

Dear Dr Dermody

Canberra Business Council welcomes the opportunity to submit a response on behalf of the exporters from the ACT Region.

The ACT has a vibrant exporting community, with the highest rate of growth in the nation in 2011-2013, equating to goods and services exports increasing by 9.4 per cent to \$1.3 billion. This included government services exports, which earned \$438 million, education-related travel exports at \$321 million, and other business services at \$185 million.

Canberra Business Council is a membership organisation that facilitates an exporting capacity development program: the ACT Exporters' Network and runs a number of taskforces, including the International Business Taskforce, which plays a critical role in the development of CBC policies. These policies become the driving force behind the initiatives the Business Council pursues to influence the ACT Government to diversify, strengthen and expand the Capital Region's economy. The Council has approached key Exporters' Network members and the International Business Taskforce for input regarding the impact of the EMDG changes on their businesses.

There was universal acceptance that the number of years the grants can be claimed should be increased, however many exporters felt that 10 years would be a better timeframe.

However, exporters felt that the decision to reduce the number of years that the US, Canada and Europe could be claimed for from 7 years to 5 years was unreasonable. For many of the companies within the ACT, markets such as the US and Canada are key for their complex government services offerings. Government procurement markets like the US have long procurement cycles and timeframes, and require a significant investment over time to bear fruition.

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Whilst the Council understands the importance of Asian markets to the future growth of Australian exports, and is currently putting together a response to the Australia in the Asian Century White Paper with a range of recommendations to build relationships in the region, we would like to note the ongoing importance of the mature government procurement markets, such as Washington, to the exporters of the ACT.

From recent years' data, I have noted there have only been a small number of joint ventures. However, the removal of these does limit the early stage capacity building that can assist microbusinesses and SME's to develop export markets. In recent months there have been several groups in the Arts and Screen industry within the ACT that have indicated this joint venture model, where businesses cooperate in a marketing arrangement, would assist them to develop the local industry. Joint ventures between groups are an invaluable tool for building capacity, both from the direct dollar benefits generated from the EMDG, but also from learning from each other.

As expected, exporters all approved the proposed changes to enable a grant to be paid quickly as this will improve cash flow and enable them to continue to plan and execute their international business development strategies.

In summary, Canberra Business Council strongly supports increasing the number of years that companies are eligible for EMDG. However, the Council notes that given the key target markets of the US, Canada and Europe many ACT exporters will be disadvantaged by these changes and this will have a negative impact in the ACT. Removing the joint ventures from the scheme will also remove a valuable mechanism to build capacity and mentoring opportunities for micro businesses and SME's.

Yours sincerely

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