



Friday 10 October 2014

Graeme Mason
CEO
Screen Australia
Level 7, 45 Jones Street
Pyrmont NSW 2007

Dear Graeme,

Re: Screen Australia Draft Guidelines – Round 2

CJZ Group welcomes the opportunity to provide further feedback on Screen Australia's second draft Guidelines for Documentary Programs (Second Draft).

In CJZ's previous submission, we stressed that a key issue for the industry is the minimum broadcast licence fee structure. CJZ proposed that:

Screen Australia should use its market position as green light financier to support the industry by setting a minimum broadcast licence fee of \$220,000 per hour. This should be subject to annual indexation.

The resulting Second Draft, whilst it re-inserts the requirement for broadcasters to pay minimum licence fee, acknowledges that the proposed fees "have not increased since 2009". All of the minimums that are proposed are fundamentally inadequate.

The practical result of applying 5 year old licence fees (without annual indexation) means that although the costs of production have increased due to CPI, producers are receiving the same licence fees, if not lower, from the broadcasters, which in turn puts more pressure on the agencies for additional funds.

Secondly, projects seeking less support from Screen Australia are subject to a lower minimum licence fee. This is a counter productive move, that only encourages production companies to inflate their ask of Screen Australia in order to trigger more money from the broadcaster.

Thirdly, projects that have secured international pre sales or distribution advance have an arbitrarily lower minimum licence fee. CJZ proposes that the combination of the local broadcast licence fee and international pre sales/advances should meet the minimum licence fee per hour.

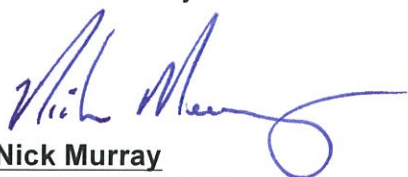
Not only have the minimum licence fees remained unchanged since 2009, not applying annual indexation will keep the minimums licence fees this low for years to come.

The nature of the industry is that producers will do anything to get their project up, including by agreeing to uncommercially low licence fees. Minimum licence fees continue to be the single most important issue under the Guidelines, and one that we vehemently believe needs to be addressed using the market power and leverage that Screen Australia possesses as the result of being a "green light" funder.

The minimum licence fee should be \$220,000 per hour and indexed annually.

Feel free to contact me, or Katie Shortland, Head of Business Affairs and Strategy, should you wish to discuss further.

Yours sincerely.



Nick Murray
Managing Director