

ANNUAL
REPORT
HIGHLIGHTS
**2015
-2016**



screenrights

THE YEAR IN BRIEF

DURING 2015-2016, SCREENRIGHTS HAS:

- Collected \$47.8 million in licence revenue and other income for the film and television industries
- Distributed to members \$43.1 million, an increase of 11.7%
- Achieved an expenses to collections ratio of 14.8%
- Made 4,780 individual payments to members, with a total distribution of \$43.1 million
- Grown the number of titles registered by members to 1.44 million, up 7.7%
- Expanded the Government Copying Declaration to cover audio-visual material on the internet
- Negotiated a new agreement for a minimum of two years with all 39 Australian Universities
- Increased the reach of EnhanceTV Direct, our streaming service to schools, by 42%



OUR VALUES

In all aspects of its operations, Screenrights is committed to upholding its core values – the unique set of beliefs that make up our worldview. They guide us in fulfilling our mission and inspire us to achieve our vision. They underpin how we make decisions and how we act, how we respond to challenges and how we embrace the many exciting opportunities in front of us as we achieve our goals.

We want to be known for:

DIVERSITY ENRICHES THE WORLD

The variety of content that our members create makes the world more interesting, engaging and compelling.

THE POWER OF CREATIVITY

Creativity has a unique ability to express, communicate and spread ideas.

VALUE OF IDEAS

The ideas expressed by our members help shape conversations and debate in our society.

ACHIEVEMENT THROUGH COLLABORATION

We form partnerships with our members, stakeholders and third parties and work closely to achieve our mutual goals.

TRANSPARENCY

We are not-for-profit, we have no hidden agendas and we are accountable. This is reflected in everything we do.

Image Credits

Gourmet Farmer Afloat, Essential Media and Entertainment

Outside Chance, Wildbear Entertainment

Poh & Co Season 2, SBS

Prison Songs, Ronin Films

Death or Liberty, Roar Film



Kebab Kings, Cordell Jigsaw Productions

ACCESS

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

“EnhanceTV is an amazing resource for teachers and students at all levels of primary and secondary education. In the short time we have enjoyed access to the resource I have seen it becoming more and more valuable as items and projects are constantly added.”

Mary-Anne Cameron, Good Shepherd Catholic Community School



IN TEACHING

The use of online content is growing rapidly in the classroom. Screenrights facilitates access for teachers through resource centres such as ClickView, TV 4 Education, eTV in New Zealand and our streaming service, EnhanceTV Direct. Usage of EnhanceTV Direct is increasing, with a 42% increase in Australian schools using the service. The next 12 months will be essential in providing an up-to-date, relevant platform for educators.

IN THE HOME

Screenrights licences the retransmission of members' works to pay television subscribers. The retransmission scheme continues to grow, as pay television reaches more households and includes more channels than ever before. Distributions from the Australian Retransmission Service during the year totalled \$8.4 million, licensing the retransmission of members' content into the homes of more than 2.5 million subscription television customers, as well as via mobile phones and IPTV.



The Dressmaker, Film Art Media

SERVICES

Screenrights provides a quality experience by developing our services for members to support their business.

“Our Screenrights royalties go towards further development of training courses for new people entering the industry. With extra royalties we can take students on for further work experience. By getting royalties it also shows that our work is being used further afield and helping others.”

Jo Santamaria, Maui TV Productions Ltd



DISTRIBUTIONS

During the year Screenrights paid out \$43.1 million to our members, an 11.7% increase on the \$38.6 million paid in the prior year. This included \$26.6 million paid in the major December payment run, and covered over 4,780 payments on a staggering 8.3 million royalties.

REGISTRATIONS

We would like to recognise the valuable contributions of our members in registering their programs and working with us to ensure efficient payments throughout the last financial year. The number of new registered claims was 139,000, bringing the total number of registered claims to 1.44 million.

DISBURSEMENTS

Our disbursement service, Disbursements by Screenrights, is consolidating its position as a valuable resource for the local film and television industry and has attracted some of the year's best-loved programs. Screenrights is proud to be working with some of the industry's most active and vibrant companies as well as inspiring emerging filmmakers.

INDUSTRY

Screenrights appeared at the Productivity Commission to explain our concerns about the possible introduction of an open ended US style 'fair use' exception in the Copyright Act. Screenrights will continue to work with the Government, our licensees and the wider industry in reaching a workable and equitable solution that benefits Australian creators and educators. We have also been active in the simplification of the Copyright Act in partnership with the education sector and our counterparts at the Copyright Agency. We anticipate the changes will be introduced in the new Parliament.



CHAIRMAN'S REPORT



Jill Bryant Chairman

Providing a high level of member service while continuing to innovate and prepare for the future is central to Screenrights' ethos and key to maintaining our ongoing success.

