

**23 September 2019**

## **Screen Producers Australia's submission to the Inquiry into supporting Australia's exports and attracting investment**

Screen Producers Australia (SPA) was formed by the screen industry to represent large and small enterprises across a diverse production slate of feature film, television and interactive content.

As the peak industry and trade body, we consult with a membership of more than 450 production businesses in the preparation of our submissions. This consultation is augmented by ongoing discussions with our elected Council and appointed Policy Working Group representatives. Our members employ over 17,000 Australians and drive more than \$1.7 billion worth of annual production activity from the independent sector.

On behalf of these businesses we are focused on delivering a healthy commercial environment through ongoing engagement with elements of the labour force, including directors, writers, actors and crew, as well as with broadcasters, distributors and government in all its various forms. This coordinated dialogue ensures that our industry is successful, employment levels are strong and the community's expectations of access to high quality Australian content have been met.

We thank the Joint Standing Committee on Trade and investment Growth for the opportunity to make this submission in response to its Inquiry into supporting Australia's exports and attracting investment.

For further information about this submission please contact Fiona Phillips, Policy Consultant ([fiona.phillips@screenproducers.org.au](mailto:fiona.phillips@screenproducers.org.au)) or Matthew Deaner, CEO ([matthew.deaner@screenproducers.org.au](mailto:matthew.deaner@screenproducers.org.au)).

## Introduction

Australian screen exports generate significant economic and cultural returns to Australia and enhance Australia's 'soft power' capabilities around the world. For example, Australian productions are shown in at least 225 territories and Australian screen content is estimated to attract around 230,000 international tourists to Australia. And yet, there is a \$1.5 billion trade deficit in the Australian screen industry today, with fewer exports today than there were 10 years ago. More clearly needs to be done to realise the sector's potential. We therefore welcome the Committee's inquiry. We address the issues raised by the terms of reference below.

## Understanding Australian businesses' ambitions to grow via export and attracting investment

Last year, Screen Producers Australia commissioned Deloitte Access Economics to do a survey of *Screen Production in Australia*.<sup>1</sup> The survey showed that relative to other Australian businesses, screen producers 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. This compares to only 7.6% of Australian businesses that generate export revenue.<sup>2</sup>

The survey also revealed that around 79% (or \$119 million) of export revenue was generated by businesses earning more than \$25 million. While businesses earning less than \$1 million exported much less in value terms (\$183,000), exports still represented a significant proportion of total earnings for these businesses.

It also evidenced that most export income is derived from the United Kingdom and the United States. For example, of producers that did report exports by country, more than half (59%) of revenue came from the United Kingdom and another 32% from the United States. An additional 7% of export revenue was derived from Europe.

These results confirm that:

1. Export is vital for the Australian screen industry;
2. The Australian screen industry faces significant challenges in staying globally competitive, with more than 80% of screen businesses being small to medium sized enterprises with less than 20 FTEs;<sup>3</sup> and
3. The Australian screen industry needs to expand its export markets.<sup>4</sup>

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<sup>1</sup> Deloitte Access Economics, *Screen Production in Australia: Independent screen production industry census, 2018* available at : <https://www.screenproducers.org.au/assets/Media-Release/20180625-Screen-Producers-Australia-Report.pdf>

<sup>2</sup> Pages 12-13 of the survey deal with export.

It is for this reason that this year Screen Producers Australia has established a Screen Export Advisory Council (SEAC). SEAC's mission is to be the leading advocate for developing international trade performance of the Australian screen sector as a key part of Australia's creative industries. It is co-chaired by **Bruce Baird AM**, former Minister for Tourism in New South Wales and former Trade Commissioner in Germany and New York and **Simon Crean**, former Arts and Trade Minister. Other members include:

- Barbara Stephen, CEO, Flying Bark and Vice-President of SPA;
- Bryan Brown, Australian actor and Founder, New Town Films;
- Emile Sherman, Founder, See Saw Films;
- Fiona de Jong, Head of Australia's Nation Brand, Austrade;
- Jason Collins, CEO European Australian Business Council;
- Professor Larissa Behrendt, Filmmaker and Indigenous business leader, Lavarch Productions;
- Marta Dusseldorp, Actress and Principal of Archipelago Productions
- General the Hon Peter Cosgrove AK AC (Mil) CVO MC (retired);
- Russel Howcroft, Chair of AFTRS and Chief Creative Officer, PwC; and
- Zoe McKenzie, Principal, Trade and Investment Advisory.

