

# Arts Business Innovation Fund Guidelines

## 1. Introduction

The Arts Business Innovation Fund (ABIF, the Fund) is an initiative of the Queensland Government, through Arts Queensland (AQ) and the Tim Fairfax Family Foundation (TFFF). ABIF has been developed in partnership with Positive Solutions and QUT Creative Enterprise Australia.

The objective of ABIF is to strengthen Queensland-based not-for-profit arts businesses financially and operationally by responding to innovative business ideas that will achieve an organisation's mission into the future.

Outcomes for arts organisations will include:

- new and more resilient business models
- diversification of income streams
- access to new markets
- access to new finance and funding streams
- better capitalisation.

Outcomes for government and Queensland will include:

- a pool of funds provided by the private sector that can be re-invested
- increased value and return on government investment.

## 2. Queensland Government commitments

AQ is committed to realising the ambitions of the Aboriginal and Torres Strait Islander Economic Participation Framework, the Queensland Cultural Diversity Policy, the Queensland Youth Strategy, and the National Arts and Disability Strategy. Applications which include the following priority groups as creators, participants or audiences will strengthen the implementation of Queensland Government commitments:

- older people (over 55 years)
- Aboriginal people and Torres Strait Islander people
- people from a culturally and linguistically diverse background, including Australian South Sea Islanders
- young people (12 – 25 years old)
- people with disability.

## 3. What do we mean by arts?

For the purpose of ABIF, the arts are defined as the creative disciplines of visual art, craft, writing, design, theatre, dance, music, and the organisations which develop, distribute, support, promote and conserve them, including producing companies, festivals, museums, galleries and theatres.

## 4. What do we mean by innovation?

Innovation is the introduction of new business ideas that will result in improved operating models or diversified income streams that help the organisation achieve its mission into the future.

The goal is to assist arts organisations and cultural enterprises to build organisational sustainability and resilience. This is not a fund for the development of an organisation’s new creative work, unless that work relates to business innovation.

## 5. What funding is available?

The Fund is a \$1 million investment, distributed as matched funding through an equal combination of government funding and no interest repayable loan. ABIF investment can be accessed by arts organisations in a ratio of 1:1:1, according to the following table:

Revenue	Funding*	Loan*	Matched by applicant	Total capital	Ratio
< \$5 m	\$50,000	\$50,000	\$50,000	\$150,000	1 : 1 : 1
> \$5m	\$100,000	\$100,000	\$100,000	\$300,000	1 : 1 : 1

\*maximum upper limits

Organisations are not limited to one proposal to ABIF. Initial applications to ABIF may be small in scale and for early stage implementation, the results of which may lead to larger applications to ABIF at a later stage. Applications are always dependent on the capital available within the Fund.

## 6. Matched funding requirements

ABIF applicants must match AQ funding on a minimum 1:1 basis with other confirmed funding sources, such as:

- **Philanthropy** – many arts organisations are already working to grow their income from donations from individuals and foundations, including through crowdsourcing
- **Community finance** – Applicants may access community finance to fill a gap not met by philanthropy or other sources for finance needs beyond the scope of ABIF
- **Balance sheet** – applicants can allocate retained earnings to match the investment from ABIF
- **Partnership capital** – it is anticipated that organisations will submit proposals to ABIF for specific collaborations which will also bring partnership funding and financing.
- **National government or independent agencies** – arts organisations may seek support from other stakeholders to partner on their innovation.
- **Any other reasonable source of investment.**

Note: Matched funding must be confirmed at the time a Full Application is submitted. This matched funding is to demonstrate viability and commitment and must therefore be exclusive of any future projected revenue anticipated from the ABIF initiative.

## 7. What type of proposals will ABIF invest in?

ABIF will invest in a range of business development initiatives including those in the following areas:

- Product and service development that directly generate new and ongoing income streams for the organisation.
- Digitisation of a product or service to enhance organisational and market development.
- Asset development, such as refurbishment of facilities or investment in new equipment to enhance business development.
- Collaborative business practice, where two or more organisations work together on product, service or asset development to build their business revenues and organisations.

