 million collected for retransmission in 2012-2013
- \$0.94 million from the International Collections Service (ICS), a decrease of 5.1 per cent on the previous year's figure of \$0.99 million
- \$1.81 million from the Australian Government Service (AGS), a decrease of 69.5 per cent on the \$5.93 million collected in 2012-2013

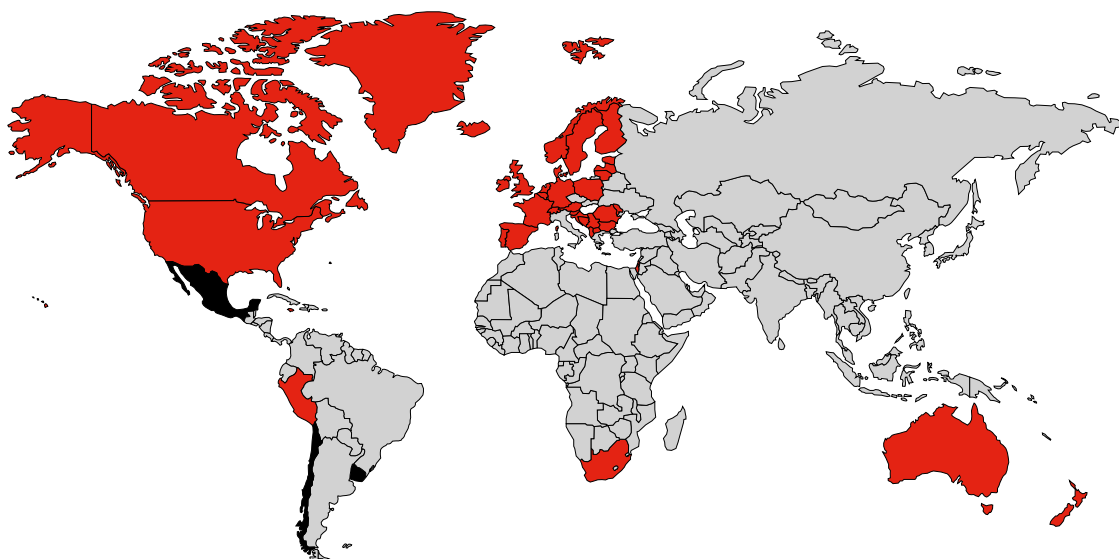


FIGURE 1 ▲

Territories in which Screenrights has agreements in place to collect income.

- Territories
- Under negotiation



FIGURE 2 ▲

Shows the changes to Screenrights' licencing and other revenue over the last three years.