The SEAC is charged with helping to develop a bipartisan, whole-of-government, evidence-based and long-term strategy to allow Australia's local screen industry to compete on the world stage.<sup>5</sup>

## Identifying local regulatory barriers to businesses being able to realise their ambition

There is a complex set of local regulations that affect the ability of screen businesses to realise their ambitions. These include tax offsets for producers, location and post-production and local content regulations. Elsewhere we have advocated (and continue to advocate) for a harmonised 40% tax offset for independent producers and the extension of local content regulations to new digital platforms such as subscription video on demand services.<sup>6</sup> In our submission, these changes would boost local content production, thereby increasing export opportunities. The Export Market Development Grant Scheme also plays a vital role in supporting our members export their work. However, for the purposes of this submission, we would like to focus on the vital role that co-productions play in the export of Australian screen content.

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<sup>3</sup> See Senate Standing Committee on Environment and Communications, *Inquiry into Australian content on broadcast, radio and streaming services*, 26 March 2019, available at [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Environment\\_and\\_Communications/AustralianContent/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/AustralianContent/Report)

<sup>4</sup> See further, Screen Exports Fact sheet at Appendix A.

<sup>5</sup> See further information about the SEAC membership at Appendix B.

As the Deloitte survey shows, the screen industry is increasingly a global business and requires access to global finance and global partners. Screen businesses require significant and often prohibitive sunk costs of time, resources and capital to build the skills, capabilities and overseas networks needed for export sales and co-productions. Co-production treaties allow Australian producers to partner with producers from treaty-countries to access the benefits of each country's regulatory and taxation environments.

Australia currently has 12 co-production treaties and MOUs with other nations. In total, there have been 186 official co-production titles made with total budgets of \$1.9 billion exported to over 250 territories. Australia produces less than 7 official co-productions per year over the last 10- year period. Twenty three of the 27 co-productions reported in 2017 were unofficial co-productions that did not proceed under a formal treaty.<sup>7</sup> This is small in comparison with other countries. For example, China (16 treaties), France (over 30 treaties) and Canada (over 60 treaties) each produce approximately 60 co-productions per year. This is a clear regulatory impediment on Australian screen businesses being able to realise their ambitions.

For our part, we have submitted to the Department of Foreign Affairs and Trade, this provides perfect opportunity to pursue a co-production agreement with the EU and advocated in favour of a review of Screen Australia's International Co-Production Guidelines.<sup>8</sup> We have also participated in a number of trade delegations with a view to encouraging co-production discussions. For example, in 2017 we offered production masterclasses at the Copenhagen TV Festival, which was opened by her Royal Highness, Mary the Crown Princess of Denmark. And our annual SCREEN FOREVER conference is an important vehicle to bring together members of the local and international screen industry to talk business. But more needs to be done to facilitate Australian co-productions.

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<sup>6</sup> See, for example, the *Make it Australian* campaign  
<https://makeitaustralian.com/news/fletcher-letter>

<sup>7</sup> Data is drawn from the Screen Australia website:  
<https://www.screenaustralia.gov.au/funding-and-support/co-production-program>

<sup>8</sup> See Submission on the Proposed FTA between Australia and the European Union  
<https://assets-us-01.kc-usercontent.com/89c218af-4a5a-00a2-9d83-3913048b3bc7/70c15a28-0c30-45f9-8a7c-d5aa732c2d59/Screen%20Producers%20Australia%20-%20EUFTA%20Submission%20-%20December%202018.pdf>

