



PFTC
Annual Report
2007/08



Queensland
Government



Pacific Film and
Television Commission

QUEENSLAND AUSTRALIA

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Introduction

The Pacific Film and Television Commission (PFTC) provides support and strategic leadership in the development of an innovative and sustainable screen industry in Queensland.

We nurture and invest in people, projects and events and promote Queensland as a world-class production destination.

The PFTC is a company limited by shares, and the sole shareholder is the Queensland Minister for Education, Training and the Arts. We receive an annual funding allocation from the Queensland Government to achieve our key objectives.

The PFTC Board of Directors reports directly to the Minister and is responsible for the organisation's overall strategic direction, corporate governance and policy development.

The PFTC management and staff offer a diversity of creative skills, industry and business experience.



Minister for the Arts Rod Welford and PFTC CEO Robin James on the set of *Sea Patrol 2 - The Coup* with Executive Producers Di and Hal McElroy

Our Vision

The PFTC will be a world leader in initiating, facilitating and celebrating a sustainable and creative film and television industry in Queensland.

Our Objectives

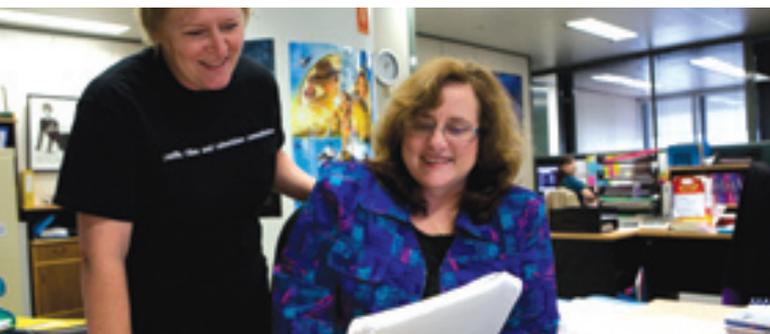
Our two key objectives are:

Industry development:

To develop a sustainable screen industry that provides significant social, cultural and economic benefits for Queensland.

Screen culture:

To develop a screen culture for Queensland audiences.



PFTC Corporate Services staff

“We nurture and invest in people, projects and events and promote Queensland as a world-class production destination”

What We Value

Team work and team spirit

The PFTC encourages its staff to work effectively together and with the film and television industry; to respect the work and opinions of others; and to value the contributions of its staff.

Innovation and flexibility

The PFTC strives to proactively anticipate and respond to changes in the environment affecting its business and develop new measures to ensure its vision is realised.

Passion and commitment

The PFTC encourages its staff to be passionate about, and committed to achieving the vision. This means using initiative and continually striving for success.

Professionalism

The PFTC aims to be a professional organisation committed to the achievement of excellence and well-regarded by the film and television industry.

Style

The PFTC strives for open and direct communication both internally and externally; to be accessible; to show consideration for all points of view and a desire to reach consensus on outcomes and accountabilities.

Consultation

The PFTC encourages staff to undertake consultation with peak industry organisations and key stakeholders in implementing government policy.

Commercial approach

The PFTC aims to be a market-driven, commercial organisation, accountable to its stakeholders.

Ethical behaviour

PFTC staff strive to behave in the same way that they would like to be treated. Our staff work to be regarded as professional, honourable, loyal and honest.

Message from the Chair



This year has been a challenging but successful year for the Pacific Film and Television Commission as we continue to work with local, interstate and international clients to support the growth of the film and television industry in Queensland.

I am pleased to provide our report for the 2007/08 financial year, one which has seen some significant changes occur within the Commission and the broader industry.

One of the key changes occurred in February 2008, with the appointment of a new Board including myself as Chair.

The new Board brings a diversity of business, management, industry knowledge and government experience to the PFTC.

The last year has been a particularly dynamic time not just for the PFTC, but for our industry as a whole with many changes and challenges at home and internationally.

There have been challenges for our international marketing and attraction activities primarily due to the volatility in the global economy, the Australian dollar

sitting at all time high, and the effect the long-running writers' strike in the United States had on production confidence.

On the domestic front, we have seen the introduction of the Federal Government's Producer Offset tax rebate which has sparked a lot of industry debate in deciding how it is best and most fairly implemented, and the amalgamation of three Commonwealth industry bodies into the new Screen Australia in July 2008.

The PFTC is proud of the continuing marketing innovation and industry support it has demonstrated this year in meeting its corporate objectives of developing a sustainable screen industry and screen culture for Queensland.

During 2007/08, we continued to promote Queensland and the PFTC to the rest of Australia and the world, and spearheaded some exciting new projects and associations.

In June this year, Queensland Premier Anna Bligh had the opportunity to meet with several studio executives at a meeting facilitated by the PFTC in Los Angeles as part of her trade mission to the United States. At this meeting she discussed and promoted Queensland's

amazing diversity of locations, as well as our quality production and post-production facilities.

This was a great opportunity to consolidate our relationships with key industry representatives, and to reinforce with them the many reasons that Queensland is a creatively and financially desirable production location.

In a similar vein, CEO Robin James continues to do great work as the first non-American president of the Association of Film Commissioners International (AFCI).

As AFCI President, Robin has been able to continuously source market intelligence with regard to film and television production internationally and assist in the development of film commissioners worldwide. The PFTC is on the global map partly as a result of this appointment which engages with more than 350 film commissions.

Robin was also inducted as a member of the International Academy of Television Arts and Sciences this year, which is another great milestone for Queensland.

Closer to home, the PFTC worked closely with industry to establish the Queensland Screen Industry Development Council in June.

The Council was formed as a result of the Film, Television and Digital Content Skills Formation Strategy (SFS) workshops held by the PFTC, the Department of Education, Training & the Arts and the Department of Tourism, Regional Development and Industry throughout 2007/08.

The Council was formed to work in partnership with Government and the education and training sectors to strengthen the Queensland screen industry.

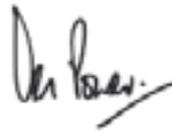
A strategic plan has been developed by the Council to improve the quality of screen product and to expand the production level of the local industry.

It is the PFTC's involvement in a diverse range of industry events and networks that keep us at the forefront of strategic thinking and decision making which continually improves our industry. It is also one of the key ways, beyond financial contribution, in which the PFTC drives our local industry on to aim higher and achieve more.

In order to achieve all the PFTC has achieved, despite the considerable market challenges in 2007/08, we have relied on the dedication of our staff and the solid judgment and steady helmsmanship of our executive and management teams.

I would also like to acknowledge and thank Sir Llewellyn Edwards and the outgoing Board for their commitment and professionalism in guiding the PFTC over the last 16 years.

On behalf of the new Board I would like to thank all PFTC staff for their loyalty and efforts in bringing the Commission to its current standing.



Des Power AM
Chairman

Brisbane, 19 September 2008

Message from the CEO



The film industry, by nature, is fluid and always evolving. Here at the Pacific Film and Television Commission (PFTC), it is imperative that we remain responsive to these industry shifts in order to offer the best and most appropriate support for Queensland screen practitioners in increasingly competitive markets.

2007/08 proved an exciting time for development and production in Queensland. Following widespread consultation and review in 2007, several new schemes and initiatives were introduced to diversify assistance mechanisms and support our filmmakers through the various stages of their careers.

During 2007/08, a total of 30 major projects delivered \$122m in Queensland Production Expenditure (QPE) from a PFTC investment of \$8m. This translated to an economic impact of \$219.6m for the State and the creation of 4026 full-time equivalent jobs demonstrating the breadth of our industry and its ability to provide real cultural and economic benefits to Queensland.

I am pleased to see our 2006/07 record of five feature films was matched in 2007/08, with Queensland producers attached to the feature projects *Subdivision*, *Triangle*, *Goblin Shark*, *Storage* and *Savages Crossing*.

The Queensland/UK co-production *Triangle* was the first local production to take advantage of the Producer Offset. The PFTC has actively sought clarification of the Offset's guidelines to assist producers take it up and to ensure that the PFTC can cashflow the Offset for feature film and television production. We are confident that our efforts will assist Queensland producers to capitalise on the new opportunities the Offset represents.

Documentary production continued to prosper in Queensland in 2007/08. In many cases, the quality and market appeal of PFTC-supported projects translated into broadcaster pre-sales and screenings at national and international film festivals. Randall Wood's *Rare Chicken Rescue* is a shining example.

The exciting new media sector continues to be dominated by Queensland company Hoodlum, who are consistently developing new content-delivery mechanisms to meet the changing expectations of consumers. In 2007/08, PFTC supported Hoodlum's internationally acclaimed projects *Emmerdale Online Channel*, *Spooks Interactive* and *FIND815*.

Hosting international production has long been one of Queensland's strengths, due to the enticing package of stunning locations, world-class film infrastructure

at Warner Roadshow Studios, talented crew base and attractive Queensland Government production incentives. Despite some significant challenges, the PFTC secured \$68m in QPE for the state in 2007/08.

Attracting the HBO/Playtone mini-series *The Pacific* (with executive producers Steven Spielberg, Tom Hanks and Gary Goetzman) and Walden Media's feature film *Nim's Island* (starring Academy Award-winning actress Jodie Foster) to Queensland were major coups for PFTC and the industry we serve. These projects, representing the first foray into Queensland filmmaking for both Steven Spielberg and Walden Media, had extremely positive production experiences (and are planning to return soon). In a major industry coup, Jodie Foster returned to Queensland in April for the worldwide premiere of *Nim's Island* at Seaworld on the Gold Coast.

A range of interstate and international television productions, generating a total QPE of \$28m, returned to Queensland for their next instalments, including *Sea Patrol 2 – The Coup*, *Big Brother 8* and *I'm a Celebrity- Get Me Out of Here 7*. Newcomers included the Nine Network drama *The Strip* and BBC projects *Outback 8* and *Scorpion Island*.

Attracting this type of production to Queensland continues to deliver real benefits on a local scale. In the course of the year, I visited sets of many productions underway in Queensland, including *Nim's Island*, *Subdivision*, *Triangle* and *Sea Patrol 2 - The Coup*. I am constantly impressed by the professionalism on display by Queensland practitioners. During these visits I was particularly encouraged to see local film graduates cutting their teeth in various production capacities along with young actors featuring in a range of roles. Providing training and employment opportunities for Queenslanders is one of the PFTC's key objectives in developing a sustainable industry.

The PFTC remains committed to nurturing a strong screen culture in Queensland. In 2007, the 16th annual Brisbane International Film Festival (BIFF) continued its proud tradition as a culturally and popularly acclaimed cultural event. The BIFF team attracted record sponsorship levels in 2007 and furthermore secured the St. George Bank as the naming rights sponsor for 2008-2010. This partnership will ensure BIFF remains at the forefront of the international festival circuit well into the future.

