



Export Credit Arrangements

Productivity Commission

LB2 Collins Street East

MELBOURNE VIC 8003

Dear Sirs,

Dragonet Films is a growing Australian film and television production company.

Australian films rely on international finance, international pre-sales and sales advances against future world sales, in order to raise enough money to go into production.

The Australian government's Producer Tax Offset has allowed producers to have more control in the financing of their films and share more in the returns, allowing better potential for sustainability of their businesses between projects.

This mechanism is expensive to cashflow, as substantial loans are required. For bigger budget films, that is simply a cost of production and can be incorporated in the budget.

Screen Australia has a policy of funding riskier, more arthouse projects, if their budgets remain below \$1.5million.

This allows them to qualify to use the Producer Offset, but means realistically, that they cannot afford to finance the Offset cashflow, without tipping over the budget cap.

EFIC filled a gap in the market for producers of these low budget films. No other market lenders were able to provide finance at rates affordable to these riskier, tighter budget films.

These films are very important in the development of careers and the international reputation of Australia as an innovative, creative, standout birthplace of cinema voices. Australian talent is highly regarded and sought after overseas. These smaller films provide an opportunity for directors, actors, cinematographers, production designers and more to make a mark internationally, by taking

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creative risks that would be stifled on larger budget films where investors insist upon more control as more money is at stake.

EFIC was integral to the financing of one such film, VENICE, which will be released internationally in 2012.

Best regards,

BY EMAIL  
Karen Radzyner  
Producer