With 3,960 members across 63 countries, Screenrights is a regionally focused organisation with global reach.

With revenue at \$48.3 million and distributions at \$43.1 million for the year, we have achieved exceptional results at a time when there are numerous challenges to copyright in Australia and around the world.

Our ability to collaborate and form productive relationships continues to be a strength. In the last year we have worked closely with the screen industry on a number of issues, particularly advocacy against the introduction of fair use, which we believe would weaken the foundations of copyright in Australia.

International research points to the detrimental effects of fair use on economies and creative industries, without providing any evidence of the supposed benefits. Fair use will continue to be an issue in the copyright environment over the coming year. Screenrights has been working with other collecting societies and industry bodies and we remain firmly against the introduction of any fair use regime.

The year ahead will see Screenrights invest in making content easily available under our licences through EnhanceTV and supporting resource centres including Clickview, RMIT's EduTV, and eTV in New Zealand. We have been working closely with Australian educators to discover how we can provide them with a service that best meets the needs of teachers in using content under the Screenrights licence.

EnhanceTV is an ambitious project that will position Screenrights to continue adapting to the changing trends of audio visual consumption in Australian schools. We whole-heartedly believe that this is imperative to provide greater value to the education sector in return for the licence fees that we pay to our members.

The litigation initiated by the Australian Writers' Guild and the Australian Writers' Guild Authorship Collecting Society continues. Whilst we are disappointed the matter has come to litigation we remain committed to finding a resolution and will continue to operate as normal in collecting and paying royalties to our members in accordance with Australian law.

Last year saw the introduction of the Express Resolution Process (ERP). This was designed following extensive industry consultation to provide our members with fast, efficient resolution of their competing claims in certain circumstances.

We agreed to review the Express Resolution Process after twelve months of operation, and that independent review is now taking place. We will consider all the findings as part of our continual efforts to provide better services for members.

Screenrights continues to explore ways in which it can provide value to the screen industry. Disbursements by Screenrights is quickly securing its position in the disbursements market and providing a valuable service for Australian filmmakers and their investors.

The next 12 months will present both opportunities and challenges and we look forward to working closely with the screen industry, government and consumers. We will continue to adapt to the changing copyright landscape, find increasingly innovative ways to access content and provide crucial revenue streams for rightsholders.

A handwritten signature in black ink, which appears to read 'J Bryant'.

Jill Bryant, Chairman
21 September 2016



Image Credit: SCREEN FOREVER Conference



Inset: EnhanceTV Direct screenshot, showing
Go Back to Where You Came From,
Cordell Jigsaw Productions

AN OVERVIEW OF KEY REVENUE AND EXPENDITURE FIGURES

The following overview summarises revenue and expenditure figures for 2015-2016.

REVENUE FROM LICENCES

Total collections (including interest) for the 2015-2016 financial year were \$47.8 million. This total figure comprises:

- \$30.83 million from the Australian Educational Service (AES), an increase of 0.9 per cent on the previous year's figure of \$30.57 million
- \$2.24 million from the New Zealand Educational Service (NZES), an increase of 2.3 per cent on the previous year's figure of \$2.19 million
- \$9.19 million from the Australian Retransmission Service (ARS), an increase of 4.9 per cent on the \$8.76 million collected for retransmission in 2014-2015
- \$1.09 million from the International Collections Service (ICS), a decrease of 0.9 per cent on the previous year's figure of \$1.10 million
- \$4.22 million from the Australian Government Service (AGS), an increase of 27.1 per cent on the \$3.32 million collected in 2014-2015
- \$0.2 million from Disbursements by Screenrights