## Identifying best practice regulation that evidence shows

### supports export and investment growth, whilst protecting the national interest.

Trading partners such as the UK, Canada, and the EU all have screen export strategies.<sup>9</sup> Australia needs to do likewise. The SEAC has developed a strategic plan to take forward its work.<sup>10</sup> Its 5 Year Plan sets out the following targets:

1. Growth of export revenue for screen sector (measurable through Deloitte's annual census of sector).
2. Expansion of number of markets providing export revenue (measurable through Deloitte's annual census of sector).
3. Increased number of co-production treaties and MOUs.
4. Increased number of co-productions (both official and unofficial).
5. Improved and increased facilitation of market access across sector both in outbound and inbound programs.
6. Development of skills and knowledge within sector about trade and export opportunities.

We would be pleased to discuss the strategic plan with the Committee.

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<sup>9</sup> See, for example, Film Export UK <https://www.filmexportuk.com/export-support.html>; Creative Export Canada <https://www.canada.ca/en/canadian-heritage/services/funding/creative-export-canada.html> ; *Creative Europe* <https://www.bfi.org.uk/about-bfi/partnerships/creative-europe-funding>.

<sup>10</sup> See Appendix C.

# APPENDIX A

## SCREEN PRODUCERS AUSTRALIA

### SCREEN EXPORTS - FACT SHEET



Australian screen exports generate significant economic and cultural returns to Australia and enhance Australia's 'soft power' capabilities around the world.

Globally, some of the best-known Australians are from the screen industry: Chris Hemsworth, Cate Blanchett, Nicole Kidman.

Further, Australian production companies, crew, writers, directors and Post Production, Digital and Visual Effects (**PDV**) providers are renowned to be some of the best in the world.

#### SCREEN TRADE SUCCESS

In 2017, the independent screen industry generated \$1.2 billion in economic activity supporting 20,000 jobs.

14% of independent production revenue was from exports. Further, 43% of production businesses exported (compared with 7.6% of businesses across the economy).

Australian productions are shown in at least 225 territories. Key export destinations include the UK, US and EU.

Australian screen content is estimated to attract around 230,000 international tourists to Australia each year, driving an estimated \$725 million in tourism expenditure.

Further, the PDV sector is a highly-skilled and rapidly growing digital export, with more than \$88M in foreign spend in 2017/18 alone.

#### UNTAPPED OPPORTUNITIES

Currently there is a \$1.5 billion trade deficit in the Australian screen industry with less screen exports today (\$239M) than there were 10 years ago (\$253M).

Despite 10 of Australia's top 12 export markets being in Asia, the independent screen sector derived only 1.7% of its export revenue from Asia in 2017.

#### SME CHALLENGES

The Australian screen industry faces significant challenges in staying globally competitive, with more than 80% of screen businesses being small to medium sized enterprises (**SMEs**) with less than 20 FTEs.

These screen businesses require significant and often prohibitive sunk costs of time, resources and capital to build the skills, capabilities and overseas networks needed for export sales and co-productions.

#### CO-PRODUCTION TREATIES

Co-production treaties allow Australian producers to partner with producers from treaty-countries to access the benefits of each country's regulatory and taxation environments.

Australia has 12 co-production treaties and MOUs with other nations. In total, there have been 186 official co-production titles made with total budgets of \$1.9 billion exported to over 250 territories.

Australia produces less than 7 official co-productions per year over the last 10-year period. 23 of the 27 co-productions reported in 2017 were unofficial co-productions that did not proceed under a formal treaty.

In contrast, China (16 treaties), France (over 30 treaties) and Canada (over 60 treaties) each produce approximately 60 co-productions per year.



#### Bruce Baird AM, Former Minister for Tourism, NSW - SEAC CO-CHAIR



Bruce Baird has an extensive background in business, politics and tourism. He has served as the Australian Trade Commissioner in New York and Germany as well as Government Affairs Manager at Esso. Bruce was appointed Minister for Transport (NSW) and later became CEO of the Tourism Council of Australia. He served as Federal Member for Cook and has chaired both Economics and Trade committees. Upon leaving politics, Bruce became Chairman of the Tourism and Transport Forum. He is a board member of several not-for-profits. He was appointed Member of the Order of Australia in 2010 and was granted honorary doctorates from the University of Newcastle, and the University of Technology, Sydney.