I would like to offer thanks to the PFTC Board, and in particular Chair Des Power AM, for his wise counsel and guidance during 2008. I would also like to recognise the invaluable contributions during 2007 of the outgoing directors of the PFTC Board, and pay special tribute to our long-standing Chair Sir Llewellyn Edwards AC who retired in January. Sir Llew's outstanding support over his many years as Chair for the PFTC and his commitment to industry development delivered many positive production outcomes for Queensland.

Finally, sincere thanks to the passionate and dedicated PFTC team for another strong year of tangible growth in terms of development, production and screen culture within the Queensland screen industry.

A number of exciting projects have already been secured to Queensland for 2008/09 which will deliver benefits to the industry and the state. Development and production is also underway on a range of screen projects by Queensland filmmakers. We look forward to continuing to work together toward a sustainable and commercially successful screen industry in Queensland.



Robin James
Chief Executive Officer

Brisbane, 19 September 2008

Highlights



Nim's Island | Walden Media

We achieved some strong and positive outcomes for the state and industry in 2007/08.

- \$122m worth of Queensland Production Expenditure (QPE) was generated from \$8m in PFTC funding.
- PFTC investment led to 30 productions filming in Queensland in 2007/08, including seven feature films, three television drama series, four reality television series, eight documentaries, three digital media projects and a number of short films.
- This PFTC investment generated over \$219.6m in economic activity and 4026 full-time equivalent jobs across the State.*
- *The Pacific* (HBO/Playtone) and *Nim's Island* (Walden Media) represented the first time both a Steven Spielberg and Walden Media project had been filmed in the state.
- 26 Australian projects were produced in Queensland this year with a total QPE of \$54m. Of this total:
 - \$26m was generated by Queensland filmmakers; and
 - \$28m was generated by interstate production companies.
- Five feature films were produced by local producers including *Goblin Shark*, *Storage*, *Savages Crossing*, *Triangle* and *Subdivision*.
- We negotiated a change to the Federal Government's Producer Offset guidelines so we can cash flow feature films.
- International productions generated a QPE of \$67.973m.



Unfinished Sky | New Holland Pictures

- The world premiere of *Nim's Island* and the Australian premieres of *Fool's Gold* and *The Ruins* were held in Queensland.
- Queensland feature film *Unfinished Sky* was voted Audience Favourite at this year's Brisbane International Film Festival (BIFF), leading to invitations from other international film festivals including Toronto, Rotterdam, Seattle, London and Pusan. It secured theatrical release in Australia and took \$265,573 at the box office in its opening week.
- The St. George Bank was secured as the naming rights sponsor for BIFF for 2008-2010.
- The PFTC worked closely with industry to establish the Queensland Screen Industry Development Council in June 2008. The Council partners with government and the education and training sectors to strengthen the Queensland screen industry.
- A number of PFTC-supported projects achieved international acclaim, including two-time BAFTA Award winners *Hoodlum* and Sir Peter Ustinov Young Scriptwriter Award winner Felicity Carpenter.
- The Annual Conference of the Screen Producers Association of Australia (SPAA), the Inside Film (IF) Awards and the Australian International Movie Convention (AIMC) were held in Queensland
- CEO Robin James was inducted as a member of the International Academy of Television Arts and Sciences, who host the iEmmy Awards for excellence in international television.

* Multipliers measure the effect of investment on an economy. Due to flow on effects beyond initial spending, the multiplier is higher than that of the core production company expenditure. The PFTC uses Australian Bureau of Statistics multipliers for film production and regularly discusses appropriate use of multipliers in the film industry with agencies such as Screen Australia.

Award and Nomination Recipients

Several PFTC-supported projects received national and international recognition through industry awards.

Hoodlum

BAFTA – Craft Award for Interactive Innovation (Winner)

Emmerdale – Online Channel

MIPCOM Short Form Audio Visual Entertainment Award – Best Drama (Winner)

International Emmy Awards (Twice Nominated)

Spooks Interactive

BAFTA – Television Interactivity Award (Winner)

FIND815

Primetime Emmy – Interactive Media Programming (Nominated)

Felicity Carpenter

Touching People

Sir Peter Ustinov Young Scriptwriter Award (Winner)

Shane Krause and Shane Armstrong

Acolytes

AWGIE Award – Best Original Feature Film (Nominated)

Queensland Premier's Literary Awards (Nominated)

Randall Wood

Rare Chicken Rescue

2008 Sydney Film Festival Dendy Awards – Best Documentary (Winner)

Daryl Sparkes and Stephen Hagan

Nigger Lovers

SBS Inside Film (IF) Award – Best Short Documentary (Winner)

2007 Australian Teachers of Media (ATOM) Awards – Best Documentary General (Nominated), Best Documentary Social and Political Issues (Nominated) and Best Documentary Short Form (Winner)

FARMkids Pty Ltd

FARMkids

The Australian Effects & Animation Festival – Best Animated TV Series (Winner)

Martha Goddard and Veronica Wain

Carpool

St Kilda Film Festival – Best Comedy (Winner)

New Holland Pictures

Unfinished Sky

Queensland Premiers Literary Awards – Best Film Script (Nominated)

AWGIE Awards – Script Award (Nominated)

Showtime Top 10 Audience Favourite (Winner)

Jonathon M. Shiff Productions

H2O: Just Add Water

UK Nickelodeon Kid's Choice Award (Nominated)

Logie Award- Most Outstanding Children's Program (Nominated)

Australian Children's Television Foundation

Mortified

Logie Awards – Most Outstanding Children's Program (Nominated)

International Emmy Award (Nominated)



Hoodlum's Anthony Mullins at the BAFTAs

Production Listing

Feature film

Nim's Island (Walden Media)
Subdivision (Freshwater Pictures)
Triangle (Pictures in Paradise/Dan Films)
Savages Crossing (Winnah Films)
Storage (Storage the Movie)
Goblin Shark (Limelight International)
De Scheepsjongens Van Bontekoe (Dutch Film Fund/KRO)

Short film

The Weight of Sunken Treasure
(Ignition Film and Television Production)
Seersucker (Emily Smith)
Carnies (Kristin Pyott & Desi Achilleos)
My Little King (Zillah Marie)
Black Forest (Carolyn Boone)
Mavis Hannah (Helen Williams)
Alchemy (John Cavallaro)

Television series

Sea Patrol 2 – The Coup (McElroy All Media)
The Pacific (HBO/Playtone)

Mini-series

The Strip (New Wave Entertainment)

Reality television

I'm a Celebrity, Get Me Out Of Here! 7 (Granada)
Big Brother 8 (Southern Star Endemol)
Outback 8 (Ten/BBC)
Scorpion Island (Freehand Productions/BBC)

Documentary

Curse of the Gothic Symphony (Fury Productions)
Roller Derby Dolls (Film Australia/Freshwater Pictures)
Rare Chicken Rescue (Film Australia/Freshwater Pictures)
The Ian Fairweather Project (Fury Productions)
Salt (Jerrycan Films)
Loggerheads (Gulliver Media)
Shark Expedition (Digital Dimensions)

New media

The Emmerdale Murder Channel (Hoodlum)
Spooks Interactive (Hoodlum)
FIND815 (Hoodlum)



The set of *The Pacific* | HBO/Playtone, on location in far north Queensland

How We are Meeting Our Strategic Objectives

Our two key objectives and strategies for achieving them are as follows:

Industry development: To develop a sustainable screen industry that provides significant social, cultural and economic benefits for Queensland.

Strategies

- Assist the development, marketing and financing of film and television projects created by Queensland writers, producers and directors.
- Assist film and television producers to become viable business entities capable of generating higher and more consistent levels of production.
- Assist the development of emerging Queensland screenwriters, producers and directors.
- Attract interstate and international production to Queensland.
- Provide strategic advice to government in relation to policies impacting on the film, television, new media and electronic games industry.

Screen culture: To develop a screen culture for Queensland audiences.

Strategies

- Encourage the development of informed and critical audiences.
- Facilitate cultural activity, debate, discussion and peer contact.
- Promote an understanding of the Queensland and Australian film and television industry within the broader international context.

The pages that follow demonstrate how each operational area of the PFTC has contributed to the business as a whole and to achieving these objectives in 2007/08.



BIFF audience

Development and Production Unit

Targets and priorities 2007/08

The Development and Production Unit is focused on the development of a world-class and sustainable Queensland film, television and digital media industry.

Through our range of innovative funding schemes and initiatives, the Unit nurtures and invests in people and projects.

Some of the schemes have been designed to assist emerging filmmakers to hone their skills and create a significant body of work which showcases their talent and helps to build their career.

The PFTC also provides funding to QPIX, Queensland's Screen Industry Development Centre, which enables this non-profit organisation to assist in the development of emerging filmmaking talent through training programs, equipment hire, workshops, seminars, screenings and information services.

In 2007/08, the PFTC's funding to QPIX was directed toward providing a range of development programs in short film, documentary and feature film as well production services for short films.



The Strip | New Wave Entertainment

The Unit also dedicated considerable resources to an upgrade of the PFTC's Projects and Funding Database to ensure accurate monitoring and reporting on all projects can be achieved, production trends captured and industry benchmarks established.

Challenges and achievements

Australian film and television projects represented a significant portion of PFTC's overall QPE. There were 26 projects with a total production budget of \$76m, with \$54m expended in the State. This follows an unprecedented spike in production levels in 2006/07.

This year's \$54m of QPE is broken down as follows:

- \$26m generated by Queensland filmmakers; and
- \$28m generated by interstate production companies.



Triangle | Pictures in Paradise/Dan Films, on location at Warner Roadshow Studios

The local industry continued its strong performance from the previous year's \$35m of production expenditure with Queensland companies developing and financing five feature films (*Triangle*, *Storage*, *Subdivision*, *Savages Crossings*, *Goblin Shark*); three digital media projects (*Emmerdale Online Channel*, *Spooks Interactive* and *FIND815*) that were nominated for iEmmy Awards and won two British Academy of Film and Television Awards (BAFTA); as well as eight documentary projects.

The PFTC also helped to secure the second series of the high-rating drama series *Sea Patrol 2 Queensland*, as well as the new television series *The Strip* by providing investment and incentives.

These productions provide regular, long-term employment and training opportunities for Queensland cast and crew and there is a strong possibility that both productions will continue with future series.

"The Development and Production Unit is focused on the development of a world-class and sustainable Queensland film, television and digital media industry."

In 2007/08, the PFTC expended a total of \$5.4m on various schemes, production incentives and initiatives as follows:

Scheme	2007/08 \$ million
Business Development Scheme	0.165
Digital Media Scheme	0.008
Documentary Production Fund	0.281
Indigenous Development Scheme	0.122
International Marketing Scheme	0.275
Interstate Marketing Scheme	0.066
Creative Fellowships Scheme	0.060
Production Fund	2.130
Project Development Scheme	0.548
QPIX	0.325
Short Film Development Scheme	0.029
New Screen Production Fund	0.110
Production Incentives for Australian Projects	0.500
Interest Subsidy for RFFF Loans	0.550
SPAA Conference	0.225
Total	5.40

Development and Production Unit (continued)



Roller Derby Dolls | Film Australia/Freshwater Pictures

Outcomes of these financial allocations included:

- \$25m of QPE was leveraged off \$2.17m invested in projects by Queensland production companies.
- \$28m in QPE was generated from \$1.63m in equity investment and production incentives to interstate projects.
- \$1.55m was spent on schemes to assist the development of new and emerging screen practitioners and generated \$1.1m of production outcomes.