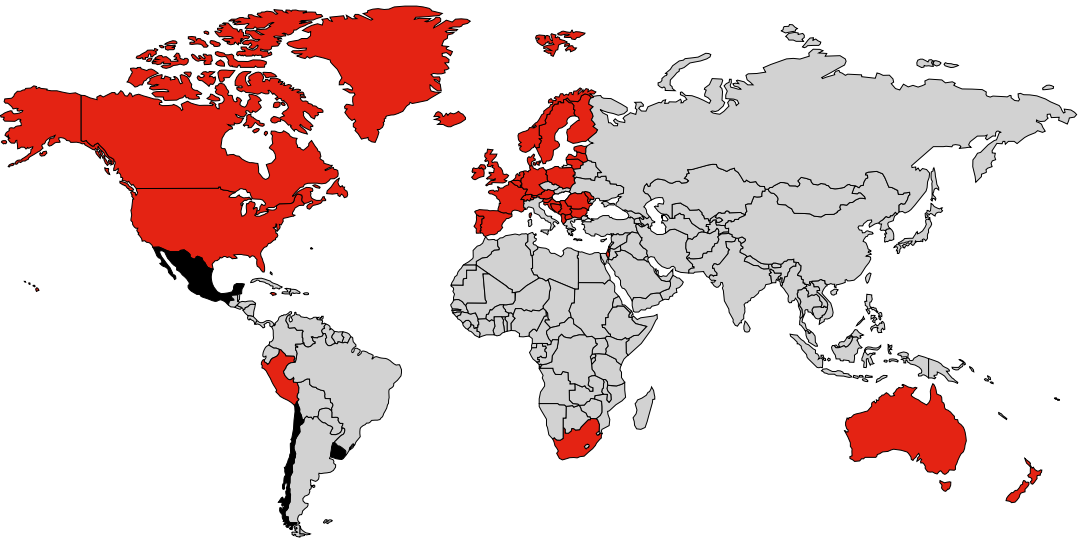


FIGURE 1 ▲

Shows the territories in which Screenrights collects income for members.

- Territories
- Under negotiation



FIGURE 2 ▲

Shows the changes to Screenrights' licensing revenue over the last three years.