#### Simon Crean, Former Arts & Trade Minister - SEAC CO-CHAIR

Simon Crean served as a member of the House of Representatives from 1990 to 2013 and leader of the Labor Party from November 2001 to December 2003. During his time in Parliament, he was appointed to various portfolios including Minister for Trade and Minister for the Arts. After leaving Parliament, Simon was elected Chairman of the Australian Livestock Exporters Council. He is currently Deputy Chair of the European Australian Business Council.



#### Barbara Stephen, CEO, Flying Bark



Barbara Stephen has worked as a producer for over 10 years. She first joined the children's television industry in 2007 at Ambience Entertainment, where she produced the hit series *Erky Perky* and line produced the pre-school series *Magical Tales* and the highly successful *The Adventures of Figaro Pho*, working with Chocolate Liberation Front. Barbara joined the team at Flying Bark Productions where she produced the animated children's series *The Woodlies*, the Logie nominated television series *Tashi* and the successful feature film *Maya the Bee Movie*, along with the CGI feature film, *Blinky Bill the Movie*. Barbara is currently producing a film adaptation of Jane Lyons' modern classic series, *100% Wolf* for the big screen and a spin-off series adapted from the film concept for the ABC. Barbara is also currently serving as the Vice-President of the Screen Producers Australia Council.

# SCREEN PRODUCERS AUSTRALIA

SCREEN EXPORT ADVISORY COUNCIL (SEAC)



## Byran Brown, Actor & Founder, Newtown Films

Bryan Brown is an internationally renowned Australian actor who has starred in iconic Australian films and TV shows such as *Breaker Morant* and *A Town Like Alice*. In 1999 he starred in Golden Globe nominated *On The Beach*, which won an Australian Film Institute Award. His latest film credits include *Kill Me Three Times* with Simon Pegg and Sullivan Stapleton, Alex Proyas' studio epic *Gods of Egypt*, *The Light Between Oceans*, *Red Dog: True Blue*, and *Sweet Country* directed by the Cannes Award winning director Warwick Thornton. Under production company New Town Films, Bryan's passion for storytelling behind the camera emerged. In 2002 Bryan produced and starred in *Dirty Deeds* opposite Toni Collette. In 2007 he co-produced *Beautiful Kate* written and directed by Rachel Ward. He has recently completed filming on *Palm Beach* which he starred in and produced.



## Emile Sherman, Founder, See-Saw Films



Emile Sherman is an award-winning producer and co-founder of See-Saw Films. He has produced a number of prestige projects, including the six-time Academy Award nominated *Lion* and the acclaimed *Widows* from the Academy Award-winner Steve McQueen. Sherman won an Academy Award for the 2011 film, *The King's Speech*. Emile is a current board member of The Sydney Writers Festival, and Fulcrum Media Finance. He is a major film and television financier, having financed tax credits and provided other forms of debt finance to over 60 productions to date.

## Fiona De Jong, Head Of Australia's Nation Brand, Austrade

Fiona de Jong is Head of Australia's 'Nation Brand' at the Australian Trade and Investment Commission (Austrade). As part of this, she is working with more than 17 Government departments and over 50 industry sectors through private and public partnerships in order to encourage the world to visit, study, invest and do business with Australia. Prior to Austrade, Fiona served as CEO and Director of Sport at the Australian Olympic Committee (AOC). Fiona holds degrees in Law (Hons), Information Technology and is a graduate of the Harvard Business School Advanced Management Program.





### Jason Collins, CEO, European Australian Business Council (EABC)



Jason Collins was appointed Chief Executive Officer of the European Australian Business Council in 2007. As CEO, Jason carries overall responsibility for the delivery of the Council's core programmes, membership and relations with Australian and European government agencies, chambers of commerce, industry groups, and other public and private sector organisations.

