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Screen Producers Australia's submission to the Inquiry into Audiovisual Co-production Agreement between the Government of Australia and the Government of the Republic of India

About Screen Producers Australia

Screen Producers Australia (SPA) was formed by the screen industry businesses representing large and small enterprises across a diverse production all forms and formats of screen content.

As the peak industry and trade body, we consult with a membership of more than 700 production businesses in the preparation of our submissions. This consultation is augmented by ongoing discussions with our elected Council and members. Our members employ hundreds of producers, thousands of related industry practitioners and drive over \$2 billion worth of annual production activity from the independent sector.

SPA's members are drawn from all elements of the Australian production ecosystem, including emerging and established producers, production businesses, services and facilities. Our members vary in size from large internationally owned entities, to partnerships, to sole traders and other corporate entities, and are found in every region, state and territory of Australia.

On behalf of these businesses, we are focused on delivering a healthy commercial environment for the entire screen industry 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.

Screen Producers Australia welcomes the opportunity to make a submission to the Joint Standing Committee on Treaties inquiry into the Audiovisual Co-production Agreement between the Government of Australia and the Government of the Republic of India.

For further information about this submission please contact Jane Mulligan, Director of Policy [REDACTED]

INTRODUCTION

Screen Producers Australia welcomes the opportunity to make a submission to the Joint Standing Committee on Treaties inquiry into the Audiovisual Co-production between the Government of Australia and the Government of the Republic of India.

SPA apologises for the late submission but until last week was unaware of this inquiry and given the importance of co-productions to the Australian screen industry, did not want to miss the opportunity to raise some important issues with the Committee.

SPA has long advocated for an increased focus on international opportunities to grow the Australian screen industry, through both new co-production agreements and developing a complementary export strategy and support mechanisms.

According to the Australian Bureau of Statistics (ABS) recently published *Film, Television and Digital Games Survey* covering the financial year 2021/22, the Australian screen industry employed approximately 55,000 people and contributed over \$6 billion in valued-added to the Australian economy in 2021/22. Film and video production businesses overtook subscription broadcasters and channel providers to have the largest total income of \$4,575.3m.

These results show the Australian screen industry is already a significant contributor to the Australian economy, with enormous potential for growth, based on a robust global appetite for screen content, strong international connections through a significant migrant population, an established and highly reputable industry and an internationally valued creative and technically skilled workforce.

In the last decade or so, Australia has had some ad hoc and limited engagement with Indian screen businesses, including:

- Trade missions of producers navigated as joint exercises by Screen Australia and SPA (prior to 2013)
- Screen Australia (prior to 2013) had a staff member who spent time cultivating relationships for producers throughout South East Asia including India
- some invitations (covering travel and accommodation) to appear and present at different Indian producer / production gatherings – mostly funded by either Indian festivals and also DFAT
- SPA has hosted Indian filmmakers at its annual conference *Screen Forever* as well as delivering workshops to help producers understand how to navigate the Australian screen industry settings.

As the production of screen content increasingly has an international focus, SPA is actively seeking to strengthen international relationships with other nations that have comparable national and industry settings that make them compatible partners in screen production.

These criteria include:

- Governments with a respect for democratic values as seen through respect for freedom of cultural expression and a lack of political interference;
- Rule of law and transparent administrative processes including respect for IP development and copyright;
- A strong SME culture in both sectors;
- Skilled workforces and accessible infrastructure facilities of various scales;
- Openness and potential for shared storytelling;

- Comprable support structures such as similar offsets or funding support initiatives or (ideally) regulation frameworks;
- An overall intent to be partners in a balanced way.

NEED FOR SCREEN EXPORT STRATEGY

SPA is concerned that currently, a number of initiatives for the screen industry are undertaken on a seemingly ad hoc basis, not as part of an overall export growth strategy by the Australian Government and without a mechanism or agency with a focus on maximising Australia's screen export potential.

The Australian Government has announced an intention to legislate to regulate popular digital streaming platforms to ensure they invest a proportion of their subscriber revenue in Australian programs. This regulation should serve to lock in some of the recent growth in investment by streaming platforms and to bring some much-needed stability to the investment profile of this industry.

In conjunction with this new investment in Australian screen content, the Australian Government should seize the complementary opportunity to grow Australia's screen exports, expand co-production arrangements and take greater advantage of co-production opportunities to reach more international markets for Australian screen output.

SPA is concerned that currently, a number of initiatives for the screen industry such as the Audio-visual agreement with India are undertaken on a seemingly ad hoc basis, and not as part of an overall export growth strategy for the screen sector by the Australian Government.

The opportunity to grow the Australian screen industry through maximising export opportunities is simply waiting for government to recognise the potential and take action to facilitate this. Screen industry growth needs to be fostered and facilitated by government, not simply left to chance and individual initiative.

Without a coherent export strategy for the Australian screen industry, we are failing to capitalise and maximise the opportunities afforded by co-production agreements, such as this one with India.

Many SPA members take advantage of the support offered through the Export Market Development Grants (EMDG) scheme. However, the recent Strategic Refocus consultation paper indicates that screen exporters may be required to compete with other exporters for a limited pool of funds on a more restricted basis in future for marketing support or a higher threshold for support.