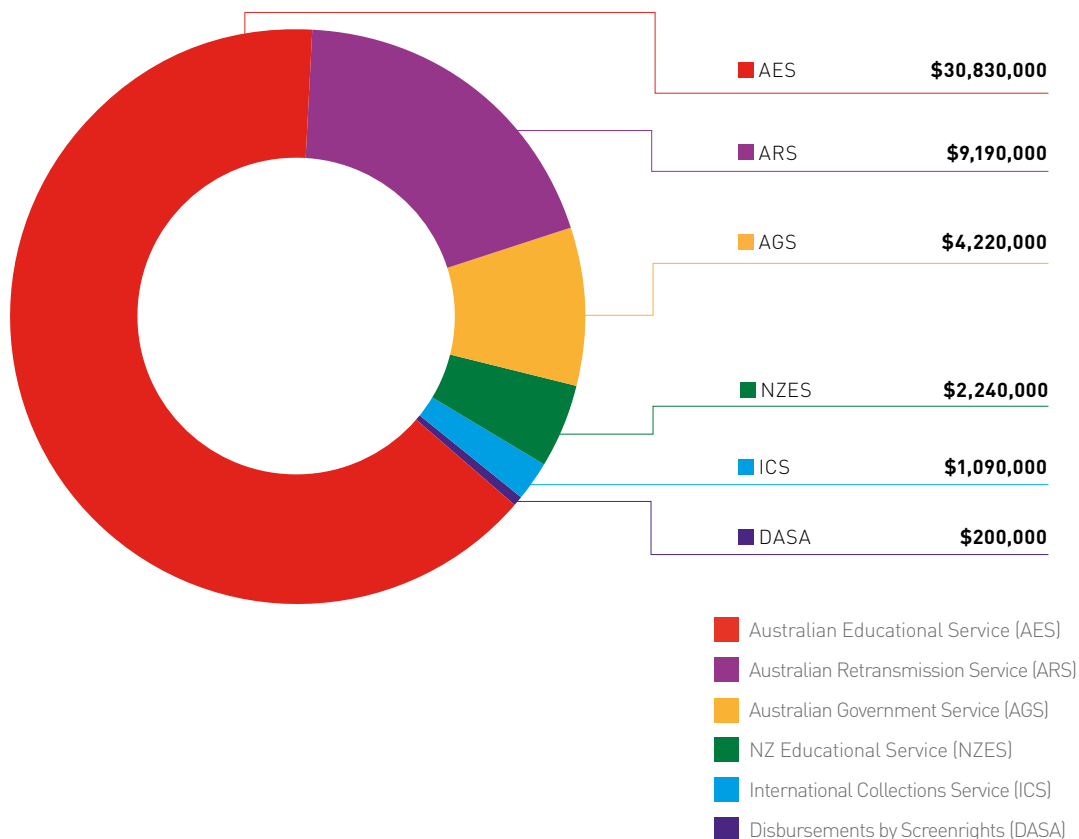


FIGURE 3 ▲

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

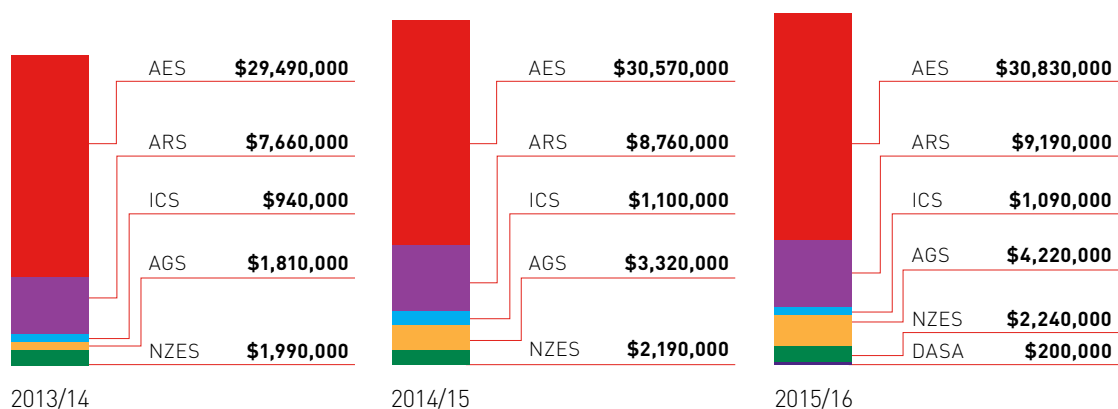


FIGURE 4 ▲

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

EXPENDITURE

Screenrights' total expenditure for 2015-2016 was \$7.11 million, compared to the previous year's figure of \$6.54 million.

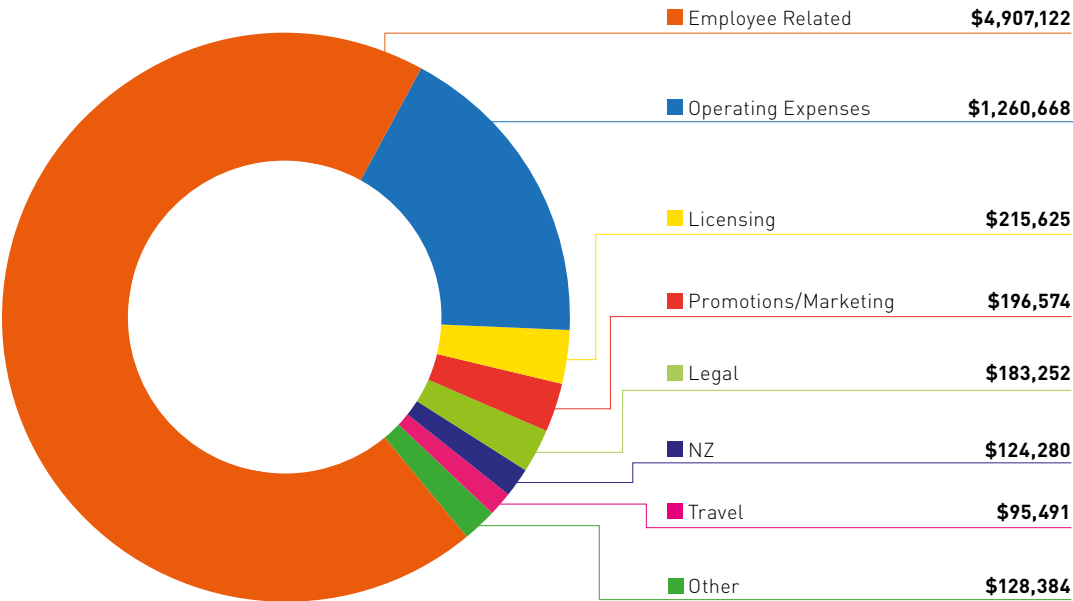


FIGURE 5 ▲

Shows the breakdown of expenditure for 2015-2016.



FIGURE 6 ▲

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

EXPENDITURE IN RELATION TO COLLECTIONS

Screenrights total expenditure amounted to 14.8% of total collections. In 2014-2015, this figure was 14.2%.

Expenses to collections for the AES was 14.8%, compared to 14.4% in the previous 12 months. For the NZES, expenses amounted to 19.6% of total collections, whereas in 2014-2015 it was 17.7% of total collections. For ARS it was 14.1%, compared to 13.1% for the previous year, and for AGS the ratio was 14.1%, compared to 13.1%.

