



Pacific Film and Television Commission Annual Report 2006-2007



Queensland
Government



Pacific Film and
Television Commission
QUEENSLAND AUSTRALIA

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(cover main image)

Claudia Karvan in *Daybreakers* | Lionsgate and Paradise Pty Ltd

(cover smaller images left to right)

Brisbane International Film Festival featured guest
Bob Randall, co-producer and narrator, *Kanyini*

Joel Edgerton in *Acolytes* | Stewart Wall Entertainment

Fool's Gold | Warner Brothers
Crew on location at Mission Beach, Far North Queensland

Jeremy Lindsay Taylor, Ian Stenlake and Lisa McCune
in TV series *Sea Patrol* | McElroy All Media

Vision

Chris Brown, Peter Spierig, Claudia Karvan, Ethan Hawke, Michael Spierig at *Daybreakers* (Lionsgate and Paradise Pty Ltd) press conference at Warner Roadshow Studios



The Pacific Film and Television Commission (PFTC) will be a world leader in initiating, facilitating and celebrating a sustainable and creative film and television industry.

PFTC's two objectives are:

Industry Development: Develop a sustainable screen industry that provides significant social, cultural and economic benefits for Queensland; and

Screen Culture: Develop a screen culture for Queensland audiences.

Chair's Message



The Pacific Film and Television Commission (PFTC) is committed to developing a sustainable screen industry and culture that provides significant social, cultural and economic benefits to Queenslanders.

This annual report details PFTC's performance over the past 12 months in delivering our key objectives of developing, marketing and financing Queensland film and television projects; attracting production to Queensland; and developing screen culture in the State.

The past 12 months have been a landmark year for Queensland's screen industry with record levels of local production and a substantial increase in domestic and international production. Never before has Queensland had five feature films created and financed by local filmmakers in a reporting year. Throughout the year, filmmakers were involved in continuous production in most corners of the State achieving \$159.8 million in production expenditure for Queensland. This is an outstanding increase of 71 per cent on the previous year's total.

The significant rise in production in 2006-07 put pressure on PFTC's financial resources. PFTC managed to leverage additional funding support from the Queensland Government to capitalise on production opportunities that brought significant economic benefits to the State. With 2007-08 already shaping up to be another important year for the State's film and television industry, PFTC will strive to build on the success experienced in 2006-07

to ensure Queensland's screen industry continues to grow and remain a competitive force.

While 2006-07 heralded a resurgence in production, it was also a time of reflection with the release of the *Review of the PFTC Corporate Plan 2004-2009* in January 2007. PFTC's corporate plan provides the framework through which the organisation sets targets to deliver its objectives. The PFTC Board welcomed the review findings which confirmed Queensland was "holding its own" in a difficult climate but also acknowledged the recommendation that PFTC should revisit certain policies and priorities. PFTC's response to this independent review is evident throughout this report. The Board remains committed to continually assessing the *PFTC Corporate Plan 2004-2009* to provide relevant strategic leadership and direction.

Domestic production continued in leaps and bounds achieving the highest production level ever with \$73.5 million in production expenditure across the State. More importantly, Queensland production companies accounted for almost half this expenditure. This is a significant achievement with a number of Queensland filmmakers accomplishing impressive and inspiring career firsts especially in the area of feature film.

This year also yielded an exceptional result for international production. A total of \$86.3 million in international production expenditure in Queensland was achieved representing an increase of 133 per cent on the previous year.



PFTC's 12.5% State Labour Incentive has substantially boosted international production levels. A subsequent and steady flow of international stars, award-winning directors and producers who filmed in Queensland has once again solidified our reputation as a premier destination for film production.

The Brisbane International Film Festival (BIFF) celebrated its 15th year in 2006. Around 40,000 people took part in festival screenings and activities. This year BIFF provided a wider platform to expose families and communities to screen culture. The new BIFF in the Burbs program was introduced and saw four films screened in public parks around Brisbane. Cine Sparks, the Australian Film Festival for Young People, was expanded to build on the success of its inaugural year. In 2006-07, the Department of Education, Training and the Arts sponsored BIFF to expand the Cine Sparks program.

For the third consecutive year, the Screen Producers Association of Australia (SPAA) Conference were held on the Gold Coast. The Inside Film Awards were held to coincide with the conference's closing night. These significant film events serve to shine the national and international spotlight on Queensland's screen industry with key players gathering on the Gold Coast. In another major industry coup, the inaugural Asia Pacific Screen Awards will join these events in 2007-08.

I would like to thank my fellow Board members, Chief Executive Officer Robin James and his team for their valuable skills, commitment and hard work in 2006-07.

Further congratulations are extended to Mr James on his appointment as the first non-American President of the Association of Film Commissioners International (AFCI). This prestigious role serves to heighten PFTC's profile within the international film community.

I would also like to extend my gratitude and appreciation to the former Queensland Premier and Minister for Trade, the Honourable Peter Beattie MP, and the Minister for Education and Training and Minister for the Arts, the Honourable Rod Welford MP for their commitment and ongoing support of Queensland's screen industry throughout 2006-07.

Sir Llew Edwards AC

Chair

Pacific Film and Television Commission

(above, left to right)

Guy Pearce and Miranda Otto in Queensland feature film *How to change in Nine Weeks* | Liberty Films International

Matthew McConaughey filming on location in *Fool's Gold* | Warner Brothers

Grain in Ear | China/South Korea screened at BIFF 2006

CEO's Message



2006-07 was a year of reinvigoration for Queensland's film and television industry and a time of reflection and renewal for the Pacific Film and Television Commission (PFTC).

In the past 12 months, Queensland achieved its highest production results since 2002-03. Most importantly, the local industry had more film and television projects produced by Queensland filmmakers than ever before. An unprecedented five feature films from Queensland producers went into production including *Unfinished Sky*, *How to Change in Nine Weeks*, *Acolytes*, *Daybreakers* and *Harrisville*.

For the major part of the year, Warner Roadshow Studios were fully booked with a constant stream of locally-generated feature films and high-budget international television series and feature films. I believe this demonstrates PFTC's market-driven approach to helping develop a sustainable and creative film and television industry in Queensland is showing dividends.

Importantly, Indigenous filmmakers achieved a major milestone with the production of two films, ATOM award-winning *Nigger Lovers* and *My Country*. Both films were developed through the Indigenous Filmmakers Fund.

Queensland's documentary industry continues to grow with 12 documentaries going into production this year. The high calibre of Queensland-made productions was also recognised with a large number of projects receiving film industry nominations, awards and screenings at film festivals.

Just as exciting was the demand for Queensland's world-class production capabilities. The influx of

international and interstate productions including television series *Monarch Cove*, *H2O: Just Add Water Series Two*, *Sea Patrol*, mini-series *The Starter Wife*, reality television series *Big Brother* and *I'm a Celebrity - Get Me Out of Here!* along with feature films *Fool's Gold*, *Australia* and *The Ruins* can be largely attributed to vigorous marketing, world-class production capability and PFTC's 12.5% State Labour Incentive. The incentive, which increased rebates available when employing Queensland cast and crew, has re-established Queensland's competitive position in vying for runaway production on the world stage.

Securing the US feature film *Fool's Gold* and Baz Luhrmann's *Australia* to Queensland were major coups for 2006-07. These high profile, big budget productions brought international celebrities Matthew McConaughey, Kate Hudson, Donald Sutherland, Hugh Jackman and Nicole Kidman to the State and served to generate worldwide media interest. *Fool's Gold* also provided the catalyst for new film infrastructure. To secure the production to Queensland, PFTC contributed an infrastructure grant towards the construction of a permanent outdoor water tank facility at Warner Roadshow Studios. The tank adds an additional competitive edge to Queensland's world-class film infrastructure and is the first of its kind in Australia and the Southern Hemisphere.

In 2006-07, PFTC received a budget allocation of \$9.7 million from the Queensland Government. Midway through the year, PFTC successfully secured an additional \$2 million to meet increasing demand in production and also secured an additional grant of \$0.5 million to secure Baz Luhrmann's feature film



Australia for Queensland. The Department of Education, Training and the Arts also contributed around \$0.3 million to support two major industry events.

From a total of \$12.5 million State Government funding, PFTC has committed \$12.31¹ million across its two key objectives of industry and screen culture development. PFTC has committed \$10.45 million to develop a sustainable screen industry that provides significant social, cultural and economic benefits for Queensland and \$1.86 million was committed to develop a screen culture for Queensland audiences. This investment has supported 30 productions filming in Queensland in 2006-07 along with delivering a range of film events and award programs for all ages.

The Queensland production expenditure for these 30 projects totalled \$159.8 million. For every \$1 PFTC invested in schemes, incentives and initiatives to develop, market and finance Queensland and Australian projects, \$9.80 in production expenditure was generated and for every \$1 PFTC invested in international production, \$29.40 in production expenditure was generated. This translates into an increase in economic activity of about \$287.7 million and 5275 jobs.

PFTC's outcomes-focused policies and programs are designed to achieve a number of targets for both domestic and international production. In 2006-07, PFTC commissioned the *Review of the PFTC Corporate Plan 2004-09* to determine its effectiveness in developing Queensland's screen industry. PFTC's review coincided with the Federal Government's *Review of Australian Film Funding Support*.

The results of both reviews have heralded the redevelopment of a number of funding programs. In May 2007, the Federal Government announced a \$282.9 million Australian Screen Production Incentive Package presenting a number of opportunities to boost our industry.

In July 2007, PFTC launched a range of revised schemes, initiatives and incentives programs. These revised programs have been developed with the outcomes of both the *Review of the PFTC Corporate Plan 2004-09* and the Federal Government's review in mind. The new guidelines, prepared in extensive consultation with key industry stakeholders, clearly articulate what each program aims to achieve. I am optimistic that with new programs in place, the coming years will provide significant opportunities for our filmmakers to further develop their skills and production capabilities.

2007-08 is already shaping up to be another strong year for our industry with a number of productions confirmed for the State. To maintain Queensland's competitive edge, PFTC will continue to closely monitor developments and issues in the production landscape both within Australia and internationally.

I commend the efforts, professionalism and commitment of our team and our industry for working together to build a world-class film and television industry in Queensland.

Robin James

CEO

Pacific Film and Television Commission

(above, left to right)

US miniseries *The Starter Wife* |
NBC Universal
Shot on location on the Gold Coast, Queensland

Odette Best directing Steve
"Mullawulla" Dodd in
My Country | Sally Madgwick

Delwende | Burkina Faso/
France/Switzerland
screened at BIFF 2006

¹This figure does not include the administration costs to run PFTC schemes.

Corporate Plan



(above, left to right)

Sea Patrol | McElroy All Media
Shot on location in Far North
Queensland

The Ruins | DreamWorks
Crew on location in Gold Coast
Hinterland

Ian Bates filming *Voices of
Antarctica* | Gulliver Media
Australia on location in
Antarctica

The Pacific Film and Television Commission (PFTC) is committed to developing a sustainable screen industry and culture in Queensland.

PFTC's Corporate Plan 2004-09 provides a framework for the organisation to deliver its core commitments and achieve set goals.