Other major achievements for the year included:

- The Queensland/UK production of *Triangle* at the Warner Roadshow Studios and other south east Queensland locations. *Triangle* was co-produced by Queensland producer Chris Brown and is the first Queensland feature film to be financed under the new Producer Offset scheme.
- Investment and cash flow support for Freshwater Pictures' wholly-Queensland written and produced feature film, *Subdivision*.

- Brisbane based writer, producer and director Peter Hegeudus created his first feature length documentary *My America*, with assistance from the PFTC.
- Local producers Richard Stewart, Penny Wall and Grant Bradley of Metal Mutt Productions developed and financed *K9*, the children's television series based on the *Dr Who* character. Brisbane writers Shane Krause and Shane Armstrong worked with UK writer Bob Baker to create the series for Network Ten and Jetix UK. This will go into production in 2008/09.
- *Chopper Rescue* was one of the highest-rating documentary series to be produced for the ABC in 2008. Due to this success, the PFTC has also invested in the second series.
- McElroy All Media returned to far north Queensland and the Warner Roadshow Studios for *Sea Patrol 2 – The Coup*. As a result of high ratings in 2008, the Nine Network has commissioned *Sea Patrol 3 – Red Gold* and the PFTC has committed additional investment to keep the production in Queensland.



H2O: Just Add Water 2 | Jonathon M. Shiff Productions

- The PFTC ensured that *H2O: Just Add Water 3* would stay in Queensland by committing further development and equity investment. The series is broadcast to over 100 countries and is the first non-American live-action series to be acquired by the US broadcasting giant Nickelodeon.
- Queensland's documentary industry continues to grow with more than 20 documentary projects produced in Queensland over the past two years.

Moving forward 2008/09

Our targets and priorities for 2008/09 include:

- Continuing to work to create opportunities for Queensland filmmakers to develop and create original, marketable and high-quality screen projects.
- Promoting the development and production of screen projects that are creatively driven by Queenslanders.
- Maximising opportunities for local production and assisting in building robust and sustainable screen businesses in Queensland.

“Generating awareness of Queensland product in local, national and international markets.”

- Generating awareness of Queensland product in local, national and international markets.
- Providing mentoring and professional development opportunities for Queensland writers, directors and producers in order to cultivate world-class practitioners and a sustainable local screen industry.

Staffing

One of our two Project Managers returned to work within the industry and the position was not readvertised.

We engaged a Project Contractor to manage and build the upgrade of the PFTC's Projects and Funding Database.

Locations and International Production Unit

Targets and priorities 2007/08

Our Locations and International Production Unit is responsible for attracting interstate and international productions to Queensland through destination marketing, locations facilitation and production liaison.

In 2007/08, the Unit continued to focus on building awareness and recognition of Queensland services and locations to attract productions that will deliver significant economic benefits, maximise employment opportunities for Queenslanders and increase the creative, technical and business skills of the local industry.

The Locations and International Production Unit also provided strategic advice and services to government in relation to policies that impact on the film, television, new media and electronic games industry.

In 2007/08 the Unit also focused heavily on growing one of its key marketing tools, the FILM Database, which stores images and information on different locations. The database was developed alongside the 'Generic Locations Packages' section of the PFTC website, which enables members of the public to view pre-prepared location packages online.



Executive Producers of *The Pacific* | Steven Spielberg, Tom Hanks (and Gary Goetzman - not pictured)

Challenges and achievements

Major challenges and achievements for the year included:

- international productions generated a Queensland Production Expenditure of \$67.973m - which includes *The Pacific*, *Nim's Island*, *I'm a Celebrity - Get Me Out Of Here! 7* and *De Scheepsjongens Van Bontekoe*.

A total of \$1.75m in incentives was approved for the attraction of *The Pacific* and *Nim's Island* to Queensland in this financial year.

A further \$763,378 in incentives was also approved and pending payment to international productions which filmed in Queensland in previous years.

- The attraction of high profile productions *The Pacific* (HBO/Playtone) and *Nim's Island* (Walden Media) was a major highlight. These projects represented the first time a Steven Spielberg and Walden Media project had been filmed in the State.



Crew of *Subdivision* | Freshwater Pictures, on location at Hervey Bay

“Attracting interstate and international productions to Queensland through destination marketing, locations assistance, and production liaison.”

- Scouting and locations facilitation was provided to a range of projects, including the following which were successfully attracted to Queensland:

International productions - *The Pacific*; *Nim's Island*; *De Scheepjongens Van Bontekoe*; *Outback 8* and *Scorpion Island*

Queensland/UK co-production - *Triangle*

Local production - *Subdivision*

- International production levels have been impacted by external factors such as the Australian dollar value. In the case of the United States (US) market, recent industry strikes, including the US writers' strike have played a role. At least one big-budget feature project looking to scout Queensland locations was deterred by the writers' strike in late 2007, and another high profile feature cited the Australian dollar value as the major deterrent to filming in Queensland.
- There has been less production incentive funding available for production attraction this year because of pre-commitments to the large scale productions *The Pacific* and *Nim's Island*.

- Despite these challenges, the Unit continued to actively pitch on productions and maintained its strong reputation for high level client assistance during scouting, pre-production and production periods.
- 2007/08 provided the Unit with further opportunities to directly assist productions through the initiation of local, state and federal agency stakeholder meetings (as was done for the US production *Fool's Gold* in 2006/07).

The Unit built on those relationships formed over previous years, and assisted the feature mini-series *The Pacific* by engaging key bodies, including the Douglas Shire Council, Environmental Protection Agency, Queensland Parks and Wildlife Service, Department of Natural Resources and Water, Department of Primary Industries and Fisheries, Great Barrier Marine Park Authority and an independent environmental consultant to work with key representatives from the production. Assistance was required to determine the best path forward to transform a stretch of beach-front land north of Mossman in far north Queensland into the World War II landing site at Peleliu.

Locations and International Production Unit (continued)

The Unit's core locations marketing tool, the FILM Database, underwent considerable development and the 'Generic Locations Packages' section of the PFTC website (<http://queenslandlocations.pftc.com.au>) was launched this year, and now permits registered users to search pre-prepared location packages for their own use. This function has over 110 registered users and 43 packages are now available for online viewing.

- The Unit continues to strengthen its working relationship with Warner Roadshow Studios. Towards the end of the 2007/08 financial year, the Unit initiated regular meetings with Warner Roadshow Studios President Lynne Benzie to jointly discuss production negotiations and likely marketing initiatives for the coming 12-month period. Representatives from the two organisations also began drafting a business plan to formalise their working relationship.



De Scheepsjongens Van Bontekoe | Dutch Film Fund/KRO on location in far north Queensland

- The Unit sponsored the launch of Film Gold Coast in May 2008. This was attended by a cross-section of industry members and representatives from Gold Coast City Council, Warner Roadshow Studios, the Queensland Professional Filmmakers' Guild and the PFTC who presented at the event.
- In June this year, the Unit arranged for Queensland Premier Anna Bligh to meet with studio executives in Los Angeles as part of her trade mission to the United States, promoting Queensland as a creatively and financially desirable production location. Attracting international productions to Queensland has significant benefits for the state both culturally and economically.



L&IP Executive Manager Jess Conoplia with Warner Roadshow Studios President Lynne Benzie

Moving forward 2008/09

Our targets and priorities for 2008/09 include:

- Continuing to work to attract international and interstate production through locations marketing and scouting assistance.
- Working to attract offshore production to Queensland and working with local, state and federal agencies to make the State as film-friendly as possible, by facilitating major production and developing film and production protocols and policy for government departments.
- The launch of an online version of the FILM Database (FILMWeb) for Location Managers, enabling them to search the database and generate location pitches and presentations remotely for their own clients.

“Attracting international productions to Queensland has a high cost benefit for the State both culturally and economically.”

Staffing

During the 2007/08 year, staffing levels within the Locations and International Production Unit decreased from six full time staff members to four and one part time staff member.

Jess Conoplia, previously Manager of the Unit, was seconded from the PFTC for a six-month period to work in the Locations Department of US mini-series *The Pacific* during its Queensland shoot period. First-hand industry experience is crucial to provide a well-rounded understanding of the industry which the PFTC represents.

Jess returned to the Locations and International Production Unit in November 2007, taking over the role of Executive Manager from Kirsten Byrne.

Festivals and Events Unit



The Regent Cinema | Brisbane

Targets and priorities 2007/08

The Festivals and Events Unit is responsible for building a vibrant screen culture in Queensland by celebrating the art of filmmaking and increasing opportunities for people to experience, appreciate and discuss diverse screen content.

In 2007/08, the Unit was predominantly focussed on successfully delivering the 16th annual Brisbane International Film Festival (BIFF). The Festival is a major event on the Australian cultural calendar and is recognised nationally and internationally for its signature bold and diverse programming choices.

The key objective for the BIFF team in 2007/08 was to present a critically and popularly acclaimed festival on budget, while maintaining and growing existing audience levels with a reduced programme. It was vital in 2007/08 to increase the level of sponsorship to ensure the programme's quality was not compromised and to appeal to a broader demographic.

The Unit also continued to showcase specialist and quality contemporary cinema to members of the World Cinema Club throughout 2007/08, in line with its commitment to develop a critical and lively viewing public in Queensland, and provided financial support to a range of screen industry events and festivals through the Industry Sponsorship Scheme.

This support continued to build a significant level of awareness of Queensland's screen product within the local, national and international film communities. This ensured the achievements of Queensland filmmakers were adequately recognised among peers and the general public and assisted in securing major industry events to Queensland.

Challenges and achievements

The 2007 BIFF was held over 11 days from 2-12 August. This was one day shorter than the previous year's Festival and represented an inevitable reduction in the number of feature-length titles from 220 to 116. Overall, the number of sessions was reduced from 341 to 229. There were 29 sell-out sessions, compared with 18 in 2006.



BIFF Executive Director Anne Demy-Geroe with
Unfinished Sky Director Peter Duncan

Total audience attendance for all screenings across the 2007 BIFF was 25,259. Earned revenue from ticket and merchandise sales and event entry fees for 2007 was \$234,000. Attendance per session dropped from 115 in 2006 to 102 in 2007, due to a reduction in the number of free sessions and bad weather which had a major impact on outdoor screening.

