



Australian Government

SCREEN
AUSTRALIA

ENTERPRISE PROGRAM REVISED GUIDELINES: DRAFT FOR COMMENT

17 DECEMBER 2009

Guidelines for Screen Australia's Enterprise Program have been reviewed in the light of the inaugural 2009 funding round and a revised draft is now available for comment at www.screenaustralia.gov.au/enterprise2010.

Screen Australia will be consulting with stakeholders including industry guilds and state and territory film agencies, so please contact your appropriate representative body to make sure they are aware of your views. Feedback can also be sent by mail or email direct to the addresses below.

Comments are invited until Friday 29 January 2010; send to programs@screenaustralia.gov.au or by mail to Screen Australia, GPO Box 3984, Sydney NSW 2001; or fax +61 2 9357 3737.

Final guidelines are due to be issued early in 2010, and Screen Australia intends to hold industry briefings each state soon after they are released.

Key changes proposed are:

Available funds

- A total of \$3 million is available over a three-year period for the 2010 round, with a maximum of \$350,000 per year for each successful applicant company, compared to a maximum of \$500,000 per company per year under the 2009 guidelines. The reduced cap reflects the fact that no company was awarded more than \$350,000 per year in the 2009 round, and allows Enterprise funds to be spread across a diverse range of companies.

Application process

- The Expression of Interest (EOI) stage has been eliminated in order to streamline the process and reduce the overall cost and time burden for both Screen Australia and applicants. It does mean that all applicants will need to spend the considerable effort required to develop a full business plan for their application. Support is available for applicants not sufficiently resourced to do this through avenues such as state agencies or the federally-funded Creative Industries Innovation Centres – Enterprise Connect program.

Eligibility for Enterprise funding

- The objectives of the program have been further clarified and additional eligibility criteria have been included, with a minimum level of experience required of at least one company principal. The intention is to more effectively target the program at appropriate businesses, making the best use possible of available funds, and helping achieve the program's overarching aim of enhancing business sustainability.
- It is not the objective of the Enterprise Program to provide funds to entities which have a substantial capital base. Instead, Screen Australia intends to prioritise ambitious and developing companies that do not yet have the capacity to access private capital but may be enabled by Enterprise Program funding to accelerate their growth and enhance their ability to attract private equity.

Eligibility for single-project development funding

- Generally, Enterprise funding recipients are not eligible for Screen Australia's single-project development programs.
- Under the new guidelines, it is proposed to allow Enterprise recipients to apply for single-project feature development funding in certain circumstances.
- Feature development requires a very particular skill set and only companies who are able to demonstrate strong capability in this area will receive Enterprise Program funding for features.
- However, Screen Australia doesn't want to dissuade recipients whose Enterprise funding does not include features from pursuing feature ambitions, given that finding and developing extraordinary feature projects is a very high priority for the organisation.
- So, in situations where feature development is not part of a company's Enterprise funding, under the proposed new guidelines the company might still be eligible to apply to Screen Australia's single-project feature development program.
- Funds could only be sought for specific approved items such as fees for writer, script editor or director (if applicable), not for company or producer costs including overheads, budgeting, financing or pitching costs, legal or marketing. Applications would be subject to the normal assessment process under the single-project development program.

DRAFT

ENTERPRISE PROGRAM

Screen Australia is committed to assisting in the development and creation of viable screen businesses.

The Enterprise Program will provide funding of up to \$350,000 per year for a three-year period to support production companies that have identified opportunities to develop and expand their business in terms of turnover, range and number of projects and/or the range of business activities undertaken to enhance the company's sustainability. We anticipate supporting a diverse range of companies and budget levels through this program.

The program aims to enhance Australia's screen businesses by:

- supporting existing businesses to grow to their next stage
- encouraging new business partnerships and alliances
- assisting Australian screen companies to develop a strong presence in the international marketplace
- encouraging the development of new revenue streams
- facilitating increased development of quality Australian projects and talent
- encouraging development, production and marketing strategies which employ digital media such as websites, mobile phone content and digital distribution.

The Enterprise Program will achieve these aims by supporting Australian producers seeking to progress their business through a range of strategies such as further developing their slate of projects, investigating new business opportunities, developing industry and marketplace relationships, forming new business alliances and attracting increased levels of private investment and marketplace attachments.

Screen Australia will prioritise ambitious and developing companies that do not yet have the capacity to access private capital but may be enabled by Enterprise funding to accelerate their growth and enhance their ability to attract private equity. Companies with a substantial capital base that are already sustainable – or entities associated with such companies – will need to justify why they require Screen Australian Enterprise Program funding to achieve their business goals or progress their production slates.

Available funding

Applicants may apply for any amount up to \$350,000 per year for a three-year period. The level of funding sought should relate closely to the applicant's proposed three-year business strategy, and applicants will be required to submit a breakdown of proposed expenditure. Applicants' present and projected scale of operation will be considered in determining whether the funding sought is appropriate to the proposed use of funds, and Screen Australia reserves the right to amend the amounts approved to successful applicants.

For the 2010 funding round a total amount of \$3 million will be available to be split over the three-year funded period.

DRAFT

Eligibility

A key aim of the program is to provide a step up towards sustainable screen businesses.

Australian producers with Australian owned, controlled and registered companies are entitled to apply to the Enterprise Program for funding. The intention is to ensure that Australians are, and remain, in control of the projects that receive Screen Australia support.