The plan's objectives and strategies drive the activities and achievements detailed in this annual report. A copy of the plan is available online at www.pftc.com.au/corporateplan

Industry Development

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

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

In a dynamic industry, these strategic objectives reflect PFTC's need to evolve as the environment does and provide consistent and relevant strategic leadership. During the reporting period, PFTC commissioned an independent review of the *PFTC Corporate Plan 2004-2009*. A copy of the review is available online at www.pftc.com.au/corporateplan

Released in January 2007, the report endorsed the majority of PFTC's current strategies and acknowledged the success of the industry and PFTC in the current challenging climate. The report concluded: "PFTC should maintain its proactive, outcomes-orientated, marketplace-based and KPI-assessed approach to its policies and programs." It also noted that: "many of PFTC's current schemes are competitive with, or better than, those of comparable state bodies" and "PFTC's guidelines appropriately prioritise Queensland producers and the Queensland industry." However, it recommended certain policies and priorities be revisited.

PFTC thoroughly assessed the review's policy, financial and resource recommendations and revised its programs as a result. New guidelines were launched in July 2007 and are available online at www.pftc.com.au/guidelines

The review will continue to inform the ongoing annual assessment of the *PFTC Corporate Plan 2004-2009*.

2006-2007 Highlights

(right)

Peter Spierig and Michael Spierig
filming *Daybreakers* | Lionsgate
and Paradise Pty Ltd



In all key measurables, PFTC exceeded targets and recorded significant positive results across core programs.

- \$159.8 million production expenditure in Queensland through PFTC program support generating economic activity of around \$287.7 million and creating over 5275 jobs²
- \$73.5 million in Australian production expenditure in Queensland and 25 Australian projects supported of which Queensland production companies generated \$35.4 million
- \$86.3 million in international production expenditure in Queensland including two international feature films, two mini-series and a reality TV series
- Local filmmakers created and financed five feature films including *Unfinished Sky*, *How to Change in Nine Weeks*, *Acolytes*, *Daybreakers* and *Harrisville*
- Queensland welcomed Ethan Hawke and Claudia Karvan for *Daybreakers*; Kate Hudson and Matthew McConaughey for *Fool's Gold*; Hugh Jackman and Nicole Kidman for *Australia*; Guy Pearce for *How to Change in Nine Weeks* and Joel Edgerton for *Acolytes*
- Local filmmakers created and financed 12 documentary projects
- \$2.1 million world-class water tank facility for filming built at Warner Roadshow Studios on the Gold Coast
- \$7.5 million approved to schemes, incentives and initiatives to develop, market and finance the production of Australian feature film, television drama, documentary, short film and digital media projects
- US feature film *Fool's Gold* (Warner Bros) filmed on location in Queensland with a State production expenditure of \$35 million
- *H2O: Just Add Water* filmed on Queensland's Gold Coast, has become one of the biggest selling children's program in the world
- *Sea Patrol's* debut was the second highest rating Australian drama premiere ever (as at July 2007) and will continue in future series in 2007-08
- Around 40,000 people took part in the 2006 Brisbane International Film Festival
- Queensland rolled out red the carpet for the Screen Producers Association of Australia (SPAA) Annual Conference, the Inside Film (IF) Awards and Australian International Movie Convention all held on the Gold Coast in November 2006

² 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. 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 the Australian Film Commission.

Objective 1



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

(above)

William McInnes and Monic Hendrickx in *Unfinished Sky* | New Holland Pictures

The primary objective of PFTC is to develop a sustainable local industry. The strategies required to achieve this objective include:

- implementing a wide range of industry schemes and initiatives for the Queensland screen industry where writers, producers and directors can reach Australian and international audiences by getting their ideas on screen; and
- attracting international and interstate production to the State to create jobs and training for Queensland cast and crew and generating significant economic benefits for the State.

These strategies are essential to sustain a vibrant and competitive local film and television industry that provides cultural, social and economic benefits for Queensland.

This year marks a record-breaking level of activity in local production and a substantial increase in international production activity from the previous year.

In 2006-07, PFTC approved \$10.45³ million through its schemes and incentives programs. This led to 30 productions filming in Queensland through PFTC program support with production budgets totalling \$374 million and expending \$159.8 million in the State.

This total represents a significant increase from the \$93.18 million production expenditure in 2005-06 and includes seven feature films, three television drama series, a television mini-series, two reality television series, 12 documentaries, plus short films, animation and digital media projects.

Australian projects represented a major portion of production in Queensland. Twenty-five Australian projects expended an estimated \$73.5 million in the State, superseding the \$56.36 million expended in 2005-06. The \$73.5 million is broken down as follows:

- Queensland production companies generated \$35.4 million; and
- interstate production companies generated \$38.1 million.

Local production: The value generated by Queensland production companies in 2006-07 is a remarkable feat compared to the previous year when they generated only \$9.7 million of the total Queensland production expenditure and \$46.6 million came from interstate production companies.

Queensland production companies developed and financed an unprecedented five feature films in 2006-07 including *Unfinished Sky*, *Daybreakers*, *How to Change In Nine Weeks*, *Acolytes* and *Harrisville*.

³ This total relates to Objective 1 only

(right)

H2O: Just Add Water Series Two |
Jonathan M Shiff Productions shot on
location on the Gold Coast



The highest level of Queensland feature film production on record secured twenty-five per cent of Australian Film Finance Corporation (FFC) feature film financing for Queensland writers, producers and directors. This is an outstanding achievement for the relatively small Queensland film industry.

Highlights in local feature film production include:

- Simone North wrote and directed her debut feature film, *How To Change In Nine Weeks*;
- Shane Krause and Shayne Armstrong wrote *Acolytes*;
- Michael Spierig and Peter Spierig wrote and directed *Daybreakers*;
- Tony Cavanaugh produced *How To Change In Nine Weeks*;
- Penny Wall and Richard Stewart produced *Acolytes*;
- Chris Brown produced *Daybreakers*;
- Cathy Overett and Mark Overett produced *Unfinished Sky*; and
- Geoff Cox produced and directed the low budget thriller *Harrisville* with private finance.

Interstate production: PFTC helped secure the second series of the extremely popular *H2O: Just Add Water* children's series and the high rating drama series *Sea Patrol*.

Highlights in interstate film production include:

- *H2O: Just Add Water*, *Sea Patrol* provide regular, long-term employment and training opportunities for Queensland cast and crew which will continue in future series in 2007-08; and
- *H2O: Just Add Water* has become one of the biggest selling children's program in the world.

International production: In 2005-06, international production expenditure in Queensland was \$36.82 million. In 2006-07 this figure more than doubled to \$86.3 million. This is the highest level of production since 2002-03.

To achieve these levels of international production, PFTC actively markets Queensland as a world-class film destination, offering production incentives and locations assistance.

In 2006-07, PFTC secured two international feature films (Warner Bros' *Fool's Gold* and DreamWorks' *The Ruins*), two mini-series (*Monarch Cove* and *The Starter Wife*) and a reality TV series (*I'm a Celebrity - Get Me Out of Here! Series 6*).

Key achievements in international film production include:

- *The Ruins* marked DreamWorks' first commitment to film in Australia following many years of relationship building between PFTC and DreamWorks executives;
- *The Ruins* was one of the first international films to qualify under the Federal Government's new Locations Rebate (principal photography started May 2007); and
- production requirements for *Fool's Gold* to film a high component of beach and underwater filming resulted in the construction of a permanent underwater tank at Warner Roadshow Studios. The *Fool's Gold* production, Warner Roadshow Studios and the Queensland Government all contributed to the funding.

PFTC has five core strategies to develop a sustainable screen industry in Queensland. They are:

- 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; and
- provide strategic advice to Government in relation to policies impacting on the film, television, new media and electronic games industry.

(from left to right)

Billie Brown in *Ascension* |
Vizpoets Pty Ltd

Over My Dead Body | Vizpoets Pty Ltd

Seize the Day | Savage Production
Services

Medicine Woman |
Visionquest Entertainment Int



Strategy 1

Assist the development, marketing and financing of film and television projects created by Queensland writers, producers and directors

In 2006-07, \$7.5 million was approved on a range of schemes, incentives and initiatives to develop, market and finance the production of Queensland and Australian feature film, television drama, documentary, short film and digital media projects. This is a significant increase on the \$5.95 million approved in 2005-06.

Film and television schemes, initiatives and incentives funding approved in 2006-07

Program	2006-07 \$ million	Queensland production expenditure	2005-06 \$ million	Queensland production expenditure
Range of schemes, incentives and initiatives to develop, market and finance Queensland and Australian productions	\$7.5	\$73.5	\$5.95	\$56.36
Production incentives to attract international production filmed in 2006-07	\$2.94	\$86.3	\$1.40	\$36.82
Total	\$10.45	\$159.8	\$7.35	\$93.18
Note: This total relates to Objective 1				

The \$7.5 million approved for developing and financing Australian productions can be broken down into schemes and initiatives for new and emerging Queensland screen practitioners, established⁴ Queensland screen practitioners and production companies and interstate production companies.

- **New and emerging Queensland screen practitioners:** \$1.44 million was approved to assist new and emerging screen practitioners through project development, marketing, documentary, short film development and production schemes, special initiatives and the funding of a screen resource centre (QPIX). The expenditure of \$1.44 million generated \$3 million in production, representing a cost benefit ratio of 2.08:1 meaning \$2.08 of production expenditure in the State was generated for every dollar spent.
- **Established Queensland screen practitioners and production companies:** \$3.19 million was approved on projects developed and produced by established Queensland production companies. The \$3.19 million expenditure generated \$32.4 million in production, representing a cost benefit ratio of 10.15:1 meaning \$10.15 of production expenditure in the State was generated for every dollar spent.
- **Interstate production companies:** \$2.9 million was expended on equity investment, interest subsidy and production incentives to attract interstate projects. The \$2.9 million expenditure generated \$38.1 million in production, representing a cost benefit ratio of 13.1:1 meaning \$13.13 of production expenditure in the State was generated for every dollar spent.

In addition, \$1.9 million in repayable-interest bearing loans was provided for Australian productions through the Revolving Film Finance Fund to *Acolytes*, *How To Change In Nine Weeks* and *H2O: Just Add Water*.

⁴For the purposes of this report, 'established' production companies are defined as screen practitioners or production companies whose screen credits include more than one feature film or more than eight hours of television drama or documentary projects.



Project development

The Project Development Scheme provides investment finance to develop feature film and television projects. In 2006-07, PFTC funded 29 projects, expending \$0.40 million through the scheme with some projects receiving multiple funding resulting in the following projects:

- 11 feature films including *Lucas Opt*, *How to Change in Nine Weeks*, *The Red Earth*, *Friends Forever*, *Kaw-lah*, *The Traveller*, *Knowing Valentine*, *Workplace Health & Safety*, *Firehead*, *Daybreakers* and *Keadilan*;
- four television drama projects including *T.I. Taxi*, *Crosswires*, *Swamp* and *Freewheelers*; and
- 14 documentary projects including *How The Quest Was Won*, *New Look: Post War Fashion*, *On The Soapbox*, *Dancing In The Suburbs*, *The Ian Fairweather Project*, *Body Harvest*, *The Mary River Project*, *Water Wars*, *John & Josie*, *Awakening the Spirits*, *The Ultimate Killer Croc*, *Holly and the Guardian of Eden*, *Walking On Fire* and *Bali*.