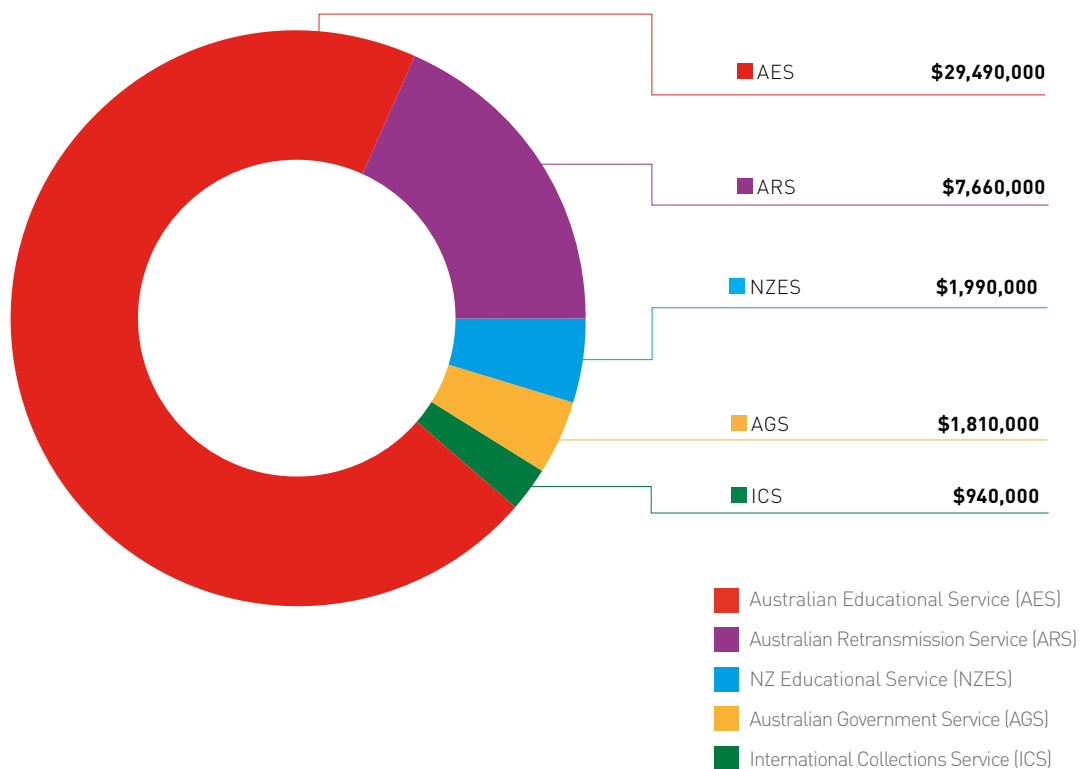


FIGURE 3 ▲

Shows the breakdown in licensing revenue from each of the five income-generating licences.

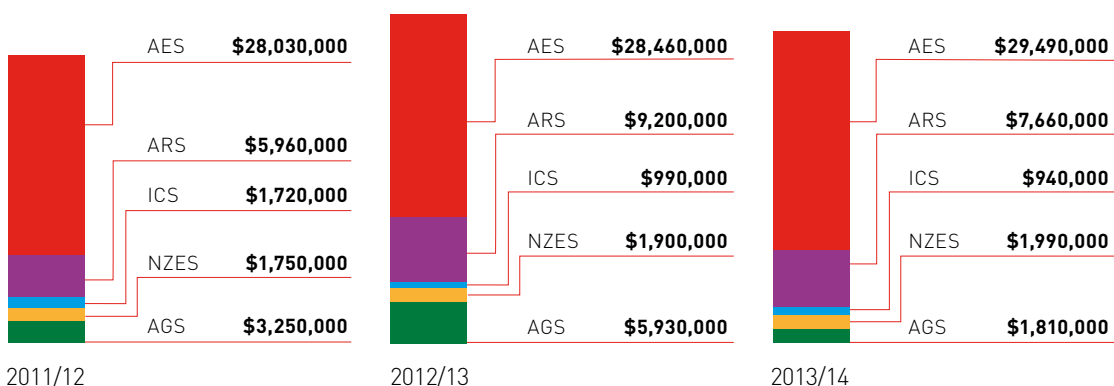


FIGURE 4 ▲

Compares the total licensing revenue (including interest) from each of Screenrights' income-generating licences over the last three years.

The decrease in total revenue can largely be attributed to the fact that the 2012-2013 collections included back-payment of \$4.4 million for government copying and retransmission back payments of \$2.4 million.

EXPENDITURE

Screenrights’ total expenditure for 2013-2014 was \$6.26 million, compared to the previous year’s figure of \$6.69 million.