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 7 ▲

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

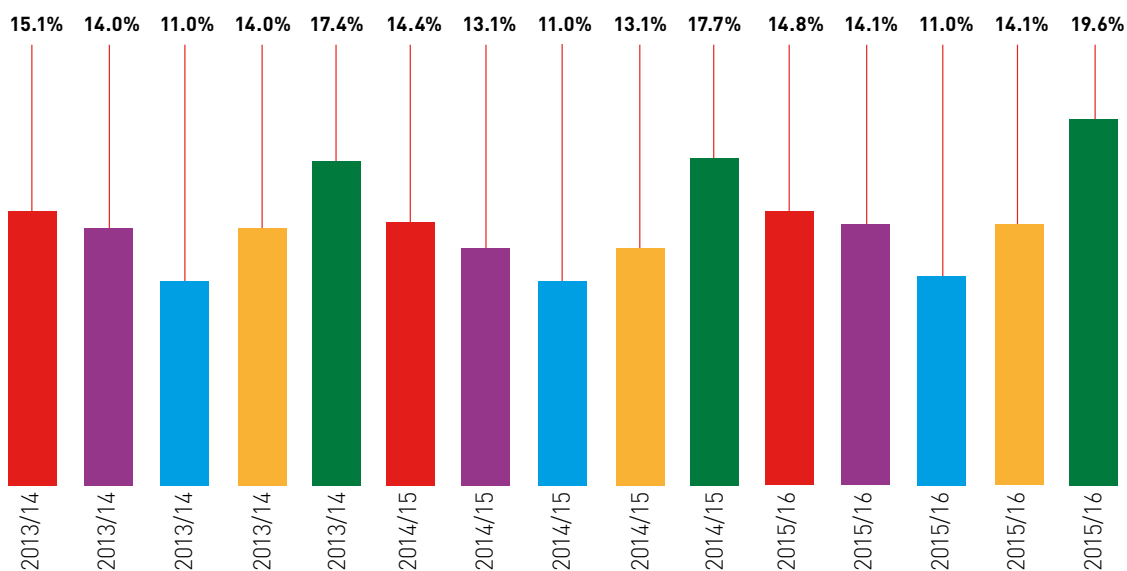


FIGURE 8 ▲

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

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

DISTRIBUTIONS TO MEMBERS

The total distributable amount for 2015-2016 was \$41.22 million, an increase of 3.8% on the \$39.72 million declared for distribution in 2014-2015.

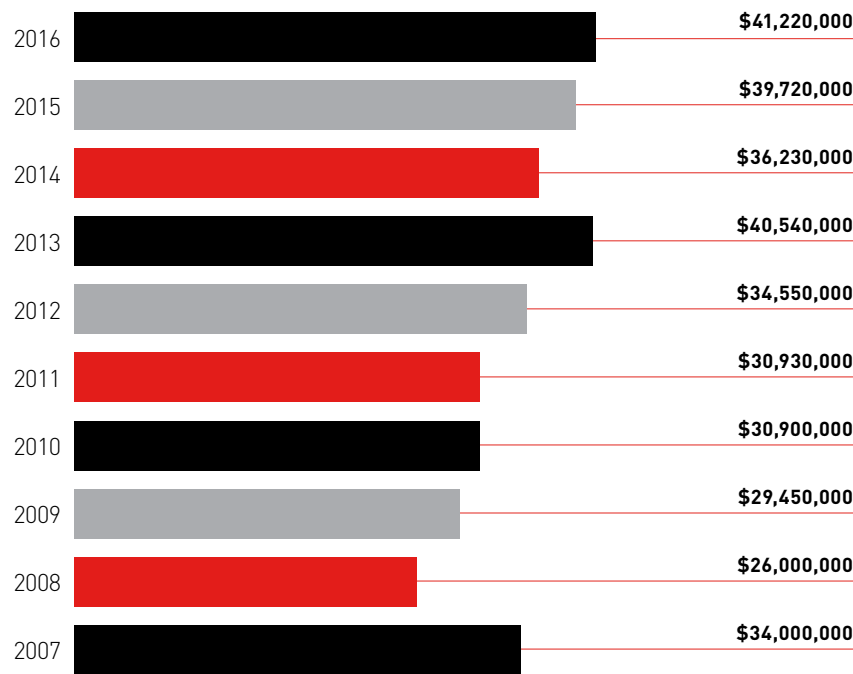


FIGURE 9 ▲

Shows the total distributable amount over the last 10 years.

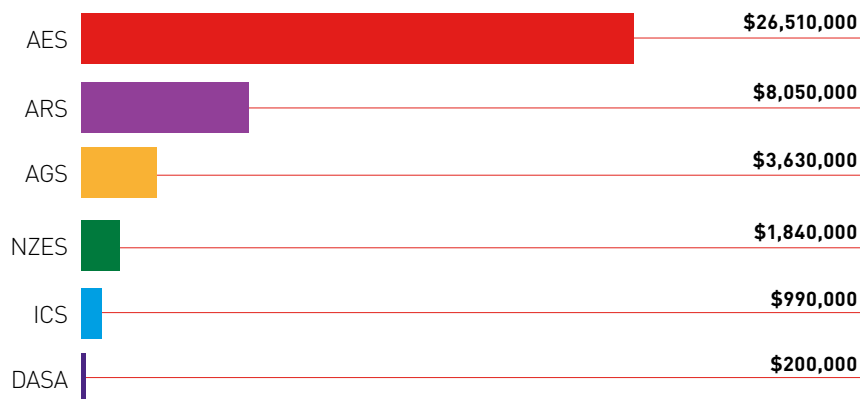


FIGURE 10 ▲

Shows the total distributable amount declared under each of the licences in 2015-2016.

