



David Whealy AND Associates

ENTERTAINMENT LEGAL SERVICES

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Mr Graeme Mason
Chief Executive Officer
Screen Australia
Level 7, 45 Jones Street
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Sydney AUSTRALIA

By Email: enterpriseconsult@screenaustralia.gov.au

Dear Graeme

Submission Re Screen Australia Enterprise Funding Program

Our firm congratulates Screen Australia on the development and implementation of the Enterprise Funding Program to date.

Based on the findings of the “Enterprise Funding: Program Review & Future Options” paper released by Screen Australia on 6 December 2013 (**Enterprise Paper**), we believe that the Enterprise Program has proven successful in helping to create sustainable businesses and should continue. We consider that the Enterprise Program works well with the Australian Producer Offset.

We respond to the Enterprise Paper as follows.

The findings in the Enterprise Paper, including the impact of the Enterprise Funding in terms of increased cashflow, income streams, diversity of slate, mentorship programs, and profitability, as well as decreased reliance on Screen Australia for individual project funding top up, make a compelling case for the retention and expansion of the Enterprise Program.

Arguably, the Enterprise Program has proven a more effective and longer term injection into the Australian Screen Industry than one off project funding.

We would therefore support an increased allocation of Screen Australia funding. Current funding is \$3m per annum with a limit of \$350k per enterprise. We would support an increase to \$5.5m per annum or around 7.5% of Screen Australia funding with no limit on the amount available for individual enterprises to allow for flexibility based on merit. We believe this strikes a better balance without significantly affecting specific project funding.

We do not believe there is any evidence of a saturation of the market place in respect of a program which encourages improved sustainability (whether the enterprise is big or small).

There may be an element of truth in the proposition that for television in Australia, because there are limited traditional broadcasters, and limited slots, that there are only a limited number of organisations equipped and trusted to produce for such broadcasters. However, social media and the proliferation of channels even within the free to air space, but also in the pay television space, and the introduction of new media platforms and online key players such

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as you tube, Amazon, Netflix, shows that there is no shortage of opportunity and markets for producers without territorial saturation limit. Indeed, some of the key aims of the Enterprise Program are to encourage new markets, new revenue streams garnering key talent, drawing larger audiences and increasing employment. You only need to look at what companies like Essential are doing with “Rake” and Beyond with a number of programs in other markets to see the benefit of thinking about audiences abroad.

Having said this, we do not believe large companies, or even companies who have previously been the recipient of an Enterprise Program grant / loan, should be automatically barred if a compelling case is made for increased sustainability, profitability, mentorship and employment. For example, some of the larger companies, such as Beyond, Fremantle, Southern Star, Shine, Beyond/Ambience would likely prove perfect vehicles for enterprise support of business plans which included a significant emphasis on mentorship, matched investment commitment, developed presence in foreign markets, particularly Asia and the USA.

Similarly, previous Enterprise Program recipients showing exponential growth and a compelling plan to continue this ought to be seriously considered for further funding. Plenty of great Australian talent who might themselves miss out on a grant may end up being engaged or employed by these organisations.

As an alternative to the above, Screen Australia ought to consider forgiving the repayment of loans to previous Enterprise Program funding recipients who have proven profitable and either require or who commit to reinvesting profits under a new business plan approved by Screen Australia pursuant to the current objectives of the Enterprise Program.

At the other end of the spectrum, if the increased allocation suggested above is adopted, we believe that Screen Australia should also consider using a portion of the yearly available funds (say up to \$500k per annum) to take a calculated risk in the determination of potential sustainability for one team each year of new entrants (who don't necessarily fit into the cookie cutter track record requirements) but who may have a compelling, benevolent or outside the box business plan which has the potential to leave a legacy for the Australian industry (e.g. strong mentorship program for indigenous, the forging of new co-production MOU's or treaties with key nations not currently in an official co-production program with Australia, and/or the potential to bring rich and iconic Australian stories to the world told in a marketable way).

We also recommend, in order for Screen Australia to fulfil its commitment to efficiency and so as not to waste the time and disappoint the overwhelming likely to be rejected applicants, Screen Australia adopting an initial very simple expression of interest form with sufficient information to make a shortlist of potential recipients for the Enterprise Program. We would recommend it optional for applicants to choose to submit further information.

Yours sincerely

DAVID WHEALY