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15 December 2008

Dr Ruth Harley
Chief Executive Officer
Screen Australia
GPO Box 3984
Sydney NSW 2001

Dear Dr Harley,

SBS would like to thank Screen Australia for this opportunity to comment on its Terms of Trade. We have some concerns in the following areas:

Production Financing Investment Caps

SBS notes, as previously outlined in our comment on the Screen Australia production guidelines, that many of the funding limits set out in section 3.2 of the Terms of Trade create caps on production that may prove limiting to the industry. These caps should be kept under active consideration in future reviews to the guidelines.

Screen Rights

There appears to be some confusion in the industry about this emerging from the media release that references *'the return of screen rights to producers for all future productions'* (Screen Australia Media Release Tuesday 9 December). SBS's current practice conforms with the arrangements under the Screen Australia Terms of Trade for allocation of Screen Rights. SBS would not support any arrangement suggesting that 100% of Screen Rights be allocated to producers where SBS has made a high risk equity investment and holds a percentage of copyright.

Producer Recoupment Entitlements

SBS currently has an entrenched 50% producer recoupment corridor on SBS equity-invested productions, a more generous position than most. This ensures that producers get a better deal with SBS, reflecting our interest in the sustainability of the industry. It also means that Screen Australia will not have to cut into own equity returns substantially to reach the proposed 35% floor recoupment position.

SBS also notes that TV Drama Development is again left out of Screen Australia's proposed Development investments. See our submission on the Guidelines for our concerns about this.

We look forward to discussing these issues with you. Please do not hesitate to contact us for any further detail on the issues raised here.

Best regards,

A handwritten signature in black ink, appearing to read 'Bruce Meagher'.

Bruce Meagher
Director Strategy and Communications

Our story: When we began in 1975, there were only a handful of languages broadcast on Australian media. Now there are more than 68 languages broadcast by SBS, which makes us the world's most multicultural broadcaster.

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