He is also the Chairman of the European Business Organisations Worldwide, a peak association headquartered in Brussels of European business organisations and chambers of commerce across Africa, the Americas, Asia, Europe and Oceania.

His previous experience includes working as an advisor and was the Chief of Staff in the NSW Parliament, Executive Director of the NSW Millennium Forum.

### Prof Larissa Behrendt, Filmmaker, Lavarch Productions

Prof. Larissa Behrendt is a Eualayai/Gamillaroi woman and Director of Research and Academic Programs at the Jumbunna Indigenous House of Learning at the University of Technology, Sydney. She is a graduate of UNSW Law School, has a Masters and SJD from Harvard Law School, is a Fellow of the Academy of Social Sciences in Australia and is a founding member of the Australian Academy of Law. Larissa won the 2018 Australian Directors Guild Award for best Direction of a Documentary Film for *After the Apology*. She also wrote and directed the Walkley nominated documentary, *Innocence Betrayed*. She has written and produced several short films and published numerous textbooks on Indigenous legal issues. She is a board member of the Sydney Festival and a member of the Major Performing Arts Panel of the Australia Council. Larissa was awarded the 2009 NAIDOC Person of the Year award and 2011 NSW Australian of the Year.



### Marta Dusseldorp, Actress & Principal, Archipelago Productions



Marta Dusseldorp has worked extensively in theatre, film and television and is one of Australia's most recognised actresses. Marta received the AACTA Award for Best Lead Actress in a TV Drama for ABC's *Janet King* in which she plays the title role and is also an Associate Producer. She stars in the popular series *A Place to Call Home* for Foxtel and in the ABC series *Jack Irish* opposite Guy Pearce. Marta has a wealth of experience on stage including being a member of Sydney Theatre Company's Actor's Company where she received a Helpmann Award for her role in Shakespeare's *War of the Roses*. Her film credits include Paul Cox's award-winning *Innocence*, John Curran's *Praise*, Bruce Beresford's *Paradise Road* opposite Glenn Close, Francis McDormand and Cate Blanchett, Jonathan Teplitzky's *Burning Man* and the forthcoming *Ellie & Abbie* directed by Monica Zanetti.

# SCREEN PRODUCERS AUSTRALIA

SCREEN EXPORT ADVISORY COUNCIL (SEAC)



## General The Hon Sir Peter Cosgrove AK AC (Mil) CVO MC (Retd)

After a successful military career, Peter Cosgrove served as Chief of the Defence Force from 2002 until his retirement from the Australian Defence Force in 2005.

Subsequently, he accepted positions on several boards, including QANTAS, Cardno and the Australian Rugby Union. He was appointed by the Queensland Government to lead the taskforce rebuilding communities following Cyclone Larry in 2006. From 2007 to 2012, he chaired the Council of the Australian War Memorial and served as Chancellor of the Australian Catholic University from 2010 until early 2014.

On 25 March 2014, Prime Minister Tony Abbott announced that General Cosgrove would become a Knight in the Order of Australia when sworn in as Governor-General.



## Russel Howcroft, Chair Of AFTRS & Chief Creative Officer, PWC



Russel Howcroft is a well-known media personality with over 30 years' experience in marketing and media. He has held leadership roles across industry and agencies. Russel joined PwC Australia in March 2017 and is a key leader in the firm's CMO Advisory Practice, currently serving as PwC's Chief Creative Officer. Russel was previously Executive General Manager of Network Ten and the former national CEO of advertising agency George Patterson Y&R. He has worked with many of Australia's iconic brands and is the champion of big and brave ideas that transform business and brands. Russel is also Chair of the Australian Film, Television and Radio School (AFTRS).