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

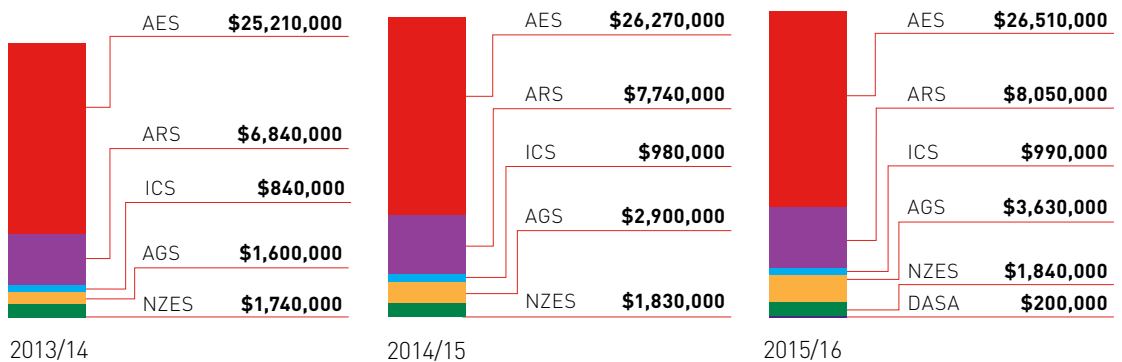


FIGURE 11 ▲

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

The total amount actually distributed to members was \$43.1 million. This is an increase of 11.7% on the \$38.6 million distributed in 2014-2015.

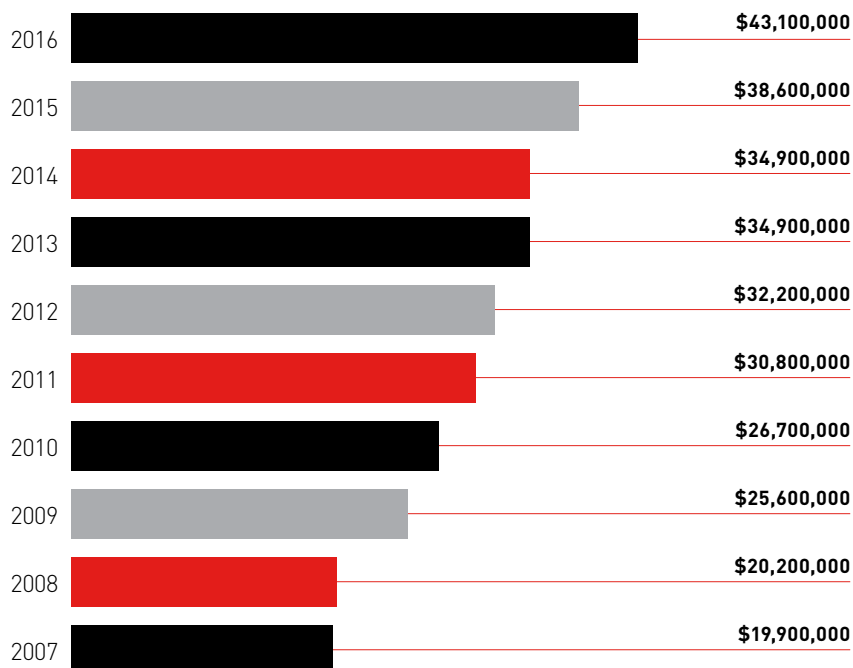


FIGURE 12 ▲

Shows the total distributed amount over the last 10 years.

OUR MEMBERSHIP

Screenrights membership has continued to grow, from 3,821 members in 63 countries to 3,957. These countries are shown at Figure 13.