The ABIF initiative is for business innovation that increases the sustainability of the operation, ideally creating new

income streams outside of the organisation's existing activities. ABIF is not designed to substitute for investment in facilities and assets, including core maintenance, which are considered a part of normal business operations.

## 8. Eligibility criteria

The eligible applicant:

- has a registered and current Australian Business Number (ABN)
- is a Queensland based not-for-profit arts organisation, with head office in Queensland
- is an incorporated entity or an Australian public company
- endorsed as an item 1 Deductible Gift Recipient (DGR)
- has satisfied the requirements of any previous AQ funding
- has satisfied the requirements of any previous TFFF funding
- is not seeking investment for retrospective activity
- can match the government funding on a minimum 1:1 basis through other confirmed funding sources
- can demonstrate how the proposed innovation and associated activities differ from what the organisation is currently funded to deliver by either AQ or TFFF (if applicable)
- may be a local government council owned business or business unit, such as a gallery or performing arts venue, with annual revenue of less than \$10 million, but must demonstrate how the ABIF initiative is outside of its core business
- arts and cultural businesses owned by tertiary educational institutions, such as an art gallery, are eligible to apply for ABIF, however a statement from an authorising officer of the institution must confirm the ABIF initiative is outside of core business and does not receive direct financial support from the tertiary institution

Ineligible applicants include the following organisations:

- for profit companies
- the following arts statutory bodies – Queensland Art Gallery, Queensland Museum, Queensland Performing Arts Trust, and the State Library of Queensland
- AQ shareholder companies: Queensland Music Festival, Aboriginal Centre for the Performing Arts and Major Brisbane Festivals
- state or federal government owned companies (with the exception of Queensland Theatre)
- state government agencies
- individuals / sole traders / collectives / groups / partnerships
- organisations with activities that would typically fall under the mandate of other Queensland Government Agencies such as Screen Queensland.

Applications will be deemed ineligible if:

- the organisation's identified ABIF matched funding is sourced from projected revenues (see section 6. above)
- the applicant is a 'for profit' creative business; for profit creative businesses are encouraged to review their eligibility to apply to other sources such as QUT Creative Enterprise Australia's Startup Fund <http://qutcea.com/startup-fund/>

## 9. When can I apply?

ABIF is a rolling fund and applications can be submitted at any time. Approval is required prior to the commencement of the initiative. It is anticipated the ABIF process will take approximately 16 weeks from Pre-Qualification submission to notification of approval.

## 10. Assessment criteria

All ABIF applications are assessed by ABIF partners Positive Solutions and QUT CEA against the following criteria:

### Quality

- Initiative demonstrates business innovation.
- Strategically builds on current business model with an innovation that is timely, achievable and appropriate.
- Works towards achieving the organisation's mission and has the support of the Board.

### Viability

- Level of market research and business concept development undertaken to demonstrate the feasibility and viability of the proposal.
- Operational capacity to deliver the initiative including organisational and Board skills.
- Capacity to generate the matched funding required.
- Implementation strategy is realistic and achievable, including marketing and distribution plan.

### Impact

- Impact on future business direction, operations, markets and finances as a result of the ABIF investment.
- Demonstrates direct benefit to Queensland communities through arts and culture.
- Reaches new markets and creates new income streams, strengthening the organisation financially and operationally.

## 11. Application and support material

### Pre-Qualification submission

1. Completed **Pre-Qualification** application form online (<https://artsqueensland.smartygrants.com.au>).
2. **Statement of business innovation** – Brief (two page) statement about what the initiative is and how it will achieve your mission. Explain the impact on your future business model and organisational resilience.
3. **Proof of concept** – Brief analysis of market, competitors, technical validation, intellectual property, resources and skills required for implementation.
4. **Budget** – Multi-year high level budget that indicates income and expenditure for the proposal, including source of the applicant's matched funding contribution. Budget should include the implementation year(s), plus one more year to demonstrate indicative impact on the financial model.
5. Current **balance sheet**.