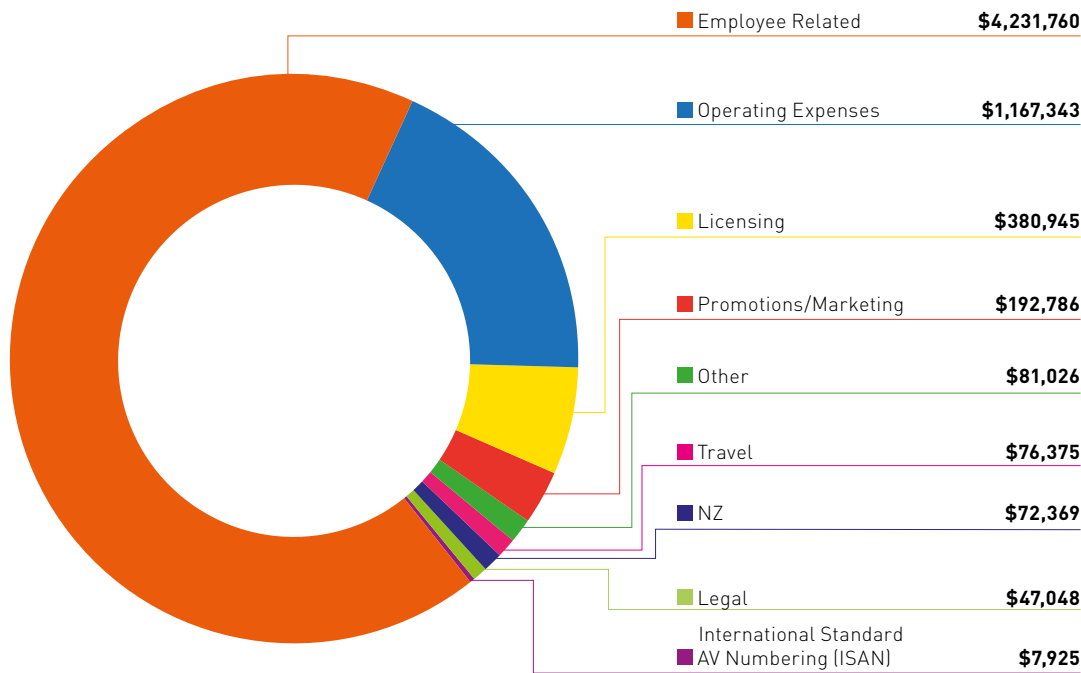


FIGURE 5 ▲

Shows the breakdown of expenditure for 2013-2014.

EXPENDITURE IN RELATION TO COLLECTIONS

Screenrights total expenditure amounted to 14.9% of total collections. In 2012-2013, this figure was 14.2%.

Expenses to collections for the AES was 15.1%, compared to 14.7% in the previous 12 months. For the NZES, expenses amounted to 17.4% of total collections, whereas in 2012-2013 it was 18.3% of total collections. For ARS it was 14.0%, compared to 12.9% for the previous year, and for AGS the ratio was 14.0%, compared to 12.9%

The ICS has an administration fee equivalent to the costs of administering the service. This is capped at 11%, enabling Screenrights to offer the service at a competitive rate.



FIGURE 6 ▲

Shows Screenrights’ net income (total income including interest less total expenses) over the last three years.



FIGURE 7 ▲

Shows the expenditure to collections ratio over the last three years.

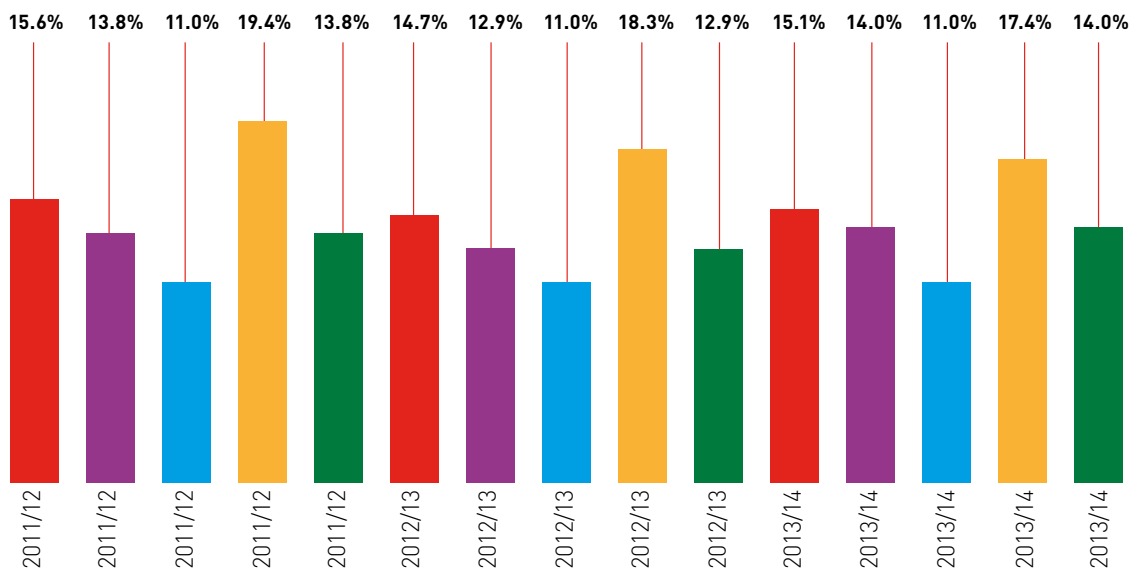


FIGURE 8 ▲

Shows the expenses to collections ratio for each of the income-generating licences over the last three years.