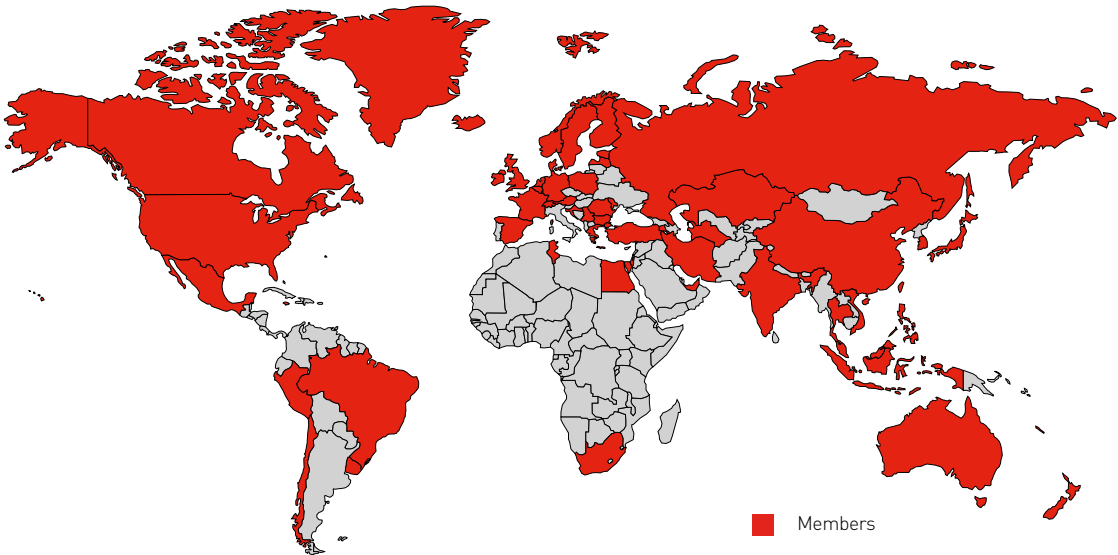


FIGURE 13 ▲

Shows Screenrights' 3,957 members in 63 countries.

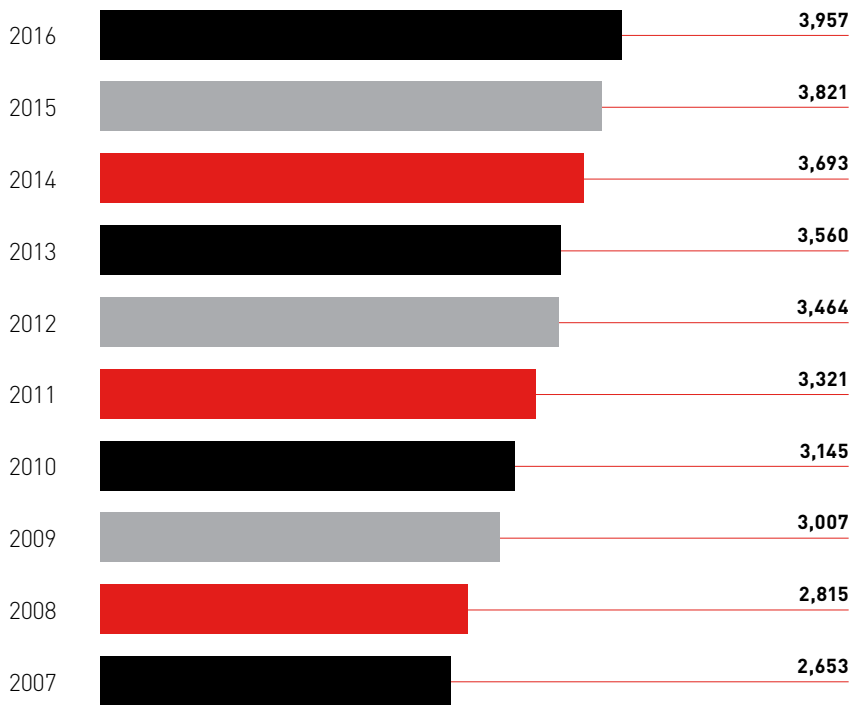


FIGURE 14 ▲

Shows the growth in membership over the last 10 years.

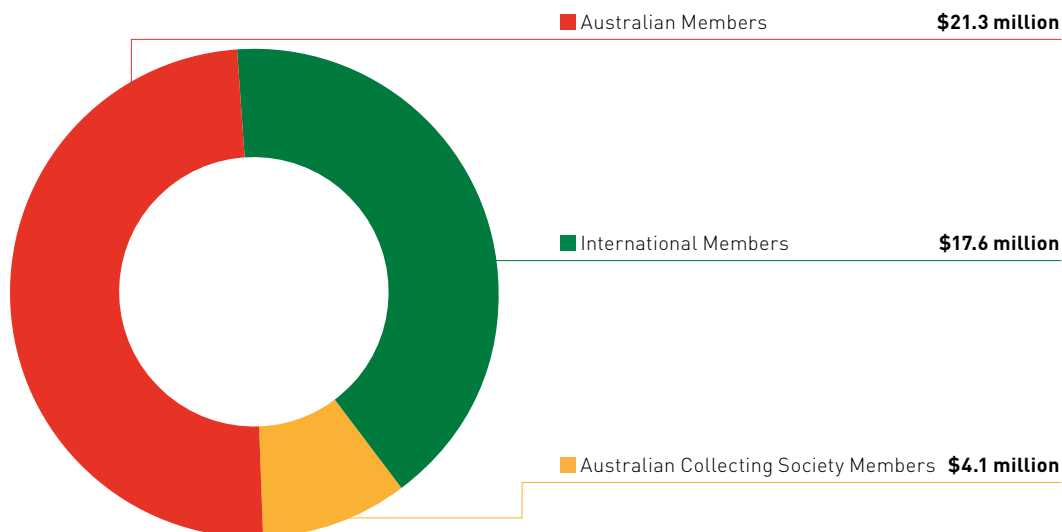


FIGURE 15 ▲

Shows the breakdown in allocation between Australian and overseas rightsholders for the total amount distributed in 2015-2016.