One significant challenge was the reduction of the programme for Cine Sparks, the Australian Film Festival for Young People. Sessions were reduced from 54 in 2006 to six in 2007 (excluding cross-over sessions) due to financial constraints, but as a result most screenings sold out early. For the first time in 2007, a selection of films which screened in BIFF's general programme were open for young people to attend (Sparks at BIFF). Sparks was developed to fill the gap left by the reduction of Cine Sparks for young people, families and school groups.

Sponsorship levels, both financial and in-kind, spiked considerably in 2007 to \$788,000, representing an increase of over 20 per cent on the previous year's level (\$650,000). Securing this unprecedented level of sponsorship was a major coup for the Festival and a significant achievement for its staff.

"Building a vibrant screen culture
in Queensland by celebrating
the art of filmmaking."

In another major milestone, the Unit negotiated and secured a three-year naming rights sponsorship deal with The St. George Bank, which will commence in 2008 and run until 2010.

Cultural funding income was again successfully pursued in 2007/08. Agencies (including the Australia China Council, Australia India Council, Commonwealth Foundation, Goethe Institut and Japan Foundation) provided a total of close to \$30,000 in cash and in-kind support, which in many cases made it possible for international guests to attend the Festival.

Attracting high calibre international guests remains a challenge for the Festival due to the considerable expense involved. Festival staff secured the attendance of an impressive line up of international special guests to the 2007 BIFF. This included Zimbabwean filmmaker Tsitsi Dangarembga; Canadian Indigenous documentarian Alanis Obomsawin; Chinese independent cinema icon Wang Hongwei; Mexican filmmaker Sergio Novello Barco; Chinese film critic Sun Shaoyi; Malaysian cultural expert Wong Tuck-cheong; leading Sri Lankan actress Sachini Ayendra; Indian filmmaker KNT Sastry

Festivals and Events Unit (continued)



The Jammed | Jammed Films Pty Ltd, screened at BIFF 2007

and veteran Uzbekistani filmmaker Kamara Kamalova. The programme itself was culturally diverse, and continued the Festival's reputation for showcasing cutting-edge films from the Asia Pacific region. It was structured around the signature events of Opening Night (the Australian premiere of US independent film *Fay Grim*), Closing Night (the Cannes Film Festival hit *A Mighty Heart*), Showcase and Gala screenings, a major retrospective – Bunuel in Mexico – and a focus on Estonian animation, Malaysian and Chinese digital cinema and films celebrating Rumi and Buddhism. 2007 Chauvel Award recipient and respected film critic David Stratton publicly praised the BIFF programme as the best of its kind in Australia.

The Bunuel in Mexico retrospective was an inspired choice and huge success with audiences, earning solid national and local press coverage and numerous sell-out sessions.

Australian content featured heavily in the Festival programme, particularly work by Queensland filmmakers. Much of the Festival's publicity centred on the premiere of 'home-grown' titles and these sessions attracted excellent audience numbers. A seminar on low budget filmmaking in Australia was particularly well-received. Queensland feature *Unfinished Sky* was a huge success in terms of attracting Festival press and audiences alike and the film was voted Audience Favourite in the Showtime BIFF Top 10. Another Australian film, *The Home Song Stories*, ranked second and received the Festival's prestigious FIPRESCI Award.

The Queensland New Filmmakers Awards (QNFA) was held for the first time during the Festival in 2007, with notable success. As a result, this event will become a permanent inclusion in future Festivals.

The Chauvel Award for distinguished contribution to the Australian film industry in 2007 was presented to David Stratton and was an enormously popular choice with the general public. Margaret Pomeranz conducted the on-stage presentation for her long-standing colleague.



SPAA keynote speaker Noni Hazlehurst

The Festival used The Regent and Palace Centro cinemas for screenings and events in 2007, as well as the State's new Gallery of Modern Art (GoMA), which proved to be an excellent addition. The BIFF in the Burbs program was significantly expanded in 2007, and paid tribute to Academy Award winning director and producer George Miller in a bid to attract new audiences to BIFF. However attendance for these free outdoor screenings was inconsistent, due in part to poor weather.

Major improvements were made to the BIFF website ahead of the 2007 Festival to improve navigation, information architecture and usability for the public. As a direct result, phone traffic to the BIFF Information Line fell dramatically and freed up staff resources considerably. The 2007 BIFF website was awarded a Platinum Web Design Award and 60 percent of Festival guests rated the site 'very good' in a post-festival survey.

Outside of BIFF, the Festivals and Events Unit secured a range of travelling film festivals and industry events to Queensland by administering the PFTC's Industry Sponsorship Scheme. Of most benefit to the Queensland filmmaking community

"Australian content featured heavily in the Festival programme, particularly work by Queensland filmmakers."

were the influential Screen Producers Association of Australia (SPAA) Annual Conference and the Australian International Movie Convention (AIMC).

Funding recipients of the Industry Sponsorship Scheme in 2007/08 were:

- AFI Australian Screenings 2007
- Australian International Documentary Conference 2008
- Australian International Movie Convention 2007
- Brisbane Queer Film Festival 2008
- Colourise Festival 2007
- Festival of German Films 2008
- Flickerfest National Tour 2008
- French Film Festival 2008
- Heart of Gold International Film Fest 2007
- Hola Mexico Film Festival 2007
- Other Film Fest 2007
- Screen Producers Association of Australia (SPAA) Annual Conference 2007
- St Kilda Film Festival National Tour 2008 (Queensland)
- Sydney Travelling Film Festival 2007
- Young Filmmakers Festival Queensland 2007

Festivals and Events

Unit (continued)

Moving forward 2008/09

Our targets and priorities for 2008/09 include:

- Increasing audience attendance to ticketed events during BIFF.
 - Continuing to programme an interesting and diverse Festival, including bold, challenging and entertaining content.
 - Reviewing and increasing sponsorship levels, in partnership with our new naming rights sponsor, the St. George Bank.
 - Developing strategies to enhance and diversify Festival funding sources.
 - Continuing to build on relationships with existing and new cultural funding organisations.
 - Continuing to provide diverse and comprehensive cinematic experiences for Queenslanders through the World Cinema Club, travelling film festivals and industry events.
- Developing Cine Sparks to provide unique opportunities for young people to develop media literacy skills through exposure to quality cinema and further develop associated school workshops and teachers' resources.
 - Continuing to refine the BIFF website to boost user experience and web capabilities.

Staffing

Long-standing BIFF Artistic Director Anne Demy-Geroe accepted a newly created role as Executive Director in January 2007. Andrew Rose was promoted to Festival Manager in the same period, allowing them to deliver the 2007 festival as a newly created team.



Chauvel Award recipient David Stratton

Corporate Services Unit

Targets and priorities 2007/08

The Corporate Services Unit is responsible for the day-to-day operational and financial management of the PFTC.

The area looks after functions such as Finance and Administration, Human Resources (HR), Information and Communication Technology (ICT) and Strategic Communications and Policy.

As Corporate Services covers a broad area of responsibility, there were a number of different priorities in 2007/08, which included:

- Streamlining of HR processes and in house knowledge and moving to fully-online capturing of staff movements, such as leave approvals and personnel data.
- Growing the ICT Unit to service the increased demand for online workflow and communication technology throughout the organisation and online ticket sales during the Brisbane International Film Festival (BIFF).



PFTC Corporate Services staff

- Developing an integrated business approach across the Unit to best serve other business Units within the PFTC.
- Refining and developing policy and reporting procedures.
- Developing achievable strategic and operational media and communications plans to enhance the reputation of the PFTC and promote our services to the public and industry.

Challenges and achievements

Major challenges and achievements for the year included:

Corporate Administration and Human Resources

- Review and development of a new framework for hard copy record-keeping and archiving, which will be able to feed into the Projects and Funding Database once its upgrade is complete.



PFTC IT staff

“The Corporate Services Unit is responsible for the operational and financial management of the PFTC.”

- Recovery and mitigation procedures were implemented when, due to the global credit crisis, a number of investments held by the PFTC were adversely affected by market volatility, primarily since January 2008 (see financial statements).
- Development of a Financial and Corporate Services modelling framework was developed for BIFF to more closely track creative content against financial outcomes.
- Ongoing management of financial contract arrangements and obligations.
- Development of a new streamlined purchasing methodology for the PFTC to use fewer suppliers and increase our purchasing power.
- Ongoing development of methods for improving staff retention in a buoyant employment market. This has been managed by the implementation of a structured performance and remuneration review process and the identification of non-financial methods to retain staff such as training and professional development opportunities and incentives such as attendance at industry events.

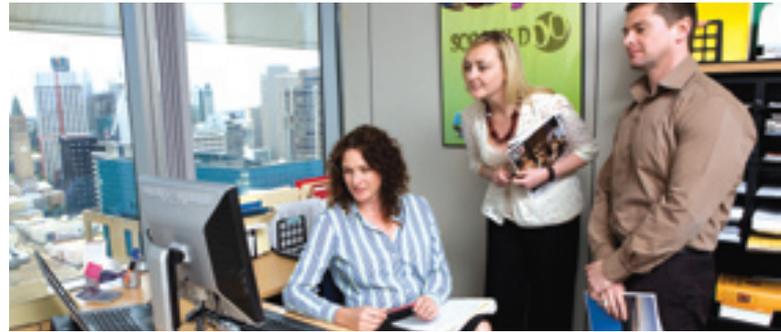
- Training of Senior Managers in key areas of HR protocol and procedures, and training of key corporate staff in administrative operations such as purchasing and archiving and skills and knowledge development including new industry legislation, computer packages and workplace communication.

Information and Communication Technology

Since the expansion of the ICT Unit into three full-time staff including a Manager in January 2008, it has:

- Replaced all server hardware to provide more stability and greater redundancy in the hardware platform.
- Replaced the fragmented network with a single robust network switch.
- Implemented a new firewall that caters for in-house hosting of websites.
- Initiated a database redevelopment project to streamline systems to be in line with business processes.

Corporate Services Unit (continued)



PFTC Corporate Communications staff

- Implemented robust backup systems which include tiered backup storage for faster recovery and greater reliability.
- Taken advantage of the Queensland Government Standard Offering Arrangements (SOA) for the purchase of hardware and software.
- Installed local server hardware in the Festivals Office that greatly enhances file access speeds.

The results of the changes above have seen a substantial decrease in computer systems issues. Formation of the ICT Unit has meant the rest of the Corporate Services area has been able to focus on other functions.

Strategic Communications and Policy

- Development of core media, policy and corporate communications plans to capitalise on opportunities to promote the PFTC.

- Ongoing corporate event management and support including development of a suite of corporate fact sheets and production case studies for distribution at industry events and conferences.
- Ongoing management of media and public relations, policy development and reporting functions.
- Sponsorship management including the Queensland Premier's Literary Awards and the Queensland Government Export Awards.
- Evolution of the PFTC brand to update corporate materials including promotional banners and advertising and marketing materials.
- Development of a Memorandum of Understanding (MOU) between film agencies in Korea's Gyeonggi Province and the PFTC which will see joint Korean-Australian co-productions, sharing of research and development and a free-flow of technical personnel, technologies and sharing of information.
- Ongoing research and policy development in response to industry and stakeholder needs.



