

21 October 2020

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

By email: rrat.sen@aph.gov.au

Dear Secretary

Export Market Development Grants Legislation Amendment Bill 2020

We note the Committee's inquiry into the above Bill and the wider reforms of the Export Market Development Grant (EMDG) scheme. We apologise for the lateness of this submission.

Screen Producers Australia (SPA) was formed by the screen industry to represent independent producers across a diverse production slate of feature film, television and interactive content. Relevantly for the purposes of this inquiry, our members are significant exporters and have made productive use of the EMDG scheme over the years.

Relative to other Australian businesses, screen producing businesses are much more likely to be exporting. For example, more than two in every five production businesses (43%) received at least some revenue from overseas.¹ Australian screen exports generate significant economic and cultural returns to Australia and enhance Australia's 'soft power' capabilities around the world.

Given the small size of the Australian market, and the high quality of Australian productions, export revenue is of critical importance to many producers, who also rely on international investment to ensure project financing.

Film and television producers are exporters of intellectual property, a class of exports with specific characteristics and market structure which separates them from the export of physical goods. We are concerned to ensure that the proposed changes to the EMDG scheme are properly calibrated such that the specific characteristics of intellectual property exports are incorporated into the scheme design.

As an example, we are aware of concerns that a grant-based scheme may be unsuited to the ways in which marketing expenditure is incurred by a film and television exporter. Typically, an international sales agent will put forward marketing finance, with the exporter then required to pay this back as royalties are earned. The concern is that promotion of royalty flow in this example will not be suited to an up front grants-based scheme.

We note the legislation before the Committee establishes a framework for the new scheme, with the detailed design of the new scheme to be established through Rules made by the

¹ Screen Production in Australia: Independent screen production industry census -

<https://www.screenproducers.org.au/assets/Media-Release/20180625-Screen-Producers-Australia-Report.pdf>

Minister. We support the critical need for extensive and close consultation with EMDG scheme users in the design of the Rules, particularly in the case of intellectual property exports.

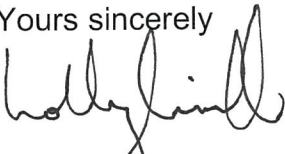
The overall impact of the changes should be carefully considered, to ensure that entitlements that are currently available to intellectual property exporters are not adversely affected by the scheme design.

We also submit that flexibility should be a feature of the new scheme, particularly in light of the change in export marketing practices that have arisen as a result of COVID-19. For example, with international travel restrictions, exporters are more likely to engage the services of an international sales agent. Other adaptations are likely to evolve as the situation with COVID-19 and travel restrictions develop. The scheme should be responsive to these changes, to ensure that export activity can be maximised in the current international conditions.

Finally, we would like to note our ongoing support for the Government's increased funding support for the EMDG announced in April 2020 and note our support for the increase being made a permanent feature of the scheme.

Thank you for the opportunity to make a submission to the inquiry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Holly Brimble', written in a cursive style.

Holly Brimble

Director of Policy

Screen Producers Australia