- Australian Educational Service (AES)
- Australian Retransmission Service (ARS)
- International Collections Service (ICS)
- NZ Educational Service (NZES)
- Australian Government Service (AGS)

DISTRIBUTIONS TO MEMBERS

The total distributable amount for 2013-2014 was \$36.23 million, a decrease of 10.6 per cent on the \$40.54 million declared for distribution in 2012-2013.

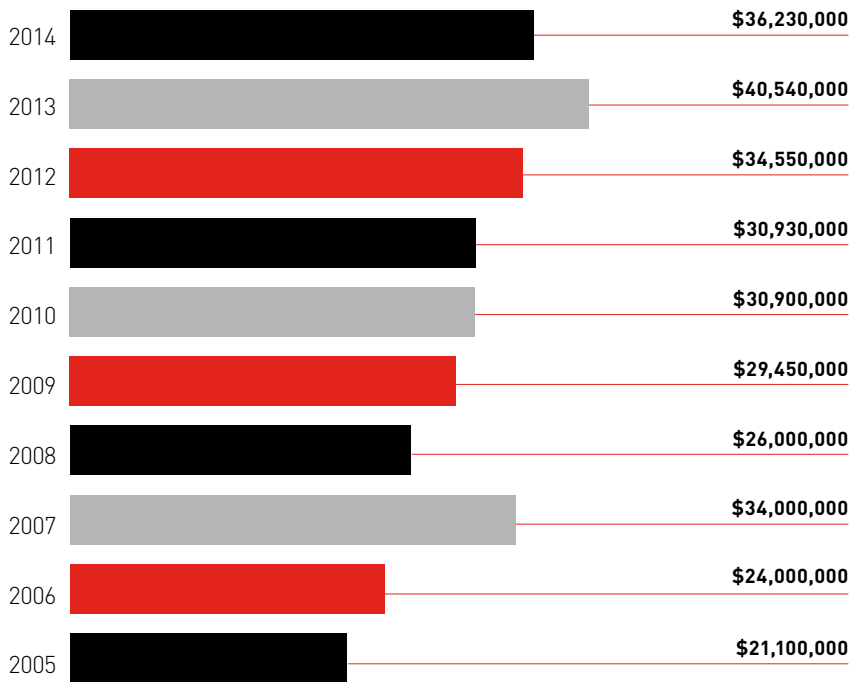


FIGURE 9 ▲

Shows the total distributable amount over the last 10 years.

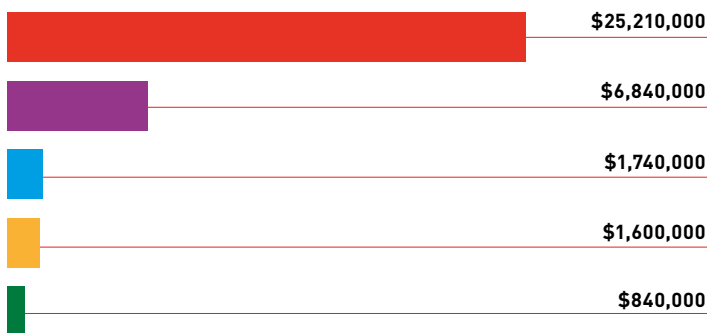


FIGURE 10 ▲

Shows the total distributable amount declared under each of the income generating licences in 2013-2014.

- Australian Educational Service (AES)
- Australian Retransmission Service (ARS)
- NZ Educational Service (NZES)
- Australian Government Service (AGS)
- International Collections Service (ICS)