PFTC Corporate Services staff

“Developing an integrated business approach across the unit to best serve other business units within the PFTC.”

Moving forward 2008/09

Our targets and priorities for 2008/09 include:

- Ongoing systems improvements.
- Developing report capabilities that more closely focus on the needs of the business and improving the timeliness of reporting.
- Segmenting and targeting the promotion of the PFTC’s functions and services for industry.

Staffing

During the 2007/08 year, the ICT Unit grew to three full-time staff members under Manager Alan Wells.

In June 2008, Michael Cullinan joined the company to take over from long-serving Financial Controller Greg Schneider. The responsibilities of Company Secretary will be transferred to Paul O’Kane, Manager of Business and Legal Affairs.

In March 2008, Sarah McCormack replaced Helen Maguire as the Strategic Communications and Policy Manager.

With the exception of ICT, other operational staffing levels have remained consistent across the Unit.

PFTC Executive

Robin James BA, Dip Ed.

Chief Executive Officer

Robin has over 25 years experience in the film and television industries and is a recipient of the Australian Centenary of Federation Medal for services to the film industry. He is the current President of the Association of Film Commissioners International, a member of the Board of AusFILM, a member of Bond University Film Advisory Committee and a member of the International Academy of Television Arts & Sciences (iEmmys).

Henry Tefay BA

Head of Development and Production

Henry has a background in literature, psychology and financial accounting and has worked in the screen industry for 25 years. As an independent screenwriter, Henry has written and had produced three feature films: *White Force*, *Weekend with Kate* and *Little White Lies*.

Greg Schneider BA

Outgoing Company Secretary and Financial Controller

Greg has held the positions of PFTC Company Secretary and Financial Controller since 1997. Greg will leave PFTC in October 2008 after an extended handover to Michael Cullinan.

Anne Demy-Geroe BA, Hon., Masters of Business (Film and Television)

Executive Director, Festivals and Events

Anne has served as BIFF's Artistic Director since its inception in 1991 and is now Executive Director. She was awarded an Australian Centenary Medal in 2003 for services to the film industry, is a judge for the prestigious Queensland Premier's Literary Awards and serves on numerous international film juries, including the Asia Pacific Screen Awards Council.

Jess Conoplia

B.Bus.(Advertising)

Grad.Dip.(Film and Television)

Executive Manager, Locations and International Production

Jess has over seven years account management, production, marketing and advertising experience. She has been with the PFTC for over three years and recently spent six months working on the HBO/Playtone series, *The Pacific*, in far north Queensland.

Michael Cullinan B Com/LLB

Newly-appointed Financial Controller

Michael joined the PFTC in June 2008 and has over 15 years experience in various financial roles, most recently as Financial Controller for Southern Cross Broadcasting Brisbane Radio.

Sarah McCormack BA

Manager, Strategic Communications and Policy

Sarah joined PFTC in March 2008 with more than ten years experience in Public Relations and Strategic Communications.

Alan Wells Dip. IT, CNE, MCP, CCNA

Manager, Information and Communication Technology

Alan joined the PFTC in January 2008 after four years as IT Manager at St Laurence College and a number of years as Network Manager at Aon Risk Services.



Production crew of *The Starter Wife* | NBC Universal, on location at Main Beach

Overseas Travel Costs



Daybreakers | Pictures in Paradise/Lionsgate

Date	Traveller	Destination	Cost	Reason
8 August-6 October 2007	Kirsten Byrne	London, UK New York & Los Angeles, USA	\$22,768	Travelled to London, New York and Los Angeles to promote Queensland as a production location internationally and to develop business relationships with the major studios and production houses.
22 August-1 September 2007	Robin James	Hong Kong & Santa Fe, USA	\$11,470	Travelled via Hong Kong to meet with senior film production and government representatives. Attended the Annual Association of Film Commissioners International (AFCI) Cineposium and the AFCI Board Meeting in Santa Fe.
1-14 October 2007	Anne Demy-Geroe	Pusan, Korea	\$3,338	Attended Pusan Film Festival to source international films and distributors for BIFF 2008.
4-14 October 2007	Henry Tefay	Cannes, France	\$16,000	Attended the annual MIPCOM television market and met with international broadcasters, distribution companies and investors.
1-3 December 2007	Anne Demy-Geroe	Kerala & Mumbai, India	\$488*	Attended the International Film Festival Kerala for NETPAC. Anne was a juror for the NETPAC Jury for New Malayan Cinema. *Travel costs subsidised by event sponsors in India.
8-23 January 2008	Robin James	Tokyo, Japan & New York, USA	\$14,732	Travelled to Tokyo and met with Production Executives and to New York and met with senior film production and government representatives. Attended the AFCI Board Meeting in New York. Continued on to Los Angeles, to participate in Australia Week.



Triangle | Pictures in Paradise/Dan Films

Date	Traveller	Destination	Cost	Reason
22-31 January 2008	Anne Demy-Geroe	Rotterdam, The Netherlands	\$7,779	Attended Rotterdam Film Festival to source international films and distributors for BIFF 2008.
22-31 January 2008	Nicola White	Rotterdam, The Netherlands	\$1,638	Attended Rotterdam Film Festival to source international films and distributors for BIFF 2008.
6-17 February 2008	Nicola White	Berlin, Germany	\$2,983	Attended Berlin Film Festival to source international films and distributors for BIFF 2008
8-17 February 2008	Anne Demy-Geroe	Berlin, Germany	\$2,562	Attended Berlin Film Festival to source international films and distributors for BIFF 2008.
3-13 April 2008	Henry Tefay	Cannes, France	\$15,849	Attended the annual MIP television market and met with international broadcasters, distribution companies and investors.
7-14 April 2008	Robin James	Los Angeles, USA	\$1,445*	Attended the AFCI Board Meeting in Los Angeles then continued on to the AFCI Locations Tradeshow in Los Angeles. *Travel costs subsidised by the AFCI.
6-23 May 2008	Robin James	London, UK & Paris & Cannes, France	\$18,666	Travelled to the United Kingdom and France for film industry meetings with the Queensland Government Trade and Investment Office, Europe and also attended the Cannes Film Market.



AATON

THE
NORTH
FACE



Production crew of *De Scheepsjongens Van Bontekoe*, Dutch Film Fund/KRO on location in far north Queensland

Directors' Report

The Directors present their report on the Pacific Film and Television Commission Pty Ltd as at the end of or during the year ended 30 June 2008. The following persons were Directors of the Company during the whole of the year and up to the date of this report (unless otherwise noted):

Current Board



Des Power AM

Chair since 18/02/08

Chairman of Queensland Events, Des Power is well-known for his successful promotion of major culture and sporting events as economic and social drivers at the state, national and international level and for his services to the film, television and broadcasting industries. He is a member of the Order of Australia.



Jim Soorley

Deputy Chair since 18/02/08

Jim Soorley was Brisbane second longest serving Lord Mayor, holding the position from 1991 to 2003. He is now primarily a management consultant and serves on a number of boards.



Cherrie Bottger

Director 21/11/03 - 20/11/07, 18/02/08

Cherrie Bottger is the Head of Children's Television at Network Ten and has had more than 30 years experience in the broadcast industry. She is a Board member of Screen Australia and also a member of the Advisory Board of Griffith University Film and Television School.



Michael Burton

Director since 18/02/08

Michael Burton is the Managing Director of Cutting Edge and has extensive experience in film production, broadcast television and creating innovative technology for post production.



Mark Gregory

Director since 18/02/08

Management Consultant

Mark Gregory is Principal of Tactix Corporate Advisory and a Certified Practising Accountant (CPA). He has over 15 years in senior financial and management roles across a number of industry sectors, including services to mining and construction, property and media.



Rachel Hunter

Director 20/11/06 - 20/11/07, 18/02/08 ongoing

Rachel Hunter is the Director-General of the Queensland Department of Education, Training and the Arts. Throughout her 30-year career with the Queensland Public Service, she has played a pivotal role in shaping the vocational, education and training system in this State and in leading reform in public service policy and institutions.



Phil McDonald

Director since 18/02/08

Phil McDonald is Managing Director of marketing and communications services leader, George Patterson Y & R Brisbane.



Lynda O'Grady

Director since 18/02/08

Lynda O'Grady has held senior executive roles in PBL, Alcatel and for the past seven years as Executive Director of Telstra Corporation. She is Chair of Q-Gen Pty Ltd and member of the Council of National Science & Technology Centre. Lynda is now retained as a consultant by a diverse range of organisations.



James Sourris

Director since 18/02/08

James Sourris is the Chairman and Managing Director of Australian Multiplex Cinemas with expertise in exhibition, distribution and production investment.

Directors' Report (continued)

Outgoing Board

Sir Llewellyn Edwards AC

Chair and Director 22/5/1992 – 18/2/2008

Consultant for Jones Lang Lasalle Australia Pty. Ltd, Director of Westpac Banking Corporation, Amaca Pty. Ltd, and Uniseed Pty Ltd and Chancellor of The University of Queensland. Awarded a Knight Bachelorhood for outstanding services to the State Parliament and the people of Queensland, and appointed Companion Of The Order Of Australia.

Lynne Benzie

Director 27/6/00 – 20/11/07

Warner Roadshow Movie World Studios President, Gold Coast.

Robert Buker

Director 25/10/05 – 20/11/07

Audit Partner WHK Cressey Lynch.

Fellow of the Institute of Chartered Accountants in Australia (ICA) with over 35 years experience in the provision of accounting services, financial and management consulting. Representative for ICA on the Board of the Australian Council for International Development Code of Conduct Committee. Former Chair of the ICA (ACT) Division.

David Franken

Director 21/11/03 – 20/11/07

Television programming and production consultant with over 25 years experience in the television industry and former Channel Seven Program Director.

Professor Marilyn McMeniman

Director 21/11/03 – 20/11/07

Professor and Pro-Vice-Chancellor (Arts, Education and Law), Griffith University.

Directors' Report (continued)

Directors of the company have been appointed for various terms. These do not represent fixed employment arrangements with remuneration being based on fees per meeting. Expiry dates of current appointments are as follows:

Name	Expiry of current term
Des Power AM	29 January 2009
Jim Soorley	29 January 2009
Cherrie Bottger	29 January 2009
Michael Burton	29 January 2009
Mark Gregory	29 January 2009
Rachel Hunter	29 January 2009
Phil McDonald	29 January 2009
Lynda O'Grady	29 January 2009
James Sourris	29 January 2009

Company Secretary

Greg Schneider BA was appointed to the position of Financial Controller in November 1997 and as Company Secretary in December 1997.