## Zoe McKenzie, Principal, Trade and Investment Advisory

Zoe McKenzie is principal of Trade and Investment Advisory, a firm which advises Australian and international entities on their market expansion into Australia or into one of Australia's current or future Free Trade Agreement partners. Prior to this role, Zoe was Chief of Staff to the Trade and Investment Minister and has held senior policy development roles in Federal and State Governments. Before working in Government, Zoe practiced as an employment and industrial relations lawyer in one of Australia's largest law firms and was a strategic adviser to the CEO of a major professional services firm. Zoe is a board member of the Australia Council for the Arts and the French Australian Chamber of Commerce and Industry.



## Fiona Phillips, Policy Consultant

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## Appendix C

### Strategic Plan Outline

#### Our Vision

To be the leading advocate for developing international trade performance of the Australian screen sector as a key part of Australia's creative industries.

#### Our Mission

To promote the sale of Australian screen content worldwide and facilitate international co-production for small and medium sized enterprises.

#### Our Values

- adopt a bipartisan approach to Government at all levels;
- apply an evidence-based approach to policy outcomes;
- uphold Australia's image and reputation internationally;
- promote the creative excellence of Australian stories globally.

#### Our Focus

- significant bilateral trade, particularly Australian goods and services exports;
- strong CAGR growth and high per capita spend on entertainment and media;
- existing or proposed FTAs, co-production treaties and/or MoUs with partner nations as well as unofficial co-production pathways;
- attractive taxation, fiscal and regulatory arrangements for Australian screen production;
- higher World Bank 'Ease of Doing Business' scores; and
- positive cultural and economic perceptions of Australia.

#### Our Strategy

1. **Market intelligence and insights:** Gather market intelligence on export potential of screen sector. Commission research on export opportunities. Gather intelligence from leading exporters and industry bodies globally (e.g. Canada, and Europe).
2. **Facilitate international market access:** Position the screen sector for export and sales in foreign markets through increased co-productions and bolster funds available through existing and new programs.
3. **Leverage diplomatic networks and relationships:** Increase capacity at Australia's embassies and consulates and agencies to help Australian screen businesses succeed in key export markets.
4. **Lead trade missions and creative exchange and promotion:** build relations needed to make business deals via trade missions, events and partnerships, particularly in under-realised and underserved markets. Establish a creative exchange program for global screen business development and networking.
5. **Build the export capability of the local screen industry:** Developing export capabilities for Australian screen practitioners and producers through workshops, training, online hubs and industry intelligence.

6. **Promote the global reach of Australian stories locally:** Celebrate the success of Australian screen exports through events such as SCREEN FOREVER, export award programs, as well as export channels via state and federal bodies.

#### **Our Targets (5 Year Plan)**

1. Growth of export revenue for screen sector (measurable through Deloitte's annual census of sector).
2. Expansion of number of markets providing export revenue (measurable through Deloitte's annual census of sector).
3. Increased number of co-production treaties and MOUs.
4. Increased number of co-productions (both official and unofficial).
5. Improved and increased facilitation of market access across sector both in outbound and inbound programs.
6. Development of skills and knowledge within sector about trade and export opportunities.

#### **2019-2020 Proposed Milestones**

1. Invite key stakeholders to Screen Export Advisory Council and workshop strategy development (March 2019).
2. Announce Council and commence promotion of the opportunities for improved export and soft diplomacy through creative industries and particularly the screen sector (commence March / April 2019).
3. Work closely with Federal Government post-election to develop screen export opportunities (commence 2019)
4. Potentially launch more detailed strategy in conjunction with results Deloitte Industry Census (December 2019).
5. Host international delegations and promote export awards at key industry events in the screen industry such as SCREEN FOREVER (November 2019) and also across the broader economy such as the Australian Export Awards (ongoing).
6. Continue to look for opportunities to advance outbound trade delegation opportunities for the Australian industry focusing upon key and underserved markets (ongoing but limited without financial support to co-ordinate and support the trade missions).
7. Continue to develop networks overseas with industry associations and export bodies (ongoing).
8. Continue to build networks with local, state and federal bodies to identify barriers and opportunities in order to enhance market entry opportunities for Australian screen producers and creators (ongoing).
9. Review strategic objectives with Advisory Council for 2020 (March 2020) .