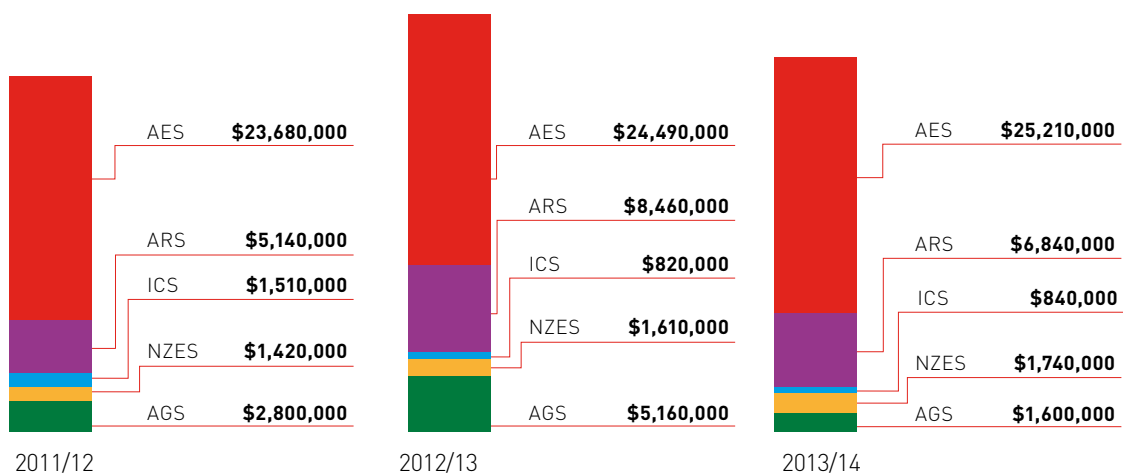


FIGURE 11 ▲

Shows the total distributable amount declared under each of the income-generating licences over the last three years.

- Australian Educational Service (AES)
- Australian Retransmission Service (ARS)
- International Collections Service (ICS)
- NZ Educational Service (NZES)
- Australian Government Service (AGS)

The total amount actually distributed to members was \$34.9 million, which was the same as the amount distributed in 2012-2013.

OUR MEMBERSHIP

Screenrights membership has continued to grow; from 3,560 members to 3,693 members in 62 countries. These countries are shown at Figure 12.

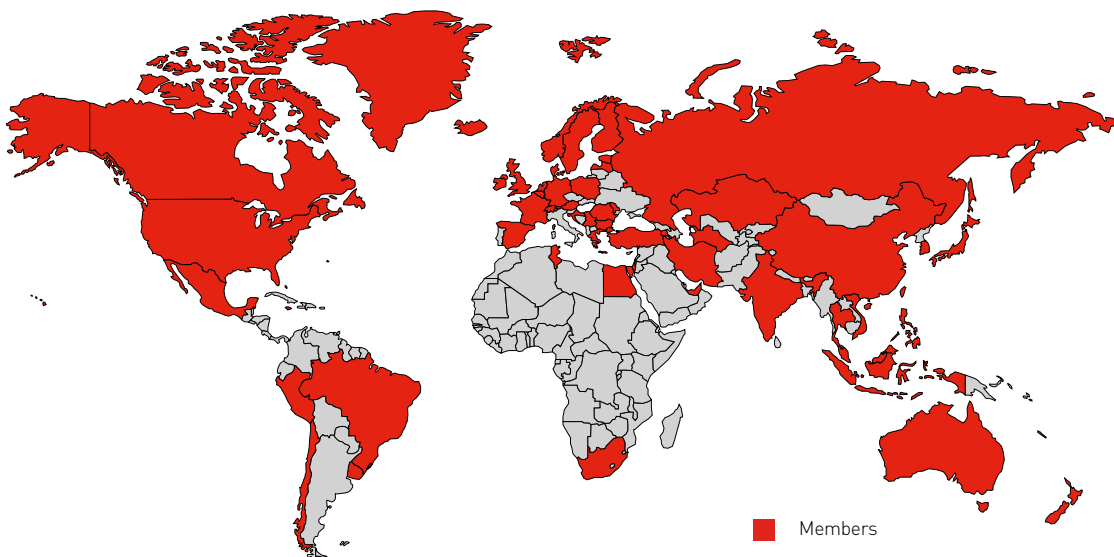


FIGURE 12 ▲

Shows Screenrights' 3,693 members from 62 countries.