Directors' Report (continued)

Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the company during the year are:

Director	Directors' meetings		Audit & accounts meetings		Industry development meetings	
	A	B	A	B	A	B
Des Power AM	6	6	N/A	N/A	3	3
Jim Soorley	6	6	1	1	3	3
Cherrie Bottger	8	13	N/A	N/A	6	7
Michael Burton	4	6	1	1	N/A	N/A
Mark Gregory	5	6	1	1	3	3
Rachel Hunter	10	13	N/A	N/A	N/A	N/A
Phil McDonald	6	6	N/A	N/A	N/A	N/A
Lynda O'Grady	5	6	1	1	2	3
James Sourris	5	6	N/A	N/A	2	3
Sir Llewellyn Edwards AC	6	7	N/A	N/A	2	4
Lynne Benzie	4	7	N/A	N/A	3	4
Robert Buker	3	7	N/A	N/A	N/A	N/A
David Franken	5	7	N/A	N/A	4	4
Marilyn McMeniman	4	7	N/A	N/A	N/A	N/A

A: Number of meetings attended.

B: Reflects the number of meetings held during the time the Director held office during the year.

N/A refers to not applicable

Directors' Report (continued)

Corporate Governance statement

The Pacific Film and Television Commission Pty Ltd (PFTC) is a company limited by shares with these shares held beneficially for the State of Queensland by the Minister for Education and the Arts. The PFTC's Board of Directors is responsible for corporate governance, ensuring transparency of operation of the PFTC. Summarised in this statement are the primary corporate governance practices established by the Board and which were in place throughout the financial year, unless otherwise stated, to ensure the interests of the PFTC shareholder, clients and staff are protected.

Board responsibilities

The Board of Directors is accountable to the company shareholder for the performance of the company and has overall responsibility for its operations. The company operates a diverse and complex range of businesses and one of the primary duties of the Board is to ensure these activities are operated appropriately.

Key responsibilities of the Board also include:

- Approving the strategic direction and related objectives of the company and monitoring management performance in the achievement of these objectives;
- Adopting an annual budget and monitoring the financial performance of the company;
- Selecting, appointing, setting targets for, and reviewing the performance of the Chief Executive Officer;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring the company meets its legal and statutory obligations.

The Directors of the Board have a broad range of skills including knowledge of the industry in which the company operates to allow informed decision making.

Independent professional advice

The Board collectively and each director individually has the right to seek independent professional advice at the expense of the company.

A Director seeking such advice must obtain the prior approval of the Chair or in his/her absence, the Board. Such approval may not be unreasonably withheld. A copy of advice received by a director is made available to all other directors of the Board except where circumstances deem it inappropriate.

Directors' Report (continued)

Conflicts of interest

In accordance with the Corporations Act and the company's constitution, Directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with company interests. Where the Board believes a significant conflict exists, the Director concerned will not receive relevant Board papers, will not be present at the meeting whilst the item is considered, and will play no part in any decision made concerning the item.

Financial reporting

The Chief Executive Officer and Financial Controller have declared in writing to the Board that the company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Board committees

In order to provide adequate time for the Board to consider strategy, planning and performance enhancement, the Board has delegated specific duties to board committees. To this end the Board has established two committees with a defined charter.

- **Audit and Accounts Committee:** The primary role of this committee is to evaluate the company's compliance and risk management structure and procedures. It also has a role in audit planning and review. The committee reviews the annual financial statements prior to consideration by the Board.
- **Industry Development Committee:** The primary role of this committee is to evaluate and monitor the processing of applications for funding assistance from the film industry.

Code of conduct

Directors, management and staff are expected to perform their duties in line with the company's code of conduct ensuring professionalism, integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Insurance and indemnities

No indemnities have been given or insurance premiums paid during or since the end of the financial year for any person who is or has been an officer or auditor of the company.

Directors' Report (continued)

Principal activities

The principal activities of the company during the course of the year were the facilitation of:

- a) the development, promotion and enhancement of the film production industry; and
- b) film culture and presentation of film and film related events in Queensland.

There were no significant changes in the nature of the activities of the company during the year.

Operating result

The company's net profit after income tax for the year was a profit of \$3,536,000 (2007: loss of \$894,000).

Dividends

The company has not paid or declared a dividend during the year ended 30 June 2008.

Review of financial operations

The impact of the 2008 annual financial result is an increase in equity of \$3,536,000. It is important to note that from this amount a further \$3,744,500 in approved but uncontracted projects is contingent at year end. Once this contingent liability is considered the level of incentives and funding was consistent with prior years. Payments will be made in the next financial year once contracts have been executed.

Revenue

Revenue was generally consistent with the prior year.

Interest revenue was higher due to an increase in loans to the industry and higher investment rates.

Sponsorship revenue remains a challenge. Non-cash sponsorship is reasonably strong although expectations of sponsors continue to rise.

Directors' Report (continued)

Expenditure

Several major commitments were approved but not contracted at balance date. These commitments are disclosed as contingent liabilities at Note 20 in the accounts. Once contracted, these liabilities of \$3,744,500 will be reported as expenditure in the operating result. Operating costs for Locations & International Production is subject to contingent incentives of \$2,700,000 at year end. Operating costs for the Domestic & Production unit is subject to contingent scheme approvals of \$1,044,500 at year end.

Corporate support costs were consistent with the prior year. Festival & Events costs were reduced in 2008 because of on-going revenue challenges in this area.

IT projects were continued in 2008 with a shift to usage of internal resources instead of external contractors.

Interest expense was higher due to increased industry loan activity and rising interest rates.

Significant cost pressures exist across the company due to wage pressures in Queensland and heavy competition in the incentives area.

State of affairs

The company's primary activities are to assist the local film production industry and to promote foreign investment in international production in the State. The ability of the company to undertake these activities is subject to ongoing Queensland State Government funding support.

Likely developments

The company will continue to work with Governments and other domestic and international organisations to promote the development of the Queensland film industry.

Events subsequent to the end of the financial year

There is no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect:

- a) the operations of the company;
- b) the results of those operations; or
- c) the state of affairs of the company for the financial years subsequent to 30 June 2008.

Directors' Report (continued)

Audit services

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is included in the Directors' Report below:

Auditor's independence declaration

To the Directors of the Pacific Film and Television Commission

This audit independence declaration has been provided pursuant to s.307C of the Corporations Act 2001.

Independence Declaration

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and their controlled entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.



Damian P Wright
As Delegate of the Auditor-General

Brisbane, 19 September 2008

Directors' Report (continued)

Environmental policy

It is the company's policy to:

- a) abide by the concepts and principles of sustainable development;
- b) carry out operations in an environmentally responsible manner having consideration for individual and community welfare;
- c) ensure that, at a minimum, business is conducted in compliance with existing environmental legislation and regulations; and
- d) educate staff and employees in the importance of understanding their environmental responsibilities for the sensitive implementation of all operations.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Rounding off

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



Des Power AM
Chair of the Board

Brisbane, 19 September 2008



Mark Gregory
Director

Brisbane, 19 September 2008



The Strip | New Wave Entertainment, on location at Main Beach

Annual Report

	Note	2008 \$'000	2007 \$'000
Income Statement			
For the year ended 30 June 2008			
Revenue			
Revenue	2	14,475	14,923
Expenses			
Industry Development Program		624	430
Project Development Program		375	1,092
Production Fund		1,987	2,637
Interest incurred on subsidised loans to industry		946	741
Incentives to Local & Interstate Productions		260	2,380
Assessment costs		149	145
Incentives to International Productions		(423)	2,557
Development & Production Costs		1,084	1,127
Locations & Marketing - International		688	778
Brisbane International Film Festival		1,584	1,536
Industry Sponsorship Program		309	342
Festivals & Events		320	497
Corporate Costs		521	364
Impairment write-down		1,371	-
Executive Services		1,040	1,015
Depreciation & amortisation		104	176
Profit			
(before income tax expense)		3,536	(894)
Income tax expense	1 (d)	-	-
Net Profit			
(after income tax expense)		3,536	(894)

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 62 to 91, in particular Note 20 Contingent Liabilities.

Annual Report

	Note	2008 \$'000	2007 \$'000
Balance Sheet			
As at 30 June 2008			
Current Assets			
Cash and cash equivalents	5	3,854	2,799
Trade and other receivables	6	7,281	4,064
Other assets	7	273	312
Financial assets	8	3,626	500
Total current assets		15,034	7,675
Non-current assets			
Trade and other receivables	6	5,970	7,094
Property, plant and equipment	9	72	47
Intangibles	10	72	102
Financial assets	8	-	4,000
Total non-current assets		6,114	11,243
Total assets		21,148	18,918
Current liabilities			
Trade and other payables	11	1,788	4,285
Short term financial liabilities	12	6,959	4,140
Total current liabilities		8,747	8,425
Non-current liabilities			
Trade and other payables	11	1,300	1,900
Long term financial liabilities	12	6,826	7,873
Provisions	13	265	246
Total non-current liabilities		8,391	10,019
Total liabilities		17,138	18,444
Net Assets		4,010	474
Equity			
Contributed equity	14	-	-
Retained profits	15	4,010	474
Total equity		4,010	474

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 62 to 91.

	Note	2008 \$'000	2007 \$'000
Cash Flow Statement			
For the year ended 30 June 2008			
Cash flows from operating activities			
Cash receipts from operations		2,754	3,290
Cash payments from operations		(13,165)	(17,115)
Interest received		1,232	1,210
Interest and finance charges paid		(951)	(751)
Government grant income received		11,653	12,331
Net cash provided (used in) by operating activities	17b	1,523	(1,035)
Cash flows from investing activities			
Sale of non-current assets		2	2
Payments for plant and equipment		(99)	(132)
Financial assets sold (purchased)		(498)	1,000
Film funding loans		(1,645)	(3,001)
Net cash provided by investing activities		(2,240)	(2,131)
Cash flows from financing activities			
Proceeds from borrowings		1,772	2,568
Net Cash provided by financing activities		1,772	2,568
Net increase (decrease) in cash held		1,055	(598)
Cash at the beginning of the financial year		2,799	3,397
Cash at the end of the financial year	17a	3,854	2,799

The cash flow statement is to be read in conjunction with the notes to the financial statements set out on pages 62 to 91.

Statement of changes in equity

For the year ended 30 June 2008

	Note	Ordinary share capital	Retained earnings	Total
		\$'000	\$'000	\$'000
Balance at 30 June 2006		-	1,368	1,368
Profit attributable to members of entity			(894)	(894)
Balance at 30 June 2007		-	474	474
Profit attributable to members of entity			3,536	3,536
Balance at 30 June 2008		-	4,010	4,010

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 62 to 91.

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1. Statement of significant accounting policies

(a) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the presentation of this financial report are presented below. They have been consistently applied unless otherwise stated.

It has been prepared in accordance with the historical cost convention except for certain assets which as noted are at valuation, fair value. Except as stated, figures do not take into account the changing money values.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The financial statements have been prepared in accordance with the going concern and accrual accounting principles. The ability of the company to continue its operations in future years will be dependent upon the continuing support of the Local, State and Federal Governments.

