Comments on Screen Australia's Enterprise Funding: Program Review & Future Options
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General Comments
Firstly, as a disclaimer, these comments represent my personal views as an active practitioner and do not necessarily reflect the position of Blue Rocket Productions Pty Ltd or its affiliated companies.

The review of Screen Australia's Enterprise Program is timely and welcomed. However, I found the review document to be concerning in that it doesn't adhere to professional standards of measuring business growth, sustainability and success. It would be unlikely to stand up to scrutiny from any corporate accounting firm or management consultancy. As a result, it is difficult to consider that the document offers a rigorous examination of the Enterprise Program and its effects upon both the recipients and the non-recipients of funding.

In particular, the indicators and parameters that have been applied to the sustainability and profitability of the enterprise recipients are in my mind, vague and questionable. The bar is set so low that it would be highly unlikely that any of the companies that received the funding boost could fail to meet those standards.

The report also suggests that the Enterprise Program produces a significantly better result than that which is statistically plausible when compared to a benchmark such as The Principle of Factor Sparsity (Pareto's Principle). That there is such a wide disparity between the claimed success of the Enterprise Program and the Pareto benchmark implies that the methodology behind the measures of the Enterprise Program could benefit from closer scrutiny.

Further, the report does not take into account the impact of the Enterprise Program upon the broader industry. Deliberately or otherwise, smaller non-enterprise companies are now placed at a severe disadvantage to the companies funded under the program. Many small companies are already grappling with immense transformation within the global media environment. By placing them at a strategic disadvantage to their competitors is in effect a double whammy. Small companies are collectively the largest employers in the Australian screen industry and are the hotbeds of creativity, diversity and innovation, hallmarks of the Australian screen industry from the outset. Small companies are also able to respond more rapidly to market trends than larger corporations and with the right funding mechanisms could be very effective. Additionally, smaller companies can hibernate during lean times whereas larger entities are unable to do so and their burn rate of cash makes them extremely vulnerable. For these reasons, the smaller companies provide an immensely valuable safety net and underpinning to the broader industry.

While there is a place for larger companies, it should not be at the expense of the smaller companies. Statistical probability implies that the enterprise companies collectively will perform no better or worse than the broader industry in the long term. It is also too early to accurately measure the success or otherwise of the Enterprise Program recipients, particularly those whose fortunes now depend upon the success of their foreign shareholders.

Tweaks
In tweaking the model for the Enterprise Program, my suggestion is that the emphasis should be upon sustainability rather than continued growth. The pond is too small to sustain endless growth and a robust and right-sized company would have better long term benefits for everybody.

The attraction of commercial investment is for most companies, unlikely. Unlike say the US, venture capital is not something that is inherent in the Australian business psyche and even if it was, the ROI on media companies would seldom fit the profile. I suggest that attraction of commercial investment is not a prerequisite for funding at this stage.

Openness to unique proposals and flexibility would be a welcome variation to the existing model. Each company is unique and they should be assessed upon their own merits rather than forcing them to fit into a rigid mould.

Diversity of program slate should not necessarily be a prerequisite to funding. While there may be some advantages to having more than one tent pole it often comes at the cost of ruining the brand. In the long term, individual brands will do better if they are clearly identifiable within the market, ie. Ford doesn't sell baked beans or manufacture beachwear.

Funding allocation is probably appropriate given the overall limited funding available through the agency. Until such times as the sector is better funded, the amount should remain at similar proportions in my view.

From the research that I have undertaken, the broader industry does not feel any animosity towards the enterprise recipients but feels that they are being disadvantaged by the agency. This plays out in all aspects of the agency's funding programs from travel through to production. A possible remedy to this specific issue would be to ensure that all companies are treated equally by the agency and that aside from the enterprise funding, no additional advantage is given exclusively to the enterprise recipients. It could also be beneficial for Screen Australia to seek some high level expertise from a more rigorous consulting firm such as Accenture, IBM Global, or PwC.

On a broader level, the success of the Australian screen industry may benefit from a change in spend levels to development, production and marketing. While the Australian industry is renowned for the quality of its production, development and marketing have consistently been extremely underfunded and our overall success may be improved if that can be changed.

Attached to these comments is a document I wrote on this specific subject in 2013 as a component of the Masters in Screen Arts and Business course at AFTRS.