Schemes, incentives and initiatives to develop, market and finance Queensland and Australian productions approved in 2006-07	Approved \$ million
Business Development Scheme	0.01
Digital Fund	0.45
Documentary Production Fund	0.44
Indigenous Filmmakers Fund	0.10
Interstate Marketing Scheme	0.10
International Marketing Scheme	0.27
New Media Fund	0.14
Project Development Scheme	0.40
Production Fund	1.95
QPIX	0.325
Short Film Fund	0.12
Short Film Development Fund	0.02
Jumpstart Short Film Fund	0.09
Revolving Film Finance Fund (RFFF) interest subsidy ⁵	0.42
SPAA (Screen Producers Association of Australia) Conference 2006	0.23
Production incentives to Australian projects	2.46
Total	7.53
Note: All PFTC domestic funding approvals are available online at www.pftc.com.au	

Marketing

PFTC's Interstate and International Marketing Schemes provide grants to producers to travel interstate and internationally to market their ideas to seek development and production finance. These schemes have been instrumental in successfully establishing a viable documentary industry in the State and supporting Queensland producers to secure market interest for a range of drama, documentary and digital media projects.

⁵ PFTC lends funds under the RFFF Scheme. PFTC borrows these funds at market rates and then on-lends them to clients at subsidised rates. The RFFF interest subsidy is the value of the difference between market rates and rates charged to clients.



PFTC approved \$0.37 million through these schemes in 2006-07 for the following travel:

International markets

- 11 producers representing 58 projects attended the MIPCOM international television market in October 2006;
- 14 producers representing 42 projects attended the MIP international television market in April 2007;
- 12 producers attended either Sunnyside of the Doc in Marseilles, Wildscreen in Bristol, the Asian Television Forum in Singapore, the World Congress of History Producers in London, the RealScreen Summit in Ontario, or the Cannes Film Festival; and
- eight producers took special meetings in London, Los Angeles, Germany, Korea and Singapore.

PFTC provided an additional \$0.03 million leasing a stand at MIP and MIPCOM to support local producers access these international markets.⁶

Interstate travel

- 19 documentary filmmakers representing 53 projects were supported to attend the Australian International Documentary Conference (AIDC) in Adelaide; and
- a further 42 writers, producers and directors, some on numerous occasions, were supported to present their projects to television networks and distribution companies in Sydney and Melbourne or to conduct casting sessions.

Financing domestic production

Drama and reality television

PFTC's development and marketing schemes assist producers to create projects that can attract international production finance.

For Australian projects that have the majority of finance and market attachments in place, PFTC offers equity investment through its Production Fund and a range of production incentives.

The funding is contracted as an equity position in the project leading to an increase in Australian projects being filmed in Queensland.

In 2006-07, PFTC provided \$2.4 million in equity investment (through the Production Fund and the Digital Fund) and a further \$2.46 million in production incentives to the following eight major Australian productions filmed in 2006-07.

- **Australia:** Baz Luhrmann produced and directed this big budget epic feature film starring Nicole Kidman and Hugh Jackman.
- **Daybreakers:** Chris Brown from Pictures in Paradise produced the feature film written and directed by Michael Spierig and Peter Spierig. Executive Producer was Jason Constantine from Lionsgate.
- **How To Change In Nine Weeks:** Brisbane-based producer Simone North wrote and directed her debut feature film. Tony Cavanaugh from Liberty Films International produced.
- **Unfinished Sky:** Cathy Overett and Anton Smit produced the \$4.3 million feature film written and directed by Peter Duncan. The film was the first feature film from Brisbane-based company New Holland Pictures with Mark Overett taking the executive producer role. *Unfinished Sky* was voted the audience favourite at BIFF 07.
- **Acolytes:** Richard Stewart and Penny Wall produced this \$3.6 million feature film. John Hewitt co-wrote and directed the original screenplay by Brisbane writers, Shane Krause and Shayne Armstrong.
- **H2O: Just Add Water (SeriesTwo):** Jonathan M Shiff for the Ten Network, ZDF Germany and Disney produced this \$10 million 26-part children's series.
- **Sea Patrol:** Hal McElroy and Di McElroy from McElroy All Media produced this \$10.7 million, 13-part prime time drama series for the Nine Network. Portman Film & TV are distributing the series worldwide.
- **Big Brother 7:** For the seventh consecutive year the series generated a production spend of \$14 million, employing considerable crew and using post-production facilities.

⁶ This amount has not been included in the total expenditure for Objective 1.

(from left to right)

Chopper Rescue | Big Island Pictures

Ian Stenlake and Lisa McCune in TV series
Sea Patrol | McElroy All Media

Australia creator (writer/producer/director) Baz Luhrmann on
location in Bowen, Queensland

Unfinished Sky producer Cathy Overett and executive producer
Mark Overett, New Holland Pictures.



Documentary

Queensland's documentary industry continues to grow with 28 documentary projects produced in Queensland over the past two years including *Humpbacks – From Fire to Ice*, *Voices of Antarctica*, *Venom*, *From The Dragon's Mouth*, *Medicine Woman*, *Lazarus*, *Nigger Lovers*, *Dinosaurs on Ice*, *The Glamour Game*, *Over My Dead Body*, *Chopper Rescue*, *The Lawrences*, *Merchants of Destiny*, *I Love A Sunburnt Country*, *Down Under Grads*, *After Maeve*, *The Living Graveyard*, *Fair Dinkum Manjit*, *Thriller Science*, *Prehistoric Park*, *Strait Up*, *Chant of the Scrub Turkey*, *Killer Jellyfish*, *Salty Love*, *Land of the Giants*, *Roar of the Wild*, *Mystery of the Disorderly Warriors* and *Elvis Lives In Parkes*.

In the past two years, PFTC invested \$1.14 million in 22 documentary projects which generated \$11 million expenditure in the State. These productions provided career development opportunities for more than 24 emerging screen practitioners.

In 2006-07, PFTC invested \$0.44 million in 10 documentary projects generating \$5.93 million in production expenditure.

Strategy 2

Assist film and television producers to become viable business entities capable of generating higher and more consistent levels of production

The key to a sustainable film and television industry in Queensland is viable companies capable of developing and producing an ongoing and consistent level of production.

PFTC has sponsored a number of producers to attend the national Enterprise Australia program which cultivates specialist business skills.

The Business Development Scheme has also been established to assist producers build viable

businesses and develop projects capable of attracting production finance.

The scheme expended \$0.36 million in 2005-06, supporting five production companies including Pictures in Paradise, Liberty Films, Hoodlum Entertainment, Visionquest and Big Island Pictures.

A further \$0.34 million has been allocated in 2007-08 to expand the scheme for emerging producers. The recoupment conditions have been revised to provide a discount on repayments based on the level of production expenditure the production companies generate.

Strategy 3

Assist the development of emerging Queensland screenwriters, producers and directors

In 2006-07, PFTC approved \$1.44 million to support new and emerging screenwriters, producers and directors through the following schemes:

- Short Film Development Scheme;
- Indigenous Filmmakers Fund;
- Short Film Fund;
- Jumpstart Short Film Fund;
- New Media Fund;
- Interstate and International Marketing Schemes;
- Documentary Production Fund;
- Project Development Scheme; and
- Queensland Filmmaker's Centre (QPIX) funding.

Short film development

Eleven writers received \$31,000 through the Short Film Development Scheme and the Indigenous Filmmakers Fund in 2006-07. Projects included *Black Beatles*, *Cream of the Crop*, *Switching Sides*, *Hindsight*, *Perfect Fit*, *Victor's New Pants*, *Snakes In The Cane*, *Vague Caesar*, *Tasteless Taro*, *Revolution* and *A Grey Eulogy*.



Support for Indigenous writers and filmmakers included Odette Best (*My Country*), Dean Gibson (*The Great Harry*), Sio Tusa Fa'aaefili (*Nia's Melancholy*), Kym Cameron (*The Other Side*), Doreen Queary (*Kick It Off*) and Brian Scarce (*Straight Back*).

Short film production

PFTC approved \$0.24 million for some highly successful short film production. Funding support was approved through the Short Film Fund, Jumpstart and the Indigenous Filmmakers Fund for *The Hit*, *Crutch*, *The Weight of Sunken Treasure*, *Ascension*, *My Country* and additional funding for *Seize the Day*, *Car Pool* and *Recall*.

Car Pool, produced by Veronica Wain and directed by Martha Goddard from a Stephen Irwin screenplay, won the 2007 St Kilda Film Festival Award for Best Comedy and the Queensland New Filmmakers' Award (QNFA) for Best Independent Drama.

Ascension won the QNFA Award for Best Open Film in 2007. Vickie Gest produced the film which Stephen Irwin wrote and directed.

My Country was selected for screening at the Brisbane International Film Festival. Sally Madgwick produced the film with Odette Best writing and directing.

QPIX

PFTC's annual funding contribution of \$0.325 million to QPIX (Queensland's Screen Resource Centre) provides producer and script development workshops, affordable access to facilities and equipment and information and advisory services.

This funding is also directed toward developing and producing short films through QPIX's special projects initiative. Eighteen low budget short dramas were produced throughout the year.

These films provide production opportunities to new filmmakers and enable them to secure the necessary experience and track record to make submissions to

the higher level schemes on offer through PFTC and the Australian Film Commission (AFC).

Some films produced through QPIX in 2006-07 include *Death Wish*, *Tunnel Vision*, *Do I Know You?*, *Wrong Side Bala*, *Head Over Heels*, *Tubes*, *Em*, *Jump!*, *Judged*, *Fallen*, *The Sound of Cry*, *Spiders*, *Thirst for Knowledge*, *Joonba*, *Henpecked*, *Nine Miles Beautiful*, *P-Shift Harder* and *Home Sweet Gnome*.

New Media Fund

PFTC has formed alliances with the ABC Digital and New Media Division, SBS On-line, Yahoo and Film Australia to support the New Media Fund.

Eleven new media projects have been funded for development since the fund was established and five projects proceeded into production including *Did You Know?* (Head Pictures and ABC Online), *Postcards from the Torres Strait* (Bush TV and SBS Online), *PS Trixi* (Hoodlum Entertainment, Yahoo and the AFC), *Andrew's Guide to Being a Man* (Boilermaker Films and ABC Online) and *Spy Shop* (Boilermaker and ABC).

\$0.15 million was expended on new media projects in 2006-07 including *Spy Shop* produced by Andrew McNally and Gareth Calverley, written by Gareth Calverley and Stephen Davis and directed by Michael Boland. *Andrew's Guide to Being a Man* received additional production finance and *Sheer Arts* received development finance.

Documentary production

PFTC approved \$0.21 million to provide career development opportunities for documentary writers, producers and directors. Jan Cattoni directed the four part *Chopper Rescue* series for the ABC; Veronica Fury produced the *The Glamour Game* series for SBS and *The Ian Fairweather Project* for the ABC; Vickie Gest produced and Ian Walker wrote and directed *Body Harvest* for the ABC; and *From the Dragon's Mouth* was produced by James Lingwood for BBC World.



(from left to right)

Venom - The Fatal Countdown |
Digital Dimensions

Spy Shop | Boilermaker Pty Ltd

Nigger Lovers |
Daryl Sparkes t/a Mianjin Ent.