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

1. Statement of significant accounting policies (continued)

(b) Revenue recognition

Revenues are recognised at fair value of consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

(c) Rounding amounts

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Taxation

The company is exempt from income tax under Section 50-25 of the Income Tax Assessment Act 1997. Goods and Services Tax (GST) is payable by the company and amounts have been provided for relevant transactions except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Cash flows are included in the statement of cash flows on a gross basis, with the GST components classified as operating cash flows including GST components of cash flows arising from investing and financing activities. Receivables and payables are also stated on a gross basis.

1. Statement of significant accounting policies (continued)

(e) Grants and other contributions

Grants, donations, gifts and other contributions are recognised as revenue when the company obtains control over them.

Contributions are recognised at their fair value and are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(f) Cash and cash equivalents

For the purposes of these statements, cash includes cash on hand and in at call facilities with banks or financial institutions.

(g) Financial Instruments

These investments have fixed maturities, however as at 30 June 2008, it was the company's intention to sell these investments. All investments were sold in July 2008

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flow from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the assets. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

1. Statement of significant accounting policies (continued)

(g) Financial Instruments (continued)

(i) Non-derivative financial instruments (continued)

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance expense is discussed in note 1(i).

Held to-maturity investments - If the company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets - The company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 1 (r)), and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

(h) Assistance to domestic film industry

Due to substantial uncertainty, specific types of financial assistance provided to industry in the form of loans and investments are initially recognised as an expense (being grants payable) due to a substantial lead-time existing until a reliable fair value for these assets is known. Once a fair value of such an asset can be reliably established, this amount is recorded as both revenue and an asset.

(i) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and financial charges in respect to finance leases.

1. Statement of significant accounting policies (continued)

(j) Plant and equipment

Plant, equipment and intangibles with a cost or other value in excess of \$5,000 are capitalised in the year of acquisition. All other such assets with a cost or other value less than \$5,000 are generally expensed. Assets acquired at zero cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition.

Acquisition

Purchases of plant and equipment are initially recorded at cost.

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount to reflect any impairment.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value, except where specifically stated.

Leased plant and equipment

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1. Statement of significant accounting policies (continued)

(j) Plant and equipment (continued)

Amortisation, depreciation and impairment

Depreciation on plant and equipment is calculated on a diminishing value basis so as to write off the cost (or other value) of each depreciable asset, less its estimated residual value, progressively over its estimated useful life.

The cost (or other value) of leasehold improvements is amortised over the estimated useful life of the improvement or the unexpired period of the lease, whichever is shorter.

Items of plant and equipment are depreciated/amortised using the diminishing value method over their estimated useful lives.

The depreciation and amortisation rates used for each class of asset are as follows:

- | | |
|--------------------------|------------------|
| • Plant and equipment | 20-66.67 percent |
| • Leasehold improvements | 40 percent and |
| • Intangibles | 60-66.67 percent |

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(k) Unearned revenue

Amounts received in relation to services to be provided in future years are carried forward as unearned income. Revenue is recognised in the period in which the service is performed.

1. Statement of significant accounting policies (continued)

(l) Trade and other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method

Loans receivable are generally settled within 24 months and are carried at amounts due. A market rate of interest is charged on outstanding debts. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(m) Provisions – employee entitlements

Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represents the amount which the company has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been based on nominal amounts, adjusted for future wage increases and including related on-costs such as workers compensation insurance and payroll tax.

Long service leave

A provision is made for the liability for employees' entitlements to long service leave for employees with at least five years of service as at the balance date. The provision represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to the reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Superannuation

The superannuation expense for the financial year reflects payments made in relation to employees' terms and conditions of employment for the period up to the reporting date.

The company contributes to several defined benefit and defined contribution superannuation plans. Contributions are charged against income as they are made. The company has no legal or constructive obligation to fund any deficit.

1. Statement of significant accounting policies (continued)

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days.

(o) Contra revenues and expenses. Benefits via sponsorship agreements

Contra benefits represent benefits derived by the company via the use of equipment and services free of charge pursuant to the terms and conditions of various sponsorship agreements. Contra benefits are recognised in the accounts at their estimated fair market value at the time of consumption.

(p) General expense recognition

Expenses are recognised upon confirmation of the company entering into arrangements that give rise to a legal liability to the extent that that liability is quantifiable.

(q) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairments have been recognised in respect of non-financial or financial assets at year end.

1. Statement of significant accounting policies (continued)

(r) Impairment

(i) Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1. Statement of significant accounting policies (continued)

(r) Impairment (continued)

(ii) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

(s) Accounting standards issues not effective

At the date of authorisation of the financial report, certain Standards and interpretations were on issue but not effective. These Standards and Interpretations have not been adopted in the preparation of the financial report for 30 June 2008.

The economic entity expects to first apply these Standards and Interpretations in the financial report of the economic entity relating to the annual reporting period beginning after the effective date of each pronouncement.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the economic entity.

1. Statement of significant accounting policies (continued)

(t) Determination of fair values

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(u) Financial Risk Management

Overview

The Company has exposure to the following risks from their use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board delegated to the Audit and Accounts Committee, responsibility for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

1. Statement of significant accounting policies (continued)

(u) Financial Risk Management (continued)

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises principally from receivables and financial assets. The objective of the entity is to minimise risk of loss from credit risk exposure. The entity's maximum credit risk, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date is the carrying amount of those assets as indicated in the Balance Sheet.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The majority of the company's revenue is attributable to transactions with a single customer – the Queensland State Government. However, geographically there is no concentration of credit risk.

The board has established a credit policy under which each new major customer is analysed individually for creditworthiness before the company's standard payment terms and conditions are offered. The company's review includes external ratings, when available, and in some cases bank references.

1. Statement of significant accounting policies (continued)

(u) Financial Risk Management (continued)

Investments

The company uses its best endeavours to limit its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least A1 from Standard and Poor's and A from Moody's. Market valuation changes may occur and these may be crystallised if sales occur at adverse market prices.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations when they fall due. The company's objective in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company uses historical data, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicated, such as natural disasters. In addition, the company maintains the following lines of credit:

- \$20 million overdraft facility that is unsecured. Interest would be payable at approximately the rate of BBSW plus 50 basis points. Additional approvals are required for drawdown and the company prefers to convert any drawings into fixed loans to match trade receivable maturity dates (see notes 6 and 11).

Liquidity risk is measured using liquidity ratios such as working capital.

1. Statement of significant accounting policies (continued)

(u) Financial Risk Management (continued)

Summary quantitative data

	2008	2007
Current assets	15,034	7,675
Current liabilities	8,747	8,425
Surplus / (deficit)	6,287	(750)

Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The entity is not materially exposed to market risks other than interest rate risk.

Interest rate risk

Interest rate risk arises from cash and cash equivalents, available for sale and held to maturity financial assets and borrowings. The company adopts a policy of ensuring 100% of its exposure to changes in interest rates on borrowings are on a fixed rate basis. This is achieved by entering into fixed maturity loans for all borrowing requirements. The policy of the company in relation to cash and other financial assets is to monitor interest rates continuously, use fixed rate facilities considered appropriate or dispose as appropriate.

	2008 \$'000	2007 \$'000
2. Operating revenue		
Grant revenue	11,719	12,461
Contra sponsorship revenue	534	486
Domestic film revenue	435	598
Sponsorship	254	164
Event revenue	234	239
Other revenue	123	17
Interest revenue from investments	879	637
Interest revenue from loans and receivables	297	321
	14,475	14,923

3. Operating Profit Before Income Tax

Operating Profit Before Income Tax has been arrived at after charging/crediting the following items:

Net gain/loss on sales of property, plant and equipment	-	(4)
Depreciation of: Plant and equipment	33	44
Amortisation of: Intangibles	71	132
Amounts set aside to provision for: Employee entitlements	96	19
Interest paid	946	741
Finance charges paid	10	10
Operating leases	272	260
Impairment writedown on sale of held to maturity financial assets	1,371	-

	2008 \$	2007 \$
4. Auditors' remuneration		
Amounts received or due and receivable by the auditors for:		
Queensland Audit Office		
- the audit of the financial report	35,000	33,500
- other services	-	-
	<u>35,000</u>	<u>33,500</u>

	2008 \$'000	2007 \$'000
5. Cash and cash equivalents		
Cash on hand	2	3
Cash at bank	154	1,168
Cash fund (Queensland Treasury Corporation)	3,666	1,567
Bank at call account	32	61
	<u>3,854</u>	<u>2,799</u>

The cash and cash equivalents are at call and pay interest at a weighted interest rate of 7.91 percent (2007: 5.45 percent).

6. Trade and other receivables

Current		
Sundry debtors	655	192
Interest receivable on other financial assets	21	16
Loans receivable		
Loan capital	6,560	3,856
Interest receivable	45	-
	<u>7,281</u>	<u>4,064</u>

All receivables that are past due are with long standing clients who have a good credit history with the entity

Non-Current		
Loans receivable		
Loan capital	5,970	7,061
Interest receivable	-	33
	<u>5,970</u>	<u>7,094</u>
	<u>13,251</u>	<u>11,158</u>

	2008 \$'000	2007 \$'000
7. Other assets		
Current		
Prepayments	273	312
	<u>273</u>	<u>312</u>
8. Financial assets		
Current		
Available for sale financial assets		
Floating rate notes	3,626	-
Held to Maturity financial assets		
Floating rate notes	-	500
	<u>3,626</u>	<u>500</u>
Non-current		
Held to maturity financial assets		
Floating rate notes	-	4,000
	<u>-</u>	<u>4,000</u>
	<u>3,626</u>	<u>4,500</u>

Financial assets mature over a variety of periods from within one to ten years (2007: one to seven years) and pay interest at a weighted interest rate of 8.92 percent (2007: 7.34 percent). Starting interest rates were 8.1 to 9.9 percent (2007: 6.5 to 8.0 percent) As at 30th June, 2008, there was an intention to sell the floating rate notes. All notes were sold in July, 2008.

The company's exposure to credit and interest rate risks related to financial assets is disclosed in note 21.