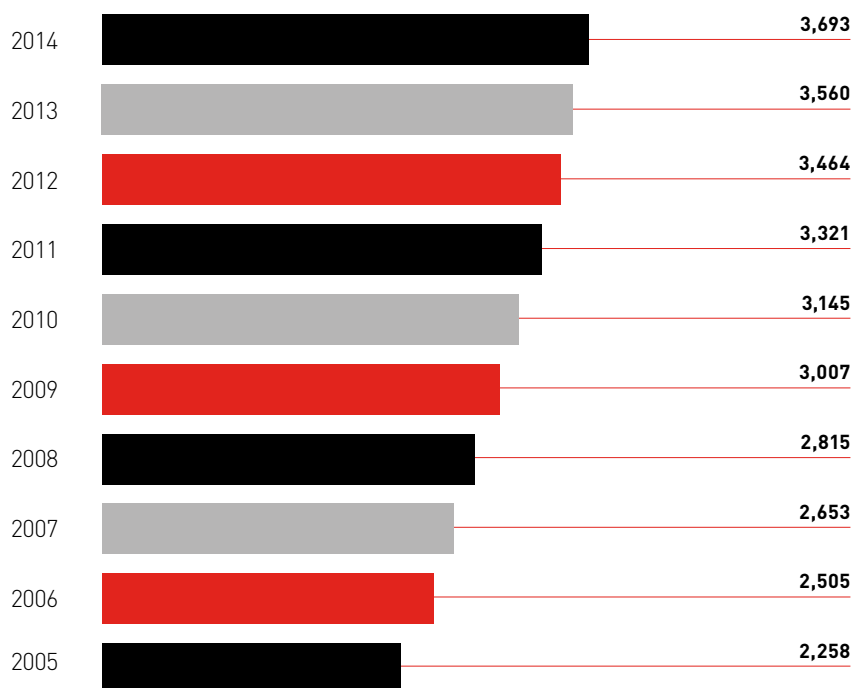


FIGURE 13 ▲

Shows the growth in membership over the last 10 years.

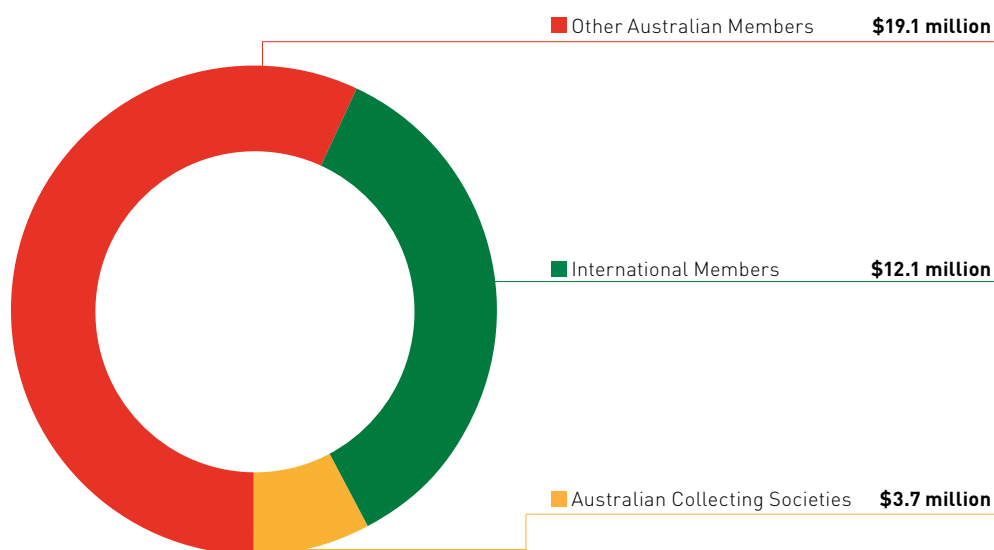


FIGURE 14 ▲

Shows the breakdown in allocation between Australian and overseas rightsholders for the total amount distributed in 2013-2014.