### Full Application submission

1. Completed **Full Application** form online (<https://artsqueensland.smartygrants.com.au>).
2. Current Strategic Plan
3. Governance:
  - a. Governance structure of the organisation
  - b. Skills of the Board
  - c. Board confirmation – Signed letter from the organisation's Chairperson as endorsement of this initiative.
4. Business Case for the initiative including:
  - a. Rationale for the innovation

- b. Value Statement: internal and external impact of the initiative on the organisation, community and sector
  - c. Implementation strategy including timeframes
  - d. Relevant skills of staff
  - e. Marketing and distribution plan
  - f. Research including market and competitor analysis, technical information, intellectual property
  - g. Resource and skill analysis
  - h. Risk analysis
5. Financial documentation, including:
- a. Three year audited accounts
  - b. Organisational budget for the current year
  - c. Profit and Loss (P&L) 1 - forecast as business as usual
  - d. Profit and Loss (P&L) 2 - forecast to include the implementation of this initiative over the relevant number of years, including loan repayments, to demonstrate the financial impact of this initiative over time
- NB: This should include all years of the loan, plus the year that follows. For example, if the loan is for 2018, 2019 and 2020, provide P&L forecast for four years (2018 – 2021)
- e. Matched funding – detail on how the matched funding has been identified and secured.

**Note:** You may be requested to provide additional information at any stage of the application process.

## 12. Assessment process

Steps	Process	Notes
<b>Step 1</b>	<b>Initial enquiry</b> Capacity building and support identified.	Contact AQ via phone or email
<b>Step 2</b>	<b>Optional:</b> Submit conceptual ideas and financial modelling to AQ for feedback. AQ will confirm suitability of concept to proceed to Pre-Qualification. <b>Optional:</b> Once feedback is received, AQ can match applicants with an <b>industry expert</b> (peer) and a professional <b>business coach</b> for three hours negotiated support	See section 13 below for details on available assistance. See Arts Acumen resources at <a href="http://www.arts.qld.gov.au">www.arts.qld.gov.au</a> and follow prompts to Arts Acumen.
<b>Step 3</b>	<b>Pre-Qualification</b> Outline your business innovation proposal in 2 pages, plus requested budget information.	Apply online <a href="https://artsqueensland.smartygrants.com.au">https://artsqueensland.smartygrants.com.au</a>
<b>Step 4</b>	<b>Eligibility check and Pre-Qualification assessment</b> Full Application requested OR further concept development advised. You will be given feedback within 20 business days. Feedback will confirm your proposal is suitable to proceed to Full Application, or recommend further concept development.	Proposal is reviewed by ABIF partners (Positive Solutions and QUT CEA). Additional information can be requested by assessors at any stage.
<b>Step 5</b>	<b>Full Application</b> Once your proposal has been given the green light, you will be invited to submit a Full Application within 4 weeks. <b>Optional:</b> Applicants have access to additional three hours support from	Apply online <a href="https://artsqueensland.smartygrants.com.au">https://artsqueensland.smartygrants.com.au</a>

	an <b>industry expert</b> and <b>business coach</b> for Full Application stage	
<b>Step 6</b>	<b>Full Application assessment</b> Full Applications are assessed against the criteria of the Fund. This includes confirming matched funding and due diligence* requirements for loan approval.	Proposal is reviewed by ABIF partners (Positive Solutions and QUT CEA). Additional information can be requested by assessors at any stage.
<b>Step 7</b>	<b>Approval process</b> Recommended applications are submitted for Arts Ministerial approval.	
<b>Step 8</b>	<b>Contracting and reporting</b> AQ and TFFF will contract with approved applicants for the funding and loan respectively.	Client progress and outcome reports are managed by AQ via SmartyGrants.

**\*Due diligence**

As part of the assessment process, applicants undergo a financial due diligence check for loan approval.

Due diligence assesses the organisation’s capacity to deliver the initiative while maintaining financial stability and confirms its ability to service the loan repayments. Due diligence includes analysis of financial documentation, financial history, management (staff and governance) and risk analysis (including business risk, sponsor, loan serviceability and credit history).