The Glamour Game |
Fury Productions Pty Ltd

Interstate and international marketing

\$0.13 million was expended to assist emerging filmmakers travel interstate and overseas to international film and television markets to promote projects to broadcasters and distribution companies and to raise production finance.

Producers attended the Korean Digital Content Market, MIP, MIPCOM, the World Congress of History Producers, the Asian Television Forum, the RealScreen Summit, the Cannes Film Festival, Sunny Side of the Doc and the International Wildlife Film Festival.

Project Development Scheme

\$0.20 million was approved through the Project Development Scheme to assist emerging screenwriters and documentary producers. Emerging drama producers working with experienced production companies also received investment funding through the scheme.

Projects funded include *Firehead*, *Workplace Health and Safety*, *Friends Forever*, *The Traveller*, *Magic Happens*, *Swamp*, *Lucas Opt*, *The Mary River Project*, *How The Quest Was Won*, *Body Harvest* and *Greenlight*.

A number of new writers were assisted through television series projects including *Crosswires* and *T.I. Taxi*. New Holland Pictures will produce *Crosswires* and Penny Chapman and Helen Pankhurst will produce *T.I. Taxi* through the Pixa House production company.

SPAA Conference

PFTC allocated \$225,000 to the Screen Producers Association of Australia (SPAA) Annual Conference. The conference attracted over 600 delegates from the Asia Pacific region. PFTC has committed to sponsoring this highly successful event until 2009.

Strategy 4

Attract interstate and international production to Queensland

PFTC aims to attract an average \$85 million of interstate and international productions to Queensland annually.

In this reporting period, PFTC significantly exceeded its Queensland production expenditure target by reaching \$124.4 million generated by interstate and international production companies. The \$124.4 is broken down as:

- interstate production companies generated \$38.1 million; and
- international production companies generated \$86.3 million.

In a highly competitive market for international production, PFTC attracted \$86.3 million in Queensland production expenditure. This result is the highest seen since 2002-03.

The significant rise in production in 2006-07 has put pressure on PFTC's incentives budget. However, to ensure lucrative production opportunities were not lost in 2006-07, PFTC secured additional funding support from the Queensland Government.

With 2007-08 forecast to be another significant year for interstate and international production in Queensland, PFTC has reviewed its incentive program and made changes to the guidelines, effective from July 2007. PFTC will continue to work closely with the State Government to seize any new opportunities for industry development.

The substantial rise in production expenditure in Queensland during 2006-07 can be attributed to a range of factors including:

- improved incentive schemes including PFTC's 12.5% State Labour Incentive designed to secure productions in the AUD\$15 million and AUD\$30 million budget range combined with Federal Government incentives;

(from left to right)

Fool's Gold | Warner Brothers
Crew on location at Mission
Beach, Far North Queensland

Shirley Jones in US miniseries
Monarch Cove | Grundy
International/Fremantle Media

UK reality series *I'm a Celebrity*
– *Get Me Out Of Here!* | Granada



- productions with scripts that overwhelmingly matched Queensland's locations with a range of projects focusing on beach, island and rainforest locations, combined with studio and infrastructure requirements;
- PFTC efforts in the LA market to attract production through many years of ongoing relationship and network building within the studio and production community; and
- PFTC locations and facilitation assistance which has resulted in a number of productions with challenging locations requirements being successfully attracted to the State.

With competition for international production higher than ever before and studios seeking unique, cost effective locations, Australia has been faced with increasing challenges in attracting new international production. All Australian states are now feeling the pressure from the rising value of the Australian dollar and the increase of stage and production office infrastructure being constructed in low cost global locations such as eastern Europe.

Consequently, Queensland's result in achieving one of the highest levels of international production in recent years is considerable, particularly when compared to other interstate locations which have struggled in this challenging environment.

Key international productions attracted to Queensland in 2006-07 include:

***Fool's Gold* (Warner Bros):** Following eight months of negotiations with PFTC, Warner Bros started filming *Fool's Gold* in November 2006. This high budget production filmed at a range of locations across Queensland including Lizard Island, Low Isles, Port Douglas, Cape Grimston, Hamilton Island, Hervey Bay, and Warner Roadshow Studios (where the production was also based).

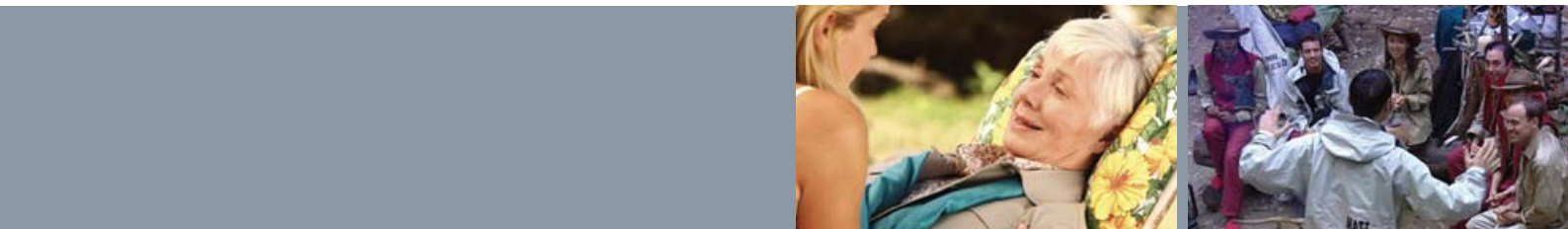
Fool's Gold stars high profile lead actors Matthew McConaughey and Kate Hudson and a support cast including Donald Sutherland and Ray Winstone. The feature will undoubtedly showcase Queensland's locations like never before when released in early 2008.

The high component of beach and underwater filming also resulted in the production approaching the Queensland Government for incentives assistance to construct a permanent underwater tank. An agreement was reached for the tank to be constructed on the Warner Roadshow Studio lot. The *Fool's Gold* production, Warner Roadshow Studios and the Queensland Government all contributed to funding the facility, which measures 40m x 30m and is nine metres deep. The tank is the largest of its kind in the Southern Hemisphere and is a critical piece of film infrastructure that will be of great benefit to future productions in the State.

***The Ruins* (DreamWorks):** This feature marked DreamWorks' first commitment to film in Australia after consistent relationship building between PFTC and DreamWorks executives over many years. The medium budget thriller, which shot on the Gold Coast from May to July 2007, used Queensland's tropical rainforest locations to substitute for Mexican locations as well as studio and production office infrastructure at Warner Roadshow Studios.

***The Starter Wife* (NBC Universal):** This six-part mini-series was shot from November 2006 to January 2007. The production used Brisbane and Gold Coast locations to substitute for Beverly Hills and Malibu. Jeff Hayes (formerly of Coote Hayes) co-produced the production which also boasted a high profile cast including Debra Messing, Judy Davis and Miranda Otto.

***Monarch Cove* (Fremantle Media/Lifetime Television):** Marking the return of long form television from the United States, this 15-episode television series was the first to qualify under the Federal Government's extension of the 12.5% Tax Offset to include television series that spend a minimum of AUD\$1 million per production hour in Australia. Using locations around the Gold Coast and based at the Warner Roadshow Studios, the production employed a strong Queensland crew including a large number of Queensland Heads of Department. The production filmed between August and November 2006.



I'm a Celebrity – Get Me Out Of Here Series 6 (Granada Television): Queensland continues to be the production base for Granada's highly successful reality show, *I'm a Celebrity- Get Me Out Of Here!* Granada's production office was based on the Gold Coast to support the series set which was located in Murwillumbah. This is the 6th series to be filmed using Queensland crew and post-production expertise.

Production incentives

PFTC's production incentives are critical in negotiating and securing interstate and international productions to Queensland.

In 2006-07, PFTC approved \$4.7 million in production incentives for interstate and international production to attract an estimated \$124.4 million in production to Queensland.

International productions were approved \$2.94 million in incentives, representing a cost benefit ratio of 29.4:1 and interstate productions were approved \$1.7 million in incentives (along with equity investment of \$1.2 million) representing a cost benefit ratio of 13.13:1.

The 12.5% State Labour Incentive introduced in March 2006 has clearly contributed to the attraction of US productions to Queensland in 2006-07. Designed to target productions that expend between AUD\$15 million and \$30 million in the State, (the segment of the market where the State's cost benefits have greatest impact on production budgets), the incentive has clearly hit its mark with over AUD\$80 million of US production attracted to Queensland this year.

Queensland's Head of Department Incentive has been designed to encourage productions to employ Queensland crew and to help establish and retain a pool of qualified technicians in the State. Payments were made across a range of categories including production manager, production designer, first assistant director and special effects supervisor. An internal review of the incentive in May 2007 clearly demonstrated its appeal across a range of production and budget categories.

Incentives schemes to attract Australian and international production approved in 2006-07

Scheme	2006-07 \$ million
12.5 % State Labour Incentive Scheme	3.17
Post-Production Incentive Scheme ⁷	0.65
Head of Department Incentive Scheme	0.58
Special grant for feature film <i>Australia</i>	0.50
Film infrastructure investment for the construction of permanent water tank for filming at Warner Roadshow Studios	0.50
Total incentives to international productions	2.94
Total incentives to Australian productions	2.46
Total incentives	5.40

⁷ The trial Post-production Incentive Scheme was terminated in July 2007.



Marketing Queensland locations and capability and facilitating production

Pitches undertaken, scouts hosted and facilitation assistance

To secure production to Queensland, PFTC works with international and interstate studios and production companies to secure opportunities to pitch or sell Queensland as a first-class production location. During 2006-07, PFTC undertook script breakdowns and prepared 302 pitch presentations for a wide variety of feature film and television production opportunities from production studios including Warner Brothers, Disney, Columbia/Sony, Universal, Paramount and 20th Century Fox. A number of pitches are still under active consideration for 2007-08.

The high volume of filming in Queensland's key national parks and tourist attractions has increased PFTC's role in providing whole-of-Government facilitation assistance for necessary filming approvals. Strong relationships between PFTC and key Federal, State and Local Government agencies including the Environmental Protection Agency, Department of Natural Resources and Water, the Great Barrier Reef Marine Park Authority and other local shire councils, have contributed to securing productions in north Queensland and the Whitsunday Islands.

Due to the high volume of production attracted to Queensland, PFTC hosted scouts for a range of productions including the following:

- **Fool's Gold** (Warner Bros): Following initial scouts in April 2006, PFTC hosted *Fool's Gold* director Andy Tennant, co-producer Wink Mordaunt, producer Donald DeLine, production designer Charles Wood and line producer Stephen Jones to scout Queensland locations in August 2006. Locations scouted included Brisbane, the Gold Coast, Maryborough, Whitsunday Islands, Cairns and Port Douglas. *Fool's Gold* started shooting in November 2006.

PFTC assisted the production to help secure key locations at Lizard Island, Low Isles and

Cape Grimston in the Whitsunday Islands. PFTC provided introduction to key government agencies including the Great Barrier Reef Marine Park Authority and Queensland Parks and Wildlife Service, helping to secure the necessary approvals to move its large marine production unit to key marine park locations.