	2008 \$'000	2007 \$'000
9. Property, plant and equipment		
Plant and equipment at cost	207	155
Less: accumulated depreciation	(141)	(112)
	<u>66</u>	<u>43</u>
Leasehold improvements at cost	283	279
Less: accumulated amortisation	(277)	(275)
	<u>6</u>	<u>4</u>
	<u>72</u>	<u>47</u>

Reconciliation

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current year is as follows:

	Plant and equipment \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at 1 July 2007	43	4	47
Additions	53	5	58
Disposals	-	-	-
Depreciation/amortisation	(30)	(3)	(33)
Carrying amount at 30 June 2008	<u>66</u>	<u>6</u>	<u>72</u>

	2008 \$'000	2007 \$'000
10. Intangibles		
Intangibles at cost	283	241
Less Accumulated Amortisation	(211)	(139)
	72	102

Reconciliation

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current year are as follows:

	Software \$'000	Website \$'000	Total \$'000
Carrying amount at 1 July 2007	7	95	102
Additions	23	18	41
Disposals			
Amortisation	(14)	(57)	(71)
Carrying amount at 30 June 2008	16	56	72

11. Trade and other payables

Current

Sundry payables and accruals	56	246
Grants payable	1,105	3,402
Annual Leave owing	195	122
Director fees payable	5	(2)
Tax payable	(120)	7
Other unearned income	547	510
	1,788	4,285

Non-current

Grants Payable	1,300	1,900
	1,300	1,900
	3,088	6,185

	2008 \$'000	2007 \$'000
12. Financial liabilities		
Current	6,959	4,140
Non-current	6,826	7,873
Total	13,785	12,013

Borrowings are from Queensland Government sources (Queensland Treasury Corporation) and by their nature are unsecured and provide no access to additional credit facilities without additional approvals. Current maximum additional facilities are \$6,215,000 and the company has made further commitments of \$2.9 million (subject to approval) against this available amount.

The loans are denominated in Australian dollars and are payable over various periods of time which match the maturity dates of loans receivable.

Current borrowings accumulate interest at prevailing market rates with a weighted average interest rate as at 30 June 2008 of 6.83 percent (2007: 6.52 percent).

Non-current borrowings are fixed interest arrangements with a weighted average interest rate as at 30 June 2008 of 6.37 percent (2007: 6.34 percent)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In thousands of AUD	Currency	Nominal Interest Rate	Year of Maturity	Face Value	Within 1 Year	1-5 Years
Unsecured facility with Queensland Treasury Corporation (fixed rate)	AUD	6.2% - 7.9%	2008/09	7,460	7,291	
Unsecured facility with Queensland Treasury Corporation (fixed rate)	AUD	6.3%	2012/13	6,326		6,084

	2008 \$'000	2007 \$'000
<h3>13. Provisions for employee entitlements</h3>		
Non-Current		
Provision for long service leave	265	246
<p>Employee entitlements include accrued leave (including long service leave) and other salary entitlements as outlined in Note 1(p)</p>		
	Number	Number
Number of employees	35	35

The present values of employee entitlements not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Assumed rate of increase of wage and salary rates	3.0 percent
Discount rate	6.20 percent
Settlement terms	up to 6 years

14. Contributed equity

The company is company limited by shares. The sole share is held by the Queensland Minister for Education and the Arts on behalf of the Queensland State Government and is fully paid to the value of \$10.

	2008 \$'000	2007 \$'000
15. Equity		
Retained profits		
Retained profits at 1 July	474	1,368
Net profit	3,536	(894)
Retained profits at the end of the year	<u>4,010</u>	<u>474</u>

16. Commitments

The estimated maximum amount of commitments not provided for in the financial statements as at 30 June are:

Loans receivable	2,900	1,468
Loans payable	(2,900)	(1,468)
Non-cancellable operating lease commitments		
Future operating lease rentals for plant and equipment not provided for in the financial statements and payable		
Not longer than one year	23	23
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	<u>23</u>	<u>23</u>

The company leases property under non-cancellable leases expiring within five years. Leases generally provide the company with a right of renewal at which time all terms are renegotiated.

	2008	2007
	\$'000	\$'000

17. Notes to the statements of cash flows

A. Reconciliation of cash

For the purposes of the statements of cash flows, cash includes cash on hand and at bank, short term deposits and interest securities. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

Cash on hand	2	3
Cash at bank	154	1,168
Cash fund (Queensland Treasury Corporation)	3,666	1,567
Deposits at call	32	61
	3,854	2,799

B. Reconciliation of profit from ordinary activities after income tax to net cash inflow from operating activities

Net profit after income tax expense	3,536	(894)
Depreciation	71	132
Amortisation	33	44
Provision for doubtful debts	-	-
Provision for employee entitlements	96	19
(Profit)/loss on sale of assets	-	4
Loss on sale of investments	1,371	-
Contra sponsorship	534	485
Contra expenditure related to sponsorship	(534)	(485)
Change in assets and liabilities		
(Increase)/decrease in assets	(400)	165
(Decrease)/increase in liabilities	(3,184)	(505)
Net Cash provided by operating activities	1,523	(1,035)

18. Remuneration of directors and executives

Directors

Directors of the company are eligible for remuneration based on per-meeting fees under arrangements agreed with the Shareholder which is in line with Queensland government guidelines for boards. This remuneration is paid by the company.

No non-cash benefits have been paid to directors and no post employment benefits are paid by the company. Rachel Hunter did not qualify for director fees as the directorship position is by virtue of employment as a public servant.

All directors are independent. Directors of the company have been appointed for various terms. Expiry dates of current appointments are as follows:

Name	Expiry of current term
Des Power AM	29 January 2009
Jim Soorley	29 January 2009
Cherrie Bottger	29 January 2009
Michael Burton	29 January 2009
Mark Gregory	29 January 2009
Rachel Hunter	29 January 2009
Phil McDonald	29 January 2009
Lynda O'Grady	29 January 2009
James Sourris	29 January 2009

Executive

Remuneration levels for senior executives are competitively set to attract and retain appropriately qualified and experienced personnel. This takes into account complexity of tasks, staffing levels and ability to control outcomes. Currently no performance linked bonuses are offered.

The company offers all staff the ability to take a reasonable proportion of remuneration as non-cash benefits on the basis that this remains cost-neutral to the company and within all relevant legislative requirements. No post employment benefits are provided.

Specified executives includes position of the greatest authority within the company for strategic direction and management during the financial year. Benefits may not be directly comparable between years.

No termination benefits were paid during the financial year.

A summary of remuneration the top named officers and Directors of the company is as follows:

	Base remuneration (salary & fees) \$	Non-cash benefits \$	Termination Benefits \$	Super contributions \$	Totals \$
Total 2008	528,385	-	-	278,753	807,138
Total 2007	520,470	-	76,524	244,039	841,033

18. Remuneration of directors and executives (continued)

Executive (continued)

Executives of the company have been appointed for various terms. Renewal of contracts is subject to negotiation. Expiry dates of current appointments are as follows:

Name	Expiry of current term
Robin James	1 July 2010
Jess Conolia	1 September 2010
Sarah McCormack	31 March 2010
Greg Schneider	23 November 2009*
Henry Tefay	5 July 2009
Michael Cullinan	23 June 2010

* Mr Greg Schneider has resigned and will cease employment in October, 2008.

19. Related Party disclosures

Directors

The names of persons who were Directors of the company at any time during the year are as follows:

Des Power	Rachel Hunter	Lynne Benzie
Jim Soorley	Phil McDonald	Robert Buker
Cherrie Bottger	Lynda O'Grady	David Franken
Michael Burton	James Sourris	Professor Marilyn McMeniman
Mark Gregory	Sir Llewellyn Roy Edwards	

19. Related Party disclosures (continued)

Interest in contracts

Name	Interest
Lynne Benzie Director 27/06/00 - 20/11/07	Lynne Benzie is Warner Roadshow Movie World Studios President. Warner Roadshow Studios Queensland sponsors the Queensland New Filmmakers Awards (QNFA) with support of \$30,500.
Cherrie Bottger Director 23/11/03 - 20/11/07 18/02/08 - >	Cherrie Bottger is Network Ten Head of Children's Television. Network Ten sponsors the annual Brisbane International Film Festival with in-kind support of \$40,000 (2007: \$38,350).
Rachel Hunter Director 20/11/06 - 20/11/07 18/02/08 - >	Rachel Hunter is the Department of Education Director-General. Her responsibilities have recently been extended to also include responsibility for the Arts. Department of Education has the ability to significantly influence this level of revenue.

Apart from the details disclosed in this note, no Director has entered into a contract with the company since the end of the previous financial year and there were no contracts involving Directors' interests at year-end.

20. Contingent liabilities and assets

There were no contingent assets at the time of this report.

Contingent liabilities of \$3,744,500 exist as at the time of this report. They represent approved grant commitments, not contracted.

21. Financial instruments

(a) Interest rate risk exposures

The company's exposures to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

2008		Floating	Fixed	Non-interest	
Financial asset	Notes	Interest	Interest	bearing	Total
		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	5	3,852	-	2	3,854
Trade and other					
receivables	6	-	12,575	676	13,251
Financial assets	8	3,626	-	-	3,626
Total		7,478	12,575	678	20,731
Weighted average Interest rate		8.41%	5.01%	0.00%	6.07%
Financial Liability					
Trade and other payables	11	-	-	3,088	3,088
Financial liabilities	12	-	13,785	-	13,785
Total		-	13,785	3,088	16,873
Weighted average Interest rate		-	6.60%	0.00%	5.39%
2007					
Financial asset					
Cash and cash equivalents	5	2,795	-	4	2,799
Trade and other					
receivables	6	-	10,950	208	11,158
Financial assets	8	4,500	-	-	4,500
Total		7,295	10,950	212	18,457
Weighted average Interest rate		6.61%	3.13%	0.00%	4.48%
Financial Liability					
Trade and other payables	11	-	-	6,185	6,185
Financial liabilities	12	-	12,013	-	12,013
Total		-	12,013	6,185	18,198
Weighted average Interest rate		-	6.40%	0.00%	4.23%

21. Financial instruments (continued)

(b) Net fair values

The Company's financial assets and liabilities included in current assets and liabilities in the statement of financial position are carried at amounts approximate to net fair value. The net fair values are based on market prices where a known market exists or discounting cash flows by current assets and liabilities with similar profiles.

22. Economic support

The Company focuses on the provision of services for its major client being the Queensland State Government in relation to promotion and development of the film production industry and film culture in Queensland. Any significant change in Government funding support would have a material effect on the ability of the company to provide these services

23. Events subsequent to reporting date

There were no material events subsequent to the reporting date but prior to the signing date of these accounts that the management or board of the company were aware of.

Directors' Declaration

In the opinion of the Directors of The Pacific Film and Television Commission Pty Ltd:

- (a) The financial statements set out on pages 58 to 91 are in accordance with the Corporations Act 2001, including
 - (i) giving a true and fair view of the financial position of the company as at 30 June 2008, and of their performance as represented by the results of their operations and cash flows for the year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) As at the date of this report there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Des Power AM
Chair of the Board



Mark Gregory
Director

Brisbane, 19 September 2008

Independent Auditor's Report

To the members of the Pacific Film and Television Commission Pty Ltd

We have audited the accompanying financial report of Pacific Film & Television Commission, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, would be in the same terms if, it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of Pacific Film & Television Commission is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Damian P Wright
as Delegate of the Auditor-General

Brisbane, 22 September 2008



*Rare Chicken Rescue Director
Randall Wood with friend*