Most disappointing is that many of the EMDG consultation proposals are oriented towards traditional manufacturing-type businesses and not businesses working in the creative industry sector for which the product created is intellectual property.

SPA is also concerned at the lack of a framework for ownership and control of the intellectual property generated by Australian screen businesses in the face of increasingly unfair contracting practices of streaming platforms. In order to have a sustainable and robust screen industry, the Australian Government needs to be responsive to the changing dynamics of this important, global industry.

WHAT A SCREEN EXPORT STRATEGY ENTAILS

SPA has long advocated for such an approach by government, including in conjunction with the former Screen Export Council.

Measures which would unlock the potential of Australia's screen export capacity include:

- A co-ordinated approach to screen exports from Government including through a dedicated and identifiable agency to facilitate this.
- A single umbrella branding and strategy for the sector internationally.
- Expanding marketing and international relationship opportunities through a greater outreach effort in conjunction with industry.
- Growth in the number of official co-production treaties, with a particular focus on Asia and Europe
- Modernisation and harmonisation of existing co-production treaties
- Streamlining of visa processes for key elements of production
- Removal of the regulatory loophole that allows New Zealand content to count as Australian content

MEASURES OF SUCCESS FOR SCREEN EXPORTS

Success for Australian screen exports should be measurable, and could include the adoption of a target to double the value of export revenue for the screen sector in five years.

The following measures of success should be applied:

- Expansion of number of markets providing export revenue
- Increased number of co-production treaties and MOUs
- Increased number of co-productions (both official and unofficial)
- Improved and increased facilitation of market access across sector both in outbound and inbound programs
- Development of skills and knowledge within sector about trade and export opportunities.

MORE CO-PRODUCTION AGREEMENTS NEEDED

Co-productions – both official and non-official – are important pathways to markets and international audiences and are of great value to independent productions.

SPA welcomes this new co-production agreement with India but notes that effort towards developing other new agreements has been lacking in recent years, leaving the opportunity for a renewed energy towards expanding this opportunity.

In terms of relative activity from our partner (and often competitor) countries, Canada has 56 co-production agreements. The UK and France both have over 50. Australia has 13. A focus on co-production reform and expansion is necessary and urgent if our industry is to be able to maximise global opportunities as well as be competitive in its partnering with other nations.

The European Free Trade Agreement currently being negotiated is an welcome opportunity to quickly expand Australia's co-production arrangements with new partnerships as well as update existing bilateral arrangements with many European member states.

With the signing of a new co-production agreement with India, it is important and timely for the Australian Government to take a fresh look at screen co-production opportunities.

Most recently, and through the prism of Australia's European engagement in the development of an Australian European Union FTA SPA asked members for their list of priority countries for co-production agreements and a list of priority countries in order of those most wanted for Australia have a co-production agreement with. These were:

- Spain
- Denmark
- Sweden
- Netherlands
- Belgium
- Greece

Other countries of interest include Austria, Bulgaria, Czech Republic, Finland, Hungary, Poland and Romania.

SPA has been informed that due to rules put in place by the Department of Finance that new co-productions will currently only be pursued in conjunction with the signing of free trade agreements. This is a new practice that in SPA's view has the potential to hamper the development of further global screen partnership opportunities.

IMPROVED EXPORT ENGAGEMENT

Partly as a legacy of the Covid-19 pandemic when the domestic industry was in temporary stasis, offshore productions are still seen as the mainstay of the Australian screen industry, in a way that local Australian productions often aren't. Australia is much more than a site for location filming.

With the signing of this new agreement, SPA is unaware of any complementary effort to engage with the Australian screen industry to take advantage of the new opportunity created. Instead it is left to industry to work this out.

Current engagement with the screen industry on the development of these agreements is also ad hoc and inadequate, leaving Australian screen industry practitioners on the sidelines and frustrated. Without a strategy, Australian businesses fail to capitalise on the opportunities presented by these important trade agreements.

Overseas productions using Australia for location filming are celebrated and fostered by a dedicated agency *Ausfilm* and are supported by a generous suite of tax incentives at both a federal and state level. However, despite the export potential of the industry, there is no equivalent dedicated organisation developing trade in the other direction.

This is a missed opportunity as Australia's screen exports, when they do break into overseas markets, are widely acclaimed and acknowledged as a successful contribution to a global industry. As the recent globally acclaimed examples of *Bluey* and *Heartbreak High* show, Australia punches well above its weight in the production of quality programs with export potential.

Australian screen producers will not view this current engagement with India as a success if it merely encourages Indian film and television businesses to use Australia as a filming location, with limited engagement with the local Australian screen industry. Critical will be

efforts to genuinely build co productions with local Indian and Australian industry partners under the agreement.

SPA notes that like Australia, India now offers a tax rebate of 30% for overseas productions filming locally. Unlike Australia, India also offers an additional 5% to productions employing 15% or more local workers in India. Related to this, SPA notes that Australia is currently examining options to ensure offshore productions contribute to the development of skills and training of local workers. This will be a much needed rebalancing of the needs of local and offshore productions which will be welcomed by the Australian screen industry.