- **The Ruins** (DreamWorks): Queensland was scouted in February 2006 to determine if the State's rainforest could substitute for the sub-tropical landscape of Mexico. Director, Carter Smith, producer Chris Bender, line producer Trish Hofmann and production designer Grant Major, spent four days with PFTC staff visiting locations around the Gold Coast. The production started filming in May 2007.
- **Monarch Cove** (Fremantle Media/Lifetime Television): PFTC provided locations scouting assistance to the *Monarch Cove* and *The Starter Wife* (NBC Universal). Both series filmed in Queensland in the latter part of 2006.
- **The Pacific** (HBO/Playtone): Queensland was scouted in September 2006 on PFTC's invitation to see first-hand how the State substitutes for Pacific Island locations and the tropical jungles of South East Asia. Following the initial scout by executive producer Tony To, line producer Lata Ryan and locations supervisor Nick Daubeney, PFTC was heavily involved in an additional three scouts to secure the production's shoot in Queensland which started in August 2007.

Over the course of 2006-07, PFTC has played a leading role in coordinating approvals for vegetation removal and repatriation for *The Pacific* in key locations in north Queensland. Up to six separate agencies have been involved in the approval process which was the first of its kind in Queensland.

- **Nim's Island** (Walden Media/Fox): Queensland was scouted in April 2007 to consider the State's tropical island and beachfront locations. PFTC secured the feature to Queensland against competition from Fiji and Mexico. Production started in July 2007.

⁷ The trial Post-production Incentive Scheme was terminated in July 2007.

(from left to right)

Debra Messing in US miniseries
The Starter Wife | NBC Universal

Fool's Gold | Warner Brothers
Warner Brothers Crew on location at Brisbane's QUT campus

The Ruins | DreamWorks
Crew on location in Gold Coast Hinterland



- **Australia** (Fox): PFTC has provided extensive scouting and assistance for the feature film *Australia*. PFTC liaised with key government agencies involved in the filming approval process, the most notable of which was the Ports Corporation of Queensland which allowed the production to widen the existing Bowen causeway for filming on the Bowen wharf.
- PFTC has also provided pitch/presentation information and scouting assistance for locally produced features *Daybreakers* (Pictures in Paradise), *Acolytes* (Stewart Wall Entertainment) and *How to Change in Nine Weeks* (Liberty Films).
- PFTC also provided preliminary scouting assistance for *The Chronicles of Narnia: Voyage of the Dawn Treader* (Walden Media/Disney) in May 2007. There is yet to be a final commitment on the location of this production.
- As part of its Ausfilm member role, PFTC hosts inbound marketing missions. In 2006-07, PFTC hosted visits from Theresa Corrao and Jimmy Mitchell (Door 44 Films), Mike Heard (20th Century Fox), Hal Sadoff (ICM) and Jason Blum (Blumhouse Productions).

Offshore marketing missions

It is imperative that Queensland retains a visible presence in offshore markets to ensure the State is considered for any suitable productions. One of the strategies to achieve this involves regular visits to key offshore markets to ensure Queensland's advantages as a production location are communicated directly to key decision makers.

The following offshore marketing missions were undertaken in 2006-07:

The United States of America

September 2006: Los Angeles, New York

- PFTC's Locations and International Production (L&IP) Executive Manager attended the Film on the Gold Coast industry dinner in Los Angeles. The Warner Roadshow Studios (WRS) and the Gold Coast City Council coordinated the dinner.

- PFTC's L&IP Executive Manager and WRS Vice President met with senior studio executives in Los Angeles and New York over seven days.

October 2006: Pasadena, California

- PFTC's Chief Executive Officer (CEO) and L&IP Executive Manager attended the Association of Film Commissioners International (AFCI) Cineposium in Pasadena, an annual film commissioners conference attended by key industry decision makers worldwide; and
- PFTC's L&IP Executive Manager participated in Ausfilm coordinated group meetings with television studio contacts and independent producers to promote Queensland's range of competitive advantages as a production destination.

January 2007: Australia Week, Los Angeles

- The Queensland Government was again a major sponsor at the third official Australia Week in Los Angeles which the Australian Consul-General in the United States coordinated.
- PFTC's CEO hosted a table at the Australia Week Black Tie Gala for senior production executives from Warner Brothers, Disney and HBO.
- PFTC's CEO represented Queensland at a film industry breakfast which more than 200 guests attended and also held a series of independent meetings with studio executives to follow up on production opportunities.

April 2007: Locations Expo, Santa Monica

- The Association of Film Commissioners International (AFCI) Locations Expo is the largest trade show for film commissions worldwide. PFTC supported Ausfilm's stand at Locations Expo. In the week before the expo, PFTC's CEO and L&IP Executive Manager participated in Ausfilm coordinated group meetings with television studio contacts and independent producers to promote Queensland's range of competitive advantages for production.

(right)

Fool's Gold | Warner Brothers
Crew on location at Lizard Island



Europe

May 2007: London, Paris, Nice

- The United Kingdom (UK) is a major source of television production including reality television series such as the Granada series *I'm a Celebrity – Get Me out of Here!* and movies-of-the-week.
- PFTC's CEO travelled to London to meet with production companies to discuss co-production opportunities in Queensland and attended film industry meetings with the Queensland Government Trade and Investment Office, Europe, and attended the Cannes Film Market, a major film and television trade market, for presentations, marketing events and co-production and other industry meetings.

Asia

January 2007: Tokyo

- PFTC's CEO visited Tokyo as a side mission to major marketing mission to the US. PFTC has attracted a number of feature films and television productions from Japan including *The Last Bullet*, *Singapore Sling* and *Moyuru Toki*. The Tokyo Queensland Government Trade and Investment Office (QGTIO) facilitated meetings between the PFTC CEO and Japanese film and television production executives. PFTC will continue to liaise with the QGTIO in Tokyo to identify marketing opportunities to promote Queensland to Japanese filmmakers as a production destination.

Marketing collateral

PFTC continues to develop and implement a variety of targeted electronic and hard copy marketing material to raise awareness of Queensland's wide range of production advantages.

PFTC is continuing to identify new ways to raise awareness of and profile Queensland's locations, studio and post-production infrastructure and locations diversity.

In 2006-07, the new Four Looks One Location branding campaign was developed to showcase the range of locations (jungle, beach, city and desert)

that can be accessed within the production zone of the Warner Roadshow Studios. This campaign features on all marketing material and will continue in 2007-08.

PFTC continues to produce the *Production News* newsletter, which is electronically distributed to more than 2,500 subscribers three times a year. Hard copy versions are also produced and distributed at trade displays and on marketing missions to promote Queensland's world-class facilities and locations.

Strategy 5

Provide strategic advice to government in relation to policies impacting on the film, television, new media and electronic games industry

PFTC continues to liaise with all levels of government to ensure Queensland's and Australia's film policies support and cater to the needs of film and television production.

PFTC conducted the following policy and research initiatives in 2006-07:

Review of PFTC Corporate Plan 2004-2009

The *PFTC Corporate Plan 2004-2009* provides a framework through which the organisation can set targets to deliver its objectives.

To determine the plan's effectiveness, PFTC commissioned an independent review of its Corporate Plan with the Board appointing the consortium of Handshake Media and Content Strategies to conduct the review.

Published in January 2007, the report is generally positive about the present state of Queensland's film and television industry. It endorsed the majority of PFTC's current strategies and also acknowledged the success of the industry and PFTC in the current challenging climate. However, it does recommend that PFTC revisit certain policies and priorities.

(right)

Australia | Bazmark Films
Shot on location in Bowen, Queensland



PFTC thoroughly assessed the policy, financial and resource implications of the review's recommendations. The findings helped inform PFTC's annual guidelines review with new guidelines launched in July 2007. They are available online at www.pftc.com.au/guidelines.

The review will continue to inform the ongoing annual assessment of the *PFTC Corporate Plan 2004-2009*.

Additional funding support from the Queensland Government in 2006-07

The State Government gave additional funding midway through 2006-07 to meet the increase in international and domestic production.

In December 2006, an additional \$2 million in funding was announced to further support the increase in production activity for Queensland in 2006-07 and to construct a world-class water tank for filming on the Gold Coast. Of the additional \$2 million, PFTC invested \$0.50 million in the \$2.1 million water tank built at Warner Roadshow Studios.

The *Fool's Gold* production and Warner Roadshow Studios also jointly contributed to the tank cost. This permanent outdoor water tank is a significant and unique addition to Queensland's film infrastructure and provides Queensland with another competitive edge in attracting major domestic and international films to shoot here.

The Queensland Government, through PFTC, provided an additional special grant of \$0.50 million for Baz Luhrman's feature film *Australia* filmed in Bowen.

Occupational Health and Safety

In 2006, PFTC supported a Griffith University study into occupational health and safety (OH&S) standards in the State's film and television industry.

The study aims to address the deficiencies in managing and operating OH&S standards in the industry and develop a systematic management system that will improve OH&S compliance in the

Queensland film, television and new media industry. The interim report was completed in 2006-07. The final report is due to be published in 2008.

Production incentives internal review

To address the decline in international production and compete with competitors' escalating incentives, PFTC introduced a new trial Post-Production Incentive in September 2005 and new pilot 12.5% State Labour Incentive in March 2006. Both schemes were reviewed in 2006. An internal review was also conducted of the Head of Department Incentive.

- **Pilot 12.5% State Labour Incentive Scheme review:** PFTC completed the review in October 2006 with increased production levels during the pilot period ensuring the scheme was permanently endorsed.
- **Trial Post-Production Incentive Scheme review:** PFTC ran the trial from September 2005 until 1 June 2007 to increase post-production in the State by providing cash incentives to production companies contracting Queensland post-production facilities. The trial scheme was reviewed in mid 2007. The trial was assessed on the number and value of contracts awarded to Queensland post-production firms, including factors such as the origin of contracts and levels of employment created. Following the internal review, it was decided to terminate the scheme.
- **Head of Department Scheme review:** PFTC conducted an internal review of this incentive in May 2007 which clearly demonstrated its appeal across a range of production and budget categories.

Annual guidelines review

PFTC guidelines are reviewed annually. In 2006-07, the annual guidelines review took into consideration the review of *PFTC's Corporate Plan 2004-09* as well as submissions and comments received from various industry sectors over the past 12 months. In addition, key industry stakeholders as well as the various guilds, associations and other industry representatives were invited to attend a consultation meeting to discuss the proposed changes to



(above)

New tank in use during the filming of US feature *Fool's Gold*
| Warner Brothers

PFTC guidelines and provide feedback.

This was then incorporated into the final draft guidelines which were posted on the PFTC website for feedback. Following PFTC Board approval, the new guidelines were launched to take PFTC into 2007-08.

Film, Television and Digital Content Skills Formation Strategy

In 2006, the Queensland Government announced its support for the development of a Skills Formation Strategy in the film, television and digital content industry sectors. The project is a joint partnership between the Department of Education, Training and the Arts, the Department of State Development and Innovation and PFTC. Strategy development started in June 2006 with a project manager appointed for 12 months to work with industry, government and the education and training sectors to develop and implement an action plan.

The strategy will support industry, government and the education and training sectors to work together to identify new solutions to skilling and workforce development issues in the Queensland film, television and digital content sectors.

By the end of 2006-07, the first stage of the strategy was complete. This involved research into skilling and business development issues and consultation across the industry. A report is available online at www.pftc.com.au. Also held in 2006-07 was a series of roundtable discussions which lead to the Screen Industry Reference Group being formed. The network will act as a key engagement point between industry, government and the education and training sectors.