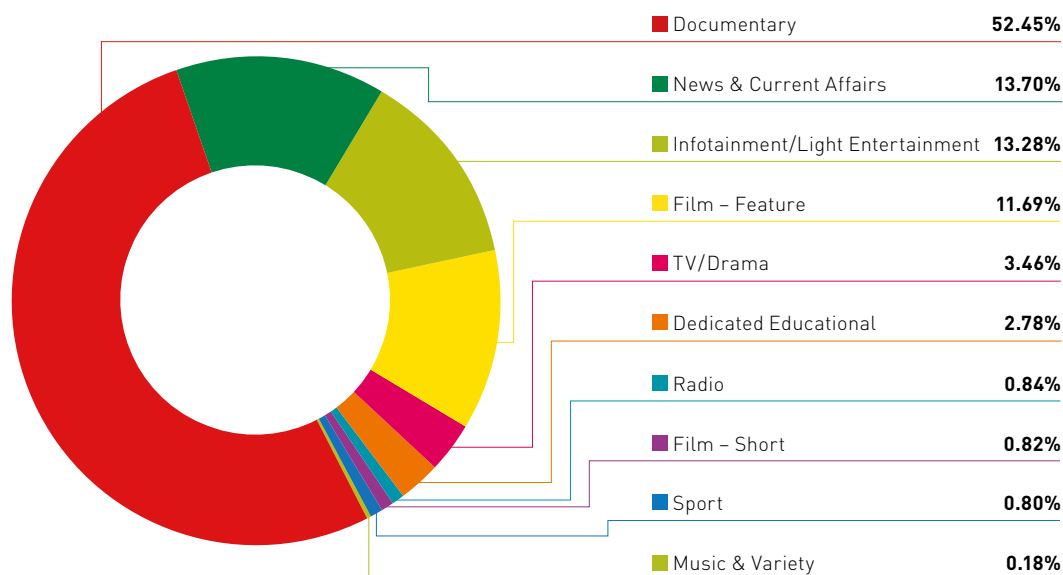


FIGURE 16 ▲

Shows the breakdown in types of audiovisual material copied by Australian educational institutions. This is based on the number of copies made, and not on the minutes copied.

Simon Lake
Chief Executive

21 September 2016

ANNOTATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

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 rightsholders 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 rightsholders 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 | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------|---------------|
| | | 2016 | 2015 |
| | | \$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 | 46,425 | 43,922 |
| | Other Revenues | 1,862 | 2,459 |
| | Expenses | (7,494) | (6,942) |
| Includes interest and the proceeds from sale of fixed assets. | | 40,793 | 39,439 |
| | Transfer (to)/from retained earnings and reserves | - | - |
| The cost of running Screenrights, including employee expenses, depreciation and other ordinary expenses. | Amount available for Distribution | 40,793 | 39,439 |
| | Add Expired Trust Funds (2009) | - | 284 |
| | Add Expired Trust Funds (2010) | 428 | - |
| Screenrights can hold allocations in trust for a maximum of six years while trying to locate relevant rightsholders. Under the Attorney-General's Guidelines, these funds are then added to the Distributable Amount in the current year. For 2010, expired trust funds scheme were, by amount and percentage of Distributable Amount, Pt VA \$232,000 (1.1%), NZ \$31,000 (2.5%), Pt VC \$158,000 (3.3%) and AGS \$7,000 (0.3%). | Total amount available for Distribution | 41,221 | 39,723 |
| | Amount transferred to Statutory Distributable Pools: | | |
| | Part VA Education | (26,512) | (26,270) |
| | Part VC Retransmission | (8,052) | (7,749) |
| | s183 Government Copying | (3,635) | (2,898) |
| | Amount transferred to Non-Statutory Distributable Pools: | | |
| | New Zealand | (1,836) | (1,828) |
| | Disbursements by Screenrights | (197) | - |
| | International Collections Service | (989) | (978) |
| | Total amount transferred to distribution pools | (41,221) | (39,723) |



Screenrights

ABN: 76 003 912 310

Level 1, 140 Myrtle Street
Chippendale NSW Australia 2008

Email info@screenrights.org
screenrights.org

Australia

Phone +61 2 9904 0133

Fax +61 2 9904 0498

New Zealand

Freephone 0800 44 2348

Freefax 0800 44 7006

screenrights