**13. What assistance is available to me?**

AQ has implemented a tailored package of capacity building support available to ABIF applicants.

**ABIF applicants can access the following support:**

**a. Business coach:** Applicants can be matched with a business coach with relevant expertise. The coach can provide up to 6 hours of support (up to 3 hours at ABIF Pre-Qualification stage; up to 3 hours at ABIF Full Application stage). The coach’s role is to provide professional services to the ABIF applicant in a relevant focus area (eg: business models, business analysis, digital, retail, technical, financial, infrastructure) to support development of a strong Pre-Qualification (Proof of Concept) and Full Application.

**b. Industry expert (peer):** ABIF applicants can be matched with an industry expert drawn from AQ’s peer assessment pool (up to 3 hours at ABIF Pre-Qualification stage; up to 3 hours at ABIF Full Application stage). The peer’s role is to support the client through the ABIF process, and help interpret the advice of the business coach.

**c. Arts Acumen resources**

AQ’s [Arts Acumen](http://www.arts.qld.gov.au) program promotes collaboration, entrepreneurship and future thinking to strengthen sustainability in Queensland’s arts sector. Arts Acumen aims to support capacity development by providing access to knowledge, connections and industry intelligence. For example, Arts Acumen offers capacity building, diagnostic tools, resources, access to business mentors and connector events. It is recommended that interested organisations contact AQ to discuss their needs and identify information and resources that may assist them further develop their ideas. Visit [www.arts.qld.gov.au](http://www.arts.qld.gov.au) and follow prompts to Arts Acumen.

**14. Important information for all applicants**

These guidelines should be read in conjunction with the ABIF Frequently Asked Questions (FAQs).

Please refer to the document *Arts Investment – Important Information for Applicants* at <https://publications.qld.gov.au/dataset/info-arts-funding-applicants> which provides information on:

- information on Privacy and Right to Information
- processes for feedback and review of decisions for unsuccessful applicants
- agreements and contracts, acknowledgments, reporting and acquittal requirements for successful applicants.

## 15. Submitting your application

The preferred method for submitting your application is online at:

<https://artsqueensland.smartygrants.com.au>

For support with technical issues related to the online application, or if circumstances prevent you from providing your application in this format, please contact an AQ Grants Officer on telephone (07) 3034 4016 or toll free 1800 175 531, email [investment@arts.qld.gov.au](mailto:investment@arts.qld.gov.au).

You will receive an email notifying you that your application has been received. If you have not received an acknowledgment within five days of submitting your application, please contact AQ.

Incomplete applications will be deemed ineligible and will not be assessed.

## Acquittal and reporting requirements for successful applicants

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ABIF funding recipients will be required to report to AQ throughout the loan investment period. The reporting requirements include implementation progress and financial reporting, including annual audited statements. Recipients will also be required to set and report on Key Performance Outcomes (KPOs) that are specific to their initiative.

## Acknowledgments

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Successful applicants are required to acknowledge AQ and TFFF funding contribution in all published material associated with funded projects. The AQ website [www.arts.qld.gov.au](http://www.arts.qld.gov.au) details the requirements regarding use of the Queensland Government Crest and standard acknowledgment text. TFFF should be contacted separately on the (07) 3001 4404 regarding acknowledgement.

## Translating and interpreting services

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Applications may be submitted in any language. If you have difficulty understanding this information and would like to talk to staff in your first language:

- telephone the Translating and Interpreting Service on 13 14 50 during business hours
- contact AQ about speaking with an interpreter.

## 16. Contact us

Please contact AQ to find out more about ABIF including resources that are available for your organisation's business development activities by:

- phone: (07) 3034 4016 or toll free 1800 175 531

- email: [investment@arts.qld.gov.au](mailto:investment@arts.qld.gov.au)
- website: [www.arts.qld.gov.au](http://www.arts.qld.gov.au)

**Note:** AQ reserves the right to amend the guidelines and conditions for ABIF investment if it is deemed that the changes will enhance the ultimate outcomes sought by the Fund.