Programs for collaboration

In 2006-07, PFTC extended its collaboration with government including a program to strengthen relationships with local, state and industry bodies to streamline permit processes and encourage collaboration among industry stakeholders to ensure Queensland is film friendly. This involved:

- advocating for a whole-of-Government approach to filming in the State and establishing a new client management strategy to ensure PFTC is aware of productions looking to access Queensland Government assets for filming purposes and to offer assistance in liaising with relevant departments; and
- developing strong relationships with key Federal, State and Local Government agencies including the Environmental Protection Authority, Department of Natural Resources and Water, the Great Barrier Reef Marine Park Authority and other local shire councils. All have contributed to successfully securing productions in north Queensland and the Whitsunday Islands.

A program of partnerships to market Queensland's locations and film facilities to the world was also developed. This included:

- working with the Gold Coast City Council through their Film Gold Coast initiative to target the emerging markets of India, Korea and China;
- working with the Gold Coast City Council to provide access to PFTC's Film Locations Database; and



- strengthening alliances with the Queensland Government's Trade and Investment Offices in Shanghai, Mumbai, Tokyo and Seoul to assist in targeting production opportunities on PFTC's behalf in these markets.

Submissions to government

PFTC made a submission to the Department of Communication, Information Technology and the Arts in response to the Federal Government's *Review of the Australian Government Film Funding Support*.

Queensland Code of Practice for the Welfare of Animals in Film Production

In 2006, the Queensland Code of Practice for the Welfare of Animals in Film Production was adopted by regulation under the *Animal Care and Protection Act 2001*.

The Code provides guidelines for minimum management standards and care of animals used and/or trained for film, video or television productions including unscripted 'reality' television programs. The Code should also be used when producing film for recreational or educational purposes including features, documentaries, videos and advertising commercials.

The Code is available on the Department of Primary Industries and Fisheries website at www.dpi.qld.gov.au

Compliance is not compulsory under the Act, however people in charge of animals should use this Code as a reference to assist them to meet their duty of care obligations.

Child Employment Act

In Queensland, the *Child Employment Act 2006* and the *Child Employment Regulation 2006* govern the employment of children. Both came into effect from 1 July 2006.

In 2006, the Department of Employment and Industrial Relations (DEIR) drafted the Code of Practice for children working in film and television industries. The Code was circulated for further consultation with stakeholder groups.

PFTC and industry representatives met with DEIR staff to discuss the Code. PFTC and industry requested particular issues be addressed such as working hours and the rules governing exceptional circumstances to ensure the Code is as flexible as possible and meets the needs of both the industry and child actors. The Code is important in protecting and enhancing Queensland's reputation as the main production centre for children's television in Australia.

An amendment covering the entertainment industry came into effect from 1 January 2007 and is available online at www.deir.qld.gov.au

Objective 2



To develop a screen culture for Queensland audiences

(above)

Kiss Me Not on the Eyes |
France/Egypt/Lebanon/
Morocco

Screen culture is the environment in which films and other screen-based content are conceived, developed, produced, distributed, exhibited, broadcast, viewed, discussed and analysed.

PFTC is committed to building a strong screen culture in Queensland, providing audiences with access to many film forms and recognising achievements in the local and Australian screen communities.

For filmmakers, the benefits include the opportunity to broaden their creative influences and expand their knowledge of contemporary trends in filmmaking.

Key strategies include:

- encourage the development of informed and critical audiences;
- facilitate cultural activity, debate, discussion and peer contact; and
- promote an understanding of the Queensland and Australian film and television industries within the broader international context.

To achieve each strategy, PFTC presents the annual Brisbane International Film Festival (BIFF); partners with organisations to showcase specialist cinema throughout the State; provides financial assistance through its Industry Sponsorship Scheme; and recognises the achievement of Queensland and Australian filmmakers through an annual awards program.

	Approved \$ million
Festivals and events approved in 2006-07	
Industry Sponsorship Scheme	0.113
Brisbane International Film Festival	1.744
Other events	0.004
Total	1.861

(right)

Cine Sparks school screening of
Beyond the Rocks



Brisbane International Film Festival (BIFF)

BIFF 2006 continued its association with the South Bank cultural precinct which allowed for Cine Sparks, the Australian Film Festival for Young People, to be expanded as well as a number of free screenings and other public events to be held.

BIFF and Cine Sparks were held over 21 days at 13 different venues in and around Brisbane from 21 July to 13 August 2006. There were over 245 screenings in the main BIFF program.

Cine Sparks had 50 sessions and 30 film skills workshops. The public program included four seminars, two interactive Family Fun Days plus 12 free public screenings. This year saw the introduction of BIFF in the Burbs, which screened family-style films, free-of-charge, at five suburban locations.

Total attendance at all events and screenings was 39,288 (29,320 across core BIFF programs and 9,968 at the Family Fun Days) compared with 36,224 in 2005, representing an overall increase of about eight per cent.

Attendance figures for BIFF 2006

Program area	Attendance	Sessions	Per session
BIFF in-cinema	23,347	250	93.38
BIFF seminars	215	4	53.75
Cine Sparks in-cinema	3771	54	69.83
Cine Sparks workshops	405	28	13.50
BIFF in the Burbs	1,450	5	290
Family Fun Days	9,968	2	4,984
Public retro screenings	132	12	11
Totals	39,288	355	110.67

The expansion of Cine Sparks and introduction of BIFF in the Burbs presented an opportunity for Queensland to distinguish itself from other film festivals, creating a unique event that combines educational experiences with cultural enrichment and audience development.

Cine Sparks ran as a mini-festival within BIFF with its own program and dedicated website. The majority of films were screened at the South Bank Cinemas during school hours. The films were free to school groups and accompanying teachers. Both Family Fun Days and a smaller program of free films were screened at South Bank's Suncorp Piazza.

The workshop program included 15 Kickstart workshops, 13 masterclasses and two professional development workshops for teachers.

BIFF opened with the Australian premiere of veteran filmmaker Robert Altman's final film, *A Prairie Home Companion*.



Other BIFF highlights included three showcase films:

- the satirical *Thank You for Smoking* with director Jason Reitmann providing a humorous pre-recorded introduction for BIFF;
- the world premiere of *48 Shades*, the iconic Brisbane film based on Nick Earls' award-winning novel, with the director, producer, writer and two lead cast members present; and
- the world premiere of *Like Minds*, an Australian title with the director in attendance.

This year saw galas introduced to complement the showcases presented at the Hoyts Regent with the aim to highlight the 7pm timeslot as a prime spot within the overall program.

For the official closing night film, BIFF screened the work of another master with Ken Loach's powerful and provocative *The Wind that Shakes the Barley* on two screens at the Hoyts Regent complex. Set in 1921, this Palme d'Or winner traces the rise of the Irish Republican Brotherhood.

With the theme A Surprise Around Every Corner, the BIFF program showcased films from dozens of countries as diverse as Burkina Faso, Japan, Russia, Korea, Morocco, China, Israel, Indonesia, Mexico, as well as the traditional powerhouses of Europe and the United States. Thirty-four titles were included in the World Cinema section with films coming from South America, Eastern Europe, Africa, and the Middle East. Ten Australian features screened as part of the program.

BIFF's support of Asian cinema continued in 2006 with 13 films in the general program and four special strands (Kihachiro Kawamoto, Tokyo by Night, Filipino Cinema Now and Spotlight on Hong Kong). The selection included films from China, India, Japan, Korea, Taiwan and the Philippines. BIFF also screened the Sri Lankan Camera d'Or winner, *The Forsaken Land* and world premièred *Quest* from India's Amol Palekar, whose last film was India's Oscar submission for Best Foreign Language Film.

This year there were two significant retrospectives.

The groundbreaking retrospective *Unveiling Islam: Women, Cinema, and Islam in Iran and Turkey* examined the role and participation of women in cinema and the nature of Islam in Iran and Turkey. Iranian director, Tahmineh Milani, widely considered the most successful female Iranian filmmaker, and the widely cast actress, Fatemeh Motamed Arya, presented their films at BIFF and participated in a seminar on the topic. Turkish film critic and author, Gönül Dönmez-Colin, also attended to present the Turkish component and participate in the seminar held at the Queensland Music Conservatorium. Thirteen features and five shorts screened as part of this retrospective.

The second retrospective, *Double Crossing: French and American Film Noir*, traced the roots of US Noir and examined the cross-pollination between French and US Film Noir. The program was curated by Australian-based Noir experts, Roger Westcombe and Christopher E. Forth. Twelve films screened as part of the program including *La Nuit du Carrefour*, which had never before screened in Australia. An additional seven titles screened in the free public program at the Suncorp Piazza and the retrospective was complimented by a seminar exploring the subject.

The festival was again able to obtain a good range of international and Australian guests including directors, producers, actors, critics and curators. A total of 28 international guests attended BIFF ranging from the formidable Iranian director Tahmineh Milani to Oscar nominee Amol Palekar and master Japanese animator Kihachiro Kawamoto. Twenty-six Australian filmmakers and actors attended the festival including Ana Kokkinos, Alec Morgan, Bob Randall and Alkinos Tsilimidos. A number of Australian distributors also attended the festival.



(from left to right)

Gilaneh | Iran

William McInnes and Monic Hendrickx in
Unfinished Sky | New Holland Pictures

Unfolding Florence | Australia

Jack Thompson | Chauvel Award recipient

Juries and awards

BIFF was the first in Australia to establish internationally accredited awards and juries within its program. Below is a list of the awards presented at BIFF 2006.

FIPRESCI Award for Asia-Pacific Film

The International Critics Prize (FIPRESCI Prize) was presented to *The Cave of the Yellow Dog*. The jury consisted of David Edwards, Australia; Madhu Eravankara, India; and Rui Tendinha, Portugal.

NETPAC Award for Asian Cinema

BIFF presented the Netpac (Network for the Promotion of Asian Cinema) Award to the Korean historical detective thriller, *Blood Rain*. The jury consisted of Amable Aguiluz, Philippines; Italo Spinelli, Italy; and Gary Kildea, Australia.

The INTERFAITH Award for Promotion of Humanitarian Values

The jury gave the award to Filipino film, *The Masseur*. The jury consisted of Sue Gough, Australia; Gil MacLean, Australia; and Fatemeh Motamed Arya, Iran.

Cine Sparks juries

This year also saw the introduction of three youth juries as part of Cine Sparks providing a rich opportunity for primary and secondary school students to participate. The juries consisted of three high school students per jury from a wide selection of schools, grouped by age – 10-12; 13-15 and 16-18 years old. Each jury viewed a selection of nominated films, discussed the films critically and selected one per jury as the award winner. The award certificate was presented in conjunction with the presentation of the jury awards above. Notably, BIFF is the first Australian festival to introduce youth juries.

Chauvel Award

Each year during BIFF the prestigious Chauvel Award is awarded to an Australian for distinguished contribution to Australian feature filmmaking.

In 2005 the award was presented to independent documentary filmmaker, David Bradbury. In 2006 the award was presented to actor, Jack Thompson. This was a popular choice and the third time the award has presented to an actor (Bryan Brown and Geoffrey Rush are the others).