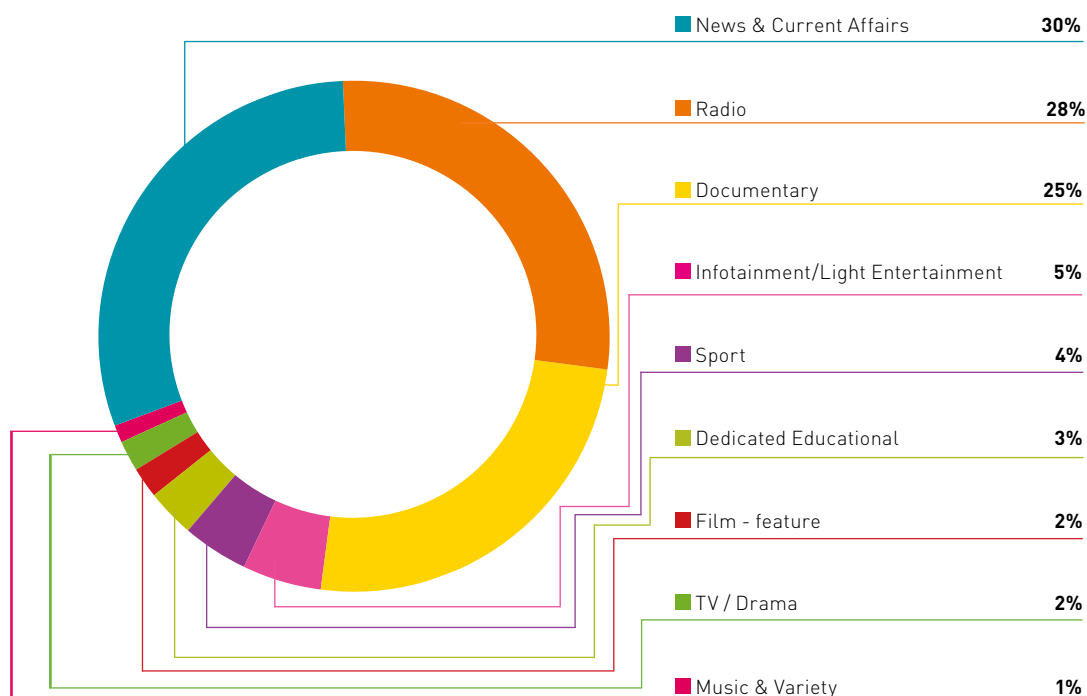


FIGURE 15 ▲

Shows the breakdown in types of audiovisual material copied by Australian and New Zealand educational institutions.

Simon Lake

Chief Executive

24 September 2014

ANNOTATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

We know that not everyone wants to analyse financial statements, so below is our annual summary of the most important information in these accounts. The notes show the calculations which determine how much money is available to distribute to members from the royalties collected and interest received, and after the deduction of tax and expenses.

NON-IFRS FINANCIAL MEASURES

The annotated statement of financial position includes certain non-IFRS financial measures. The directors believe the presentation of non-IFRS financial measures is useful for the users of this document as they reflect the amounts available for distribution to members after the addition of expired trust funds and the transfer of surplus reserves. The below non-IFRS financial measures have not been subject to review or audit.

		Consolidated	
		2014	2013
		\$000s	\$000s
Royalty collections for the year from Australian schools, TAFE colleges, universities, retransmission income, New Zealand educational institutions and overseas.	Revenue from Ordinary Activities:		
	Gross Royalties	39,482	43,630
	Other Revenues	2,785	3,883
	Expenses	(6,527)	(7,006)
Includes interest and the proceeds from sale of fixed assets.		35,740	40,507
	Transfer (to)/from retained earnings and reserves	–	(928)
The cost of running Screenrights, including employee expenses, depreciation and other ordinary expenses.	Amount available for Distribution	35,740	39,579
	Add Expired Trust Funds (2007)	–	961
	Add Expired Trust Funds (2008)	489	–
Screenrights can hold allocations in trust for a maximum of six years while trying to locate relevant copyright owners. Under the Attorney-General's Guidelines, these funds are then 'recycled' by adding them to the Distributable Amount in the current year. For 2008, expired trust funds by scheme were Pt VA \$177,000, NZ \$19,000, Pt VC \$257,000 and AGS \$36,000.	Total amount available for Distribution	36,229	40,540
	Amount transferred to Statutory Distributable Pools:		
	Part VA Education	(25,214)	(24,485)
	Part VC Retransmission	(6,842)	(8,466)
	s183 Government Copying	(1,597)	(5,163)
	Amount transferred to Non-Statutory Distributable Pools:		
	New Zealand	(1,738)	(1,607)
	International Collections Service	(838)	(819)
	Total amount transferred to distribution pools	(36,229)	(40,540)



screenrights

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