To be eligible, companies must at least:

- meet the General Eligibility Requirements set out in Screen Australia's Terms of Trade
- have control of the project development process
- demonstrate that their proposal is consistent with three or more of the aims of the Enterprise Program as set out above
- demonstrate that they have the appropriate capacity, track record and achievements to develop and implement their proposal.
- include at least one company principal with a minimum of five years' participation in the media and entertainment industry and able to demonstrate the following minimum credits in a relevant screen content area, or demonstrable equivalent:
 - three credits as producer or executive producer in any combination of feature film, television drama, television series, documentary or factual program ; OR
 - one credit as producer or executive producer on a feature film selected for a major film festival (e.g. Cannes, Venice, Berlin, Sundance or Toronto, or equivalent factual showcase).

The features (drama or documentary) must have been released on a minimum of five commercial screens in one territory, and the television dramas or series or documentaries must have been broadcast in prime viewing time on Australian free-to-air or pay television. Children's programs or series must have been broadcast in scheduled C periods.

In the case of new media productions at least one of the principals must be able to demonstrate credits as producer on at least three major produced and released games, online projects, multiplatform productions, interactive drama extensions etc.

Screen Australia encourages companies to reduce their reliance on subsidy and develop relationships in the private sector to support their ongoing enterprises and/or production slates.

Enterprise Program funds may not be used to cover costs of production, post-production, deliverables or re-versioning for foreign territory sales etc. Costs associated with infrastructure, office set-up, equipment purchases etc will be eligible only if they directly contribute to revenue-generating activities that are integral to the applicant's Enterprise plan.

In the case of television drama, Enterprise funds may be used to develop projects to treatment or outline stage only, as Screen Australia regards television drama development as the remit of broadcasters.

DRAFT

Business plans based around news and current affairs programming, social networking sites, straightforward e-commerce, websites without screen content, or event management etc are unlikely to be considered for Enterprise Program support.

As with all Screen Australia's funding programs (see Terms of Trade), the Enterprise Program is not open to broadcasters or companies controlled by broadcasters.

Successful Enterprise Program applicants may not apply to the program again. Unsuccessful applicants may not apply again unless they present a substantially revised business plan.

Assessment process

Application forms will be available on the Screen Australia website following announcement of the application deadline date.

Applicants will be required to submit a detailed three-year business plan that includes company history, future vision for the company, financial records for the past three years, forward projections, CVs of company principals and key personnel, documentation of produced credits including box office, sales and ratings performance, details of current slate, and a budgeted proposal for Enterprise funding.

Applications will be assessed by a committee of Screen Australia executives and external industry assessors as required. The process may involve an interview with the key principals.

Decisions of the Enterprise Committee are final. Screen Australia will advise applicants of the success or otherwise of their application, providing a brief statement of reasons.

Assessment criteria

Applications will be assessed according to the following criteria:

- **The Business Plan**

The strength of the company's business plan will be assessed as to its (i) three-year strategy, including impacts on future business sustainability (ii) viability, (iii) ability to implement and achieve financial milestones, (iv) financing plans for development, production and marketing, (v) contingency plans, (vi) revenue and business opportunities, (vii) capacity to fulfil recoupment requirements and (viii) strategies which will also develop the industry generally through mentorships, traineeships, opportunities for writers, etc.

- **Track Record**

The track record of the company and its principals will be assessed according to (i) previous creative, financial and managerial success, (ii) the network of business relationships to allow the business plan to be achieved, (iii) their expertise and skills and their ability to successfully realise the business plan and (iv) previous success in relevant production genres in terms of domestic and international box office, sales, ratings and awards.

- **Slate of Projects**

Screen Australia will take into account the range of genres and formats

DRAFT

and the applicant's overall strategy for development, production, marketing and distribution.

- **Resources**

Both the financial and human resources required to successfully achieve the business plan will be assessed, including any plans to access (i) third party finance, (ii) business and marketing skills, and (iii) development and production expertise.

Application timing

Applications to the Enterprise Program will be considered in a single round in 2010. **The deadline for receipt of applications will be announced early in 2010.**

Depending on the number of applications received, producers should be notified of the outcome within 12 weeks.

Terms and recoupment

A proportion of the Enterprise funds will be recouped from future revenue streams, with the amount and mechanism negotiated case-by-case depending on the proposed business plan.

Direct expenditure on project development will be deemed part of Screen Australia's investment if a project is financed with Screen Australia funds.

Successful Enterprise applicants who received General Development Investment (GDI) from the AFC, or Screen Business Venture Program funds from Screen Australia or the AFC, are required to meet the contractual obligations of their previous investment agreements. However, they may negotiate revised repayment and reporting milestones to align with their current business strategies.

Applicants who have received SBVP funding will need to demonstrate that their Enterprise Program proposal represents a step up from their previous business plan.

Key Performance Indicators

Applicants will be requested to set Key Performance Indicators appropriate to their business plan, and successful applicants' progress will be reviewed six-monthly. Subsequent payments will be subject to satisfactory performance and reporting.

Fairness and reasonableness

As set out in its Terms of Trade, Screen Australia requires all successful applicants to act fairly and reasonably towards all third parties participating in their projects. Fairness and reasonableness includes:

- paying at least award minimum rates for all work performed by third parties on their project;
- respecting intellectual property rights of all relevant persons whether those rights be copyright, moral rights or Indigenous cultural and intellectual property (ICAP) rights.

DRAFT

Eligibility for other Screen Australia programs

In general, recipients of Enterprise Program funding are not eligible to apply for other development funding or pre production travel grants while they receive Enterprise assistance. They are able to apply for production finance at any time, including that available through the Innovation Program.

In certain circumstances, and only where feature development is not part of a company's Enterprise funding, an Enterprise recipient may be eligible to apply for single-project feature development funding.

Where the Enterprise recipient is deemed eligible to apply, single-project feature development funding would be provided only for specific approved items such as fees for writer, script editor and director (if applicable); not for company or producer costs including overheads, budgeting, financing or pitching costs, legals or marketing.