The 2006 Courier Mail Fast Film

The finalist screening program was again presented as part of BIFF. This national competition allows entrants 50 days to write, shoot and edit a film of five minutes or less. The key ingredient was a hat, with Michael Griffin and Sean Dowling winning for their entry *Copy*.

Industry sponsored and partnered events

PFTC provided \$0.113 million through its Industry Sponsorship Scheme to 23 recipients to support festivals, screenings and events and provide assistance for Queensland filmmakers to attend national and international festivals where their work was being exhibited.



(above)

48 Shades | World premiere
screened at BIFF 2006

Other PFTC supported events in Queensland included:

- Over the Fence Comedy Film Festival, Brisbane, Rockhampton, Cairns, Capella;
- St Kilda Short Film Festival, Brisbane;
- Heart of Gold International Film Festival, Gympie;
- Sydney Traveling Film Festival, Townsville, Bundaberg, Mackay and Cairns;
- Flickerfest Tour and Marketing Seminar, Brisbane;
- Australian International Movie Convention, Gold Coast;
- Brisbane Queer Film Festival, Brisbane;
- Australian Film Commission's Big Screen Tour, Barcaldine, Hervey Bay, Roma, and Cloncurry;
- AFI Awards Festival, Brisbane; and
- Popcorn Taxi – In Conversation with Phil Noyce and *Catch a Fire* screening, Brisbane.

PFTC also partnered with a range of organisations to present a variety of screen culture events throughout the year including:

- The Italian Film Festival;
- The Japanese Film Festival;
- The French Film Festival;
- The World Cinema Club; and
- The Festival of German Film.

PFTC also provided funding to the Australian International Documentary Conference and the AWGIE (Australian Writers' Guild) Awards held interstate.

(left)

Joel Edgerton in *Acolytes* |
Stewart Wall Entertainment



Production Listing

The following projects received PFTC assistance and went into production during 2006-07.

Production Title	Production Company/ies	Origin
Feature film		
<i>Acolytes</i>	Stewart Wall Entertainment	Queensland
<i>Australia</i>	Bazmark	NSW
<i>Daybreakers</i>	Lionsgate and Paradise Pty Ltd	Queensland
<i>Fool's Gold</i>	Warner Brothers	USA
<i>How to Change in Nine Weeks</i>	Liberty Films International	Queensland
<i>The Ruins</i>	DreamWorks	USA
<i>Unfinished Sky</i>	New Holland Pictures	Queensland
Mini-series		
<i>The Starter Wife</i>	NBC Universal	USA
Television drama		
<i>Monarch Cove</i>	Grundy International/Fremantle Media	USA
<i>H2O: Just Add Water – Series Two</i>	Jonathan M Shiff Productions	Victoria
<i>Sea Patrol – Series One</i>	McElroy All Media	New South Wales
Reality television		
<i>Big Brother 2007 – Series Seven</i>	Southern Star Endemol	New South Wales
<i>I'm a Celebrity – Get Me Out of Here! Series Six</i>	Granada	United Kingdom
Short film		
<i>Ascension</i>	Vizpoets	Queensland
<i>My Country</i>	Sally Madgwick	Queensland
<i>Seize the Day</i>	Savage Production Services	Queensland
Animation		
<i>Farm Kids 2</i>	Farm Kids Pty Ltd	Queensland
New media		
<i>Spy Shop</i>	Boilermaker Pty Ltd	Queensland
Documentary		
<i>Chopper Rescue</i>	Big Island Pictures	Queensland
<i>Dinosaurs on Ice</i>	Big Island Pictures	Queensland
<i>From the Dragon's Mouth</i>	Lingwood Productions	Queensland
<i>Humpbacks – From Fire to Ice</i>	Ocean Planet images	Queensland
<i>I Love a Sunburnt Country</i>	CameraWork Pty Ltd	Queensland
<i>Medicine Woman</i>	Visionquest Entertainment Int.	Queensland
<i>Lazarus</i>	Visionquest Entertainment Int.	Queensland
<i>Nigger Lovers</i>	Daryl Sparkes t/a Mianjin Ent.	Queensland
<i>Over My Dead Body</i>	Vizpoets Pty Ltd	Queensland
<i>The Glamour Game</i>	Fury Productions Pty Ltd	Queensland
<i>Venom – The Fatal Countdown</i>	Digital Dimensions	Queensland
<i>Voices of Antarctica</i>	Gulliver Media Australia	Queensland

Overseas Travel and Consultancy Costs

Staff member	Date	Destination	Cost	Description
CEO Robin James	12 – 18 July 2006	Vancouver, Canada	\$14,236	Attended the Association of Film Commissioners International (AFCI) Board meeting.
Locations and International Production (LGIP) Executive Manager Kirsten Byrne	17 – 24 September 2006	Los Angeles	\$13,718	Attended meetings to maintain existing and create new business relationships with directors, producers, production companies and studios and to promote Queensland's film facilities, locations and incentives. Also while in Los Angeles assisted to promote the Gold Coast as a film production destination.
Head of Production Henry Tefay	5 – 15 October 2006	Cannes, France	\$15,683	Attended MIPCOM in Cannes to facilitate introductions and assist Queensland producers secure finance and distribution for film, television and digital media projects. MIPCOM is one of the major international television markets for independent producers.
Development Manager Ursula Cleary	5 – 15 October 2006	Cannes, France	\$15,683	Attended MIPCOM in Cannes to facilitate introductions and assist Queensland producers secure finance and distribution for film, television and digital media projects. MIPCOM is one of the major international television markets for independent producers.
CEO Robin James	25 October – 1 November 2006	Pasadena, California	\$13,656	Attended the AFCI Board meeting and the AFCI Cineposium in Pasadena, an annual film commissioners' conference attended by key industry decision makers worldwide.
LGIP Executive Manager Kirsten Byrne	27 October – 5 November 2006	Pasadena, Los Angeles	\$16,118	Attended the AFCI Cineposium in Pasadena, an annual film commissioners' conference attended by key industry decision makers worldwide. Participated in Ausfilm coordinated group meetings with television studio contacts and independent producers to promote Queensland's range of competitive advantages as a production destination.
CEO Robin James	31 December 2006 – 23 January 2007	Tokyo, New York, Los Angeles	\$16,592	Attended G'Day LA Australia Week and met with senior studio executives to discuss productions in development and chaired AFCI Board meeting in New York and attended meetings in New York and Tokyo.
LGIP Executive Manager Kirsten Byrne	10 – 20 April 2007	Santa Monica, Los Angeles	\$14,216	Attended the AFCI Locations Tradeshow to market Queensland as a world-class film destination and met with AusFilm representatives and industry leaders.

CEO Robin James	9 – 14 April 2007	Santa Monica, Los Angeles	\$11,888	Attended the AFCI Locations Tradeshow to market Queensland as a world-class film destination and met with AusFilm representatives and industry leaders and chaired the AFCI Board meeting in Los Angeles.
Head of Production Henry Tefay	12 – 20 April 2007	Cannes, France	\$16,444	Attended MIP in Cannes to facilitate introductions and assist Queensland producers secure finance and distribution for film, television and digital media projects. MIP is one of the major international television markets for independent producers.
CEO Robin James	6 – 25 May 2007	London, Paris, Nice	\$21,366	Attended film industry meetings with the Queensland Government Trade and Investment Office, Europe and attended the Cannes Film Market for presentations, marketing events and co-production and other industry meetings.

Consultancies

Handshake Media Pty Ltd	Corporate plan review	\$39,520
Giles Consulting International Pty Ltd	Corporate plan review	\$5000
Employer Services Pty Ltd	Professional services	\$8,550
P4 Group	BIFF 2006 marketing, publicity	\$135,670
Pitcher Partners	BIFF 2006 audit report	\$1,850

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report for the year ended 30 June 2007

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 2007.

Directors

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):

Name	Experience, qualifications and special responsibilities
The Honourable Sir Llewellyn Roy Edwards, AC <i>Chair and Director since 22/05/92</i>	Jones Lang Lasalle Australia Pty Ltd consultant, 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. Appointed Companion Of The Order Of Australia.
Rachel Hunter <i>Director since 20/11/06</i>	Director-General of the Queensland Department of Education and the Arts.
Kenneth John Smith <i>Director from 23/03/04 to 20/11/06</i>	Director-General of the Queensland Department of Education and the Arts.
Lynne Benzie <i>Director since 27/06/00</i>	Warner Roadshow Movie World Studios Vice-President Studio Operations, Gold Coast.
Cherrie Irene Bottger <i>Director since 21/11/03</i>	Network Ten Head of Children's Television
Robert Buker <i>Director since 25/10/05</i>	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 Robert Franken <i>Director since 21/11/03</i>	Television programming and production consultant with over 25 years experience in the television industry and former Channel Seven Program Director.
Professor Marilyn McMeniman <i>Director since 21/11/03</i>	Professor and Pro-Vice-Chancellor (Arts, Education and Law), Griffith University.

The Pacific Film and Television Commission Pty Ltd

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Annual Report for the year ended 30 June 2007

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
Sir Llewellyn Roy Edwards AC	20 November 2007
Rachel Hunter	20 November 2007
Lynne Benzie	20 November 2007
Cherrie Irene Bottger	20 November 2007
Robert Buker	20 November 2007
David Robert Franken	20 November 2007
Professor Marilyn McMeniman	20 November 2007

Company Secretary

Mr Gregory John Schneider BA was appointed to the position of Company Secretary on 12 December 1997. He is also Financial Controller for the company (appointed November 1997) having worked in financial roles in various government and non-government entities.

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
Lynne Benzie	9	11	2	2	12	13
Cherrie Irene Bottger	10	11	2	2	12	13
Robert Buker	8	11	2	2	N/A	N/A
David Robert Franken	9	11	N/A	N/A	13	13
Rachel Hunter	6	7	N/A	N/A	N/A	N/A
Rachel Hunter proxy for Kenneth John Smith	2	2	N/A	N/A	N/A	N/A
Kenneth John Smith	1	4	N/A	N/A	N/A	N/A
Sir Llewellyn Roy Edwards AC	9	11	1	2	5	8
Marilyn McMeniman	9	11	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.

N/A refers to not applicable

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report for the year ended 30 June 2007

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 which were in place throughout the financial year, unless otherwise stated, to ensure the interests of 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.

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.

Provision for Impairment

PFTC has been running a loan book since 1992, primarily in regards to the Revolving Film Finance Fund. The directors are of the opinion that the company has adopted appropriate practices to ensure the recovery of loan funds as and when they fall due. However, the company had raised a provision for impairment against specific loans receivable having regard to AASB 139 Financial Instruments: Recognition and Measurement. This provision has arisen as a result of specific events. After detailed discussion with auditors, this provision has been reversed. As per AASB139 requirements, this has been backdated in effect. In accordance with the company's risk management policies, PFTC will continue to monitor and report on its loan portfolio having regard for prudent financial management.

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report for the year ended 30 June 2007

Directors' Report continued

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.

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 loss of \$894,000 (2006: profit of \$3,000).

Dividends

The company is prohibited by its Constitution from paying or distributing any dividends to its members and none have been paid or declared during the year ended 30 June 2007.

Review of financial operations

During 2007, expanded incentives and high levels of production contributed to significant financial pressure. The board approved pursuit of the significant production opportunities on offer via incentives to major productions. This was largely but not entirely met from expanded state government contributions. The board agreed to maximise opportunities available to the extent that the company maintained equity of around \$478,000. During the year, it was also agreed to the unwinding of a previous impairment policy which caused last year's audit qualification. This had the effect of raising accumulated equity by \$890,000. The net effect of the 2007 annual financial result and the reversal of the previous impairment policy is a net decrease of equity of \$4,000.

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report for the year ended 30 June 2007

Directors' Report continued

Revenue

State Government revenue was higher primarily due to higher incentives.

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

Film production returns and other revenue continued to be weak in 2007, not growing as expected. Domestic film revenue was lower due to recoveries on older projects. This was expected.

Interest expenses were higher due to increased loans to the industry and higher interest rates.

Expenditure

Domestic film development expenses rose as the company took advantage of many production opportunities during the year. There was a significant increase in incentive payments as well, as the attractiveness of Queensland for filming translated into production from international sources as well.

Operating costs associated with the Brisbane International Film Festival rose significantly. This resulted in a net operating loss in this area. Action has been taken by management to avoid a repeat of this situation.

Amortisation costs increased significantly, reflecting heavy investment in web-based solutions for the company.

Interest expenses were higher due to increased activity in loans to the industry and rising interest rates.

Significant cost pressures exist across the company due to wage pressures in Queensland and heavy competition in the incentives area. In addition, cost of venue rental is of concern. The company is moving to modify activities to counter these pressures.

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 2007.

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:

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report for the year ended 30 June 2007

Directors' Report continued

Auditor's independence declaration

To the Directors of the Pacific Film and Television Commission

This audit independence declaration has been provided pursuant to Section 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.

No events have occurred that would require any changes to the audit independence declaration previously provided to the Directors on 3 October 2007.

G G POOLE FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane

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:

Sir Llewellyn Roy Edwards AC
Chair of the Board

Brisbane, October 2007

Robert Buker
Director

Income statement

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Revenue			
Revenue	2	15,773	13,564
Expenses			
Development for domestic production		5,688	5,318
Incentives for major projects		5,524	3,328
Interest incurred on subsidised loans to industry		741	631
Marketing for major projects		778	737
Production and screen culture		1,895	1,874
Production and screen culture (contra sponsors)		485	396
Corporate costs		365	340
Executive services		1,015	906
Depreciation, amortisation and impairment costs		176	31
Profit			
(before income tax expense)		(894)	3
Income tax expense	1(d)	-	-
Net profit			
(after income tax expense)		(894)	3

This is to be read in conjunction with the notes to the financial statements set out on pages 42 to 57.

Balance sheet

As at 30 June 2007

	Note	2007 \$'000	2006 \$'000
Current assets			
Cash and cash equivalents	5	2,799	3,397
Trade and other receivables	6	4,064	1,294
Financial assets	7	812	1,377
Total current assets		7,675	6,068
Non-current assets			
Trade and other receivables	6	7,094	7,104
Property, plant and equipment	8	47	61
Intangibles	9	102	138
Financial assets	7	4,000	4,500
Total non-current assets		11,243	11,803
Total assets		18,918	17,871
Current liabilities			
Trade and other payables	10	4,285	4,940
Short term borrowings	11	4,140	1,669
Total current liabilities		8,425	6,609
Non-current liabilities			
Trade and other payables	10	1,900	1,900
Long term borrowings	11	7,873	7,774
Provisions for employee entitlements	12	246	220
Total non-current liabilities		10,019	9,894
Total liabilities		18,444	16,503
Net assets		474	1,368
Equity			
Contributed equity	13	-	-
Retained profits	14	474	1,368
Total equity		474	1,368

This is to be read in conjunction with the notes to the financial statements set out on pages 42 to 57.

Cash flow statement

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Cash flows from operating activities			
Cash receipts from operations		3,290	3,529
Cash payments from operations		(17,115)	(14,827)
Interest received		1,210	780
Interest and finance charges paid		(751)	(638)
Government grant income received		12,331	10,431
Net cash provided (used in) by operating activities	17b	(1,035)	(725)
Cash flows from investing activities			
Sale of non-current assets		2	4
Payments for plant and equipment		(132)	(193)
Financial assets sold (purchased)		1,000	(452)
Film funding loans		(3,001)	4,386
Net cash provided by investing activities		(2,131)	3,745
Cash flows from financing activities			
Proceeds from borrowings		2,568	(3,730)
Net cash provided by financing activities		2,568	(3,730)
Net increase (decrease) in cash held		(598)	(710)
Cash at the beginning of the financial year		3,397	4,107
Cash at the end of the financial year	17a	2,799	3,397

The statement of cash flow is to be read in conjunction with the notes to the financial statements set out on pages 42 to 57.

Statement of changes in equity

For the year ended 30 June 2007

	Note	Ordinary share capital	Retained earnings	Total
		\$'000	\$'000	\$'000
Balance at 30 June 2005		-	1,365	1,365
Adjustment on application of AASB139				
Shares issued during the year				
Profit attributable to members of entity			3	3
Revaluation increment		-		
Sub-total				
Dividends paid or provided for		-	-	-
Balance at 30 June 2006		-	1,368	1,368
Adjustment on application of AASB139				
Shares issued during the year				
Profit attributable to members of entity			(894)	(894)
Revaluation increment		-		-
Sub-total			474	474
Dividends paid or provided for		-	-	-
Balance at 30 June 2007		-	474	474

The statement of equity movements is to be read in conjunction with the notes to the financial statements set out on pages 42 to 57.

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Notes to the financial statements for the year ended 30 June 2007

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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 Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001*.

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.

(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.

(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.

1. Statement of significant accounting policies continued

(g) Other financial assets

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(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.

(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 of plant and equipment under which the company assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases. It is generally not company policy to enter into finance leases.

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.

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.

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The depreciation and amortisation and 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.

(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.

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(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) Impairment

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(q) 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.

(r) Critical accounting estimates and judgments

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.

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2. Operating revenue

	2007 \$'000	2006 \$'000
Grant revenue	12,461	10,056
Contra sponsorship revenue	486	416
Domestic film revenue	850	1,609
Sponsorship	164	278
Event revenue	239	205
Other revenue	615	207
Interest revenue from film industry	637	584
Interest revenue other	321	209
	15,773	13,564

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	44	26
Amortisation of: Intangibles	132	5
Amounts set aside to provision for: Employee entitlements	19	16
Interest paid	741	630
Finance charges paid	10	8
Operating leases	260	282

4. Auditors' remuneration

Amounts received or due and receivable by the auditors for:

Queensland Audit Office		
- the audit of the financial report	33,500	23,500
- other services	-	-
	33,500	23,500

5. Cash and cash equivalents

Cash on hand	3	5
Cash at bank	1,168	85
Cash fund (Queensland Treasury Corporation)	1,567	2,337
Bank at call account	61	970
	2,799	3,397

The cash and cash equivalents are at call and pay interest at a weighted interest rate of 5.45 percent (2006: 5.70 percent).

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2007
\$'000

2006
\$'000

6. Trade and other receivables

Current

Sundry debtors	192	40
Interest receivable on other financial assets	16	20
GST refundable	-	34
Loans receivable		
Loan capital	3,856	1,102
Interest receivable	-	98
Interest accrued but not yet receivable	-	-
	<u>4,064</u>	<u>1,294</u>

Non-current

Loans receivable		
Loan capital	7,061	6,937
Interest receivable	33	16
Interest accrued but not yet receivable	-	151
	<u>7,094</u>	<u>7,104</u>
	<u>11,158</u>	<u>8,398</u>

7. Financial assets

Current

Floating rate notes	500	1,000
Prepayments	312	377
	<u>812</u>	<u>1,377</u>

Non-current

Floating rate notes	4,000	4,500
Fixed interest securities	-	-
	<u>4,000</u>	<u>4,500</u>
	<u>4,812</u>	<u>5,877</u>

Other financial assets (excluding prepayments) mature over a variety of periods from within one to seven years and pay interest at a weighted interest rate of 7.34 percent (2006: 6.62 percent)

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2007
\$'000

2006
\$'000

8. Property, plant and equipment

Plant and equipment at cost	155	158
Less: accumulated depreciation	(112)	(105)
	43	53
Leasehold improvements at cost	279	279
Less: accumulated amortisation	(275)	(271)
	4	8
	47	61

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 2006	53	8	61
Additions	27	-	27
Disposals	(6)	-	(6)
Depreciation/amortisation	(43)	(4)	(47)
Carrying amount at 30 June 2007	43	4	47

2007
\$'000

2006
\$'000

9. Intangibles

Intangibles at cost	241	138
Less accumulated amortisation	(139)	-
	102	138

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	Web site \$'000	Total \$'000
Carrying amount at 1 July 2006	-	138	138
Additions	21	82	103
Disposals	-	-	-
Amortisation	(14)	(125)	(139)
Carrying amount at 30 June 2007	7	95	102

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2007
\$'000

2006
\$'000

10. Trade and other payables

Current

Sundry payables and accruals	243	386
Grants payable	3,402	3,917
Annual leave owing	122	125
Director fees payable	(2)	3
Unearned income on loans receivable	-	44
Tax payable	7	-
Other unearned income	510	459
	<u>4,285</u>	<u>4,934</u>

Non-current

Grants payable	1,900	1,900
	<u>1,900</u>	<u>1,900</u>
	<u>6,185</u>	<u>6,834</u>

11. Borrowings

Current

Queensland Treasury Corporation	4,140	1,669
	<u>4,140</u>	<u>1,669</u>

Non-current

Queensland Treasury Corporation	7,873	7,774
	<u>7,873</u>	<u>7,774</u>

Total

	<u>12,013</u>	<u>9,443</u>
--	---------------	--------------

Borrowings are from Queensland Government sources and by their nature are unsecured and provide no access to additional credit facilities without additional approvals.

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 2007 of 6.52 percent (2006: 5.80 percent).

Non-current borrowings are fixed interest arrangements with a weighted average interest rate as at 30 June 2007 of 6.34 percent (2006: 6.24 percent).

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2007
\$'000

2006
\$'000

12. Provisions for employee entitlements

Non-current

Provision for long service leave

246 220

Employee entitlements include accrued leave (including long service leave) and other salary entitlements as outlined in Note 1(p)

Number of employees

Number Number
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 rates

5.09 percent-5.29 percent

Settlement terms

up to 6 years

13. Contributed equity

The company is 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.

2007
\$'000

2006
\$'000

14. Equity

Retained profits

Retained profits at 1 July

1,368 1,365

Net profit

(894) 3

Retained profits at the end of the year

474 1,368

Under the company's constitution, no dividends are allowed to shareholders.

15. Segment information

Business segments

The company is organised into the following business segments by product and service types.

- International production
Attraction of international production for the benefit of the Queensland film industry.
- Domestic production
Development and retention of key personnel, companies and projects for the local film industry.
- Screen culture
Development and promotion of local film culture including facilitation of film culture and presentation of film and film related events.

Geographical segments

The company business segments which primarily operate within Queensland, Australia.

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Notes to the financial statements for the year ended 30 June 2007

15. Segment information (continued)

Primary reporting – business segments 2007

	International production \$'000	Domestic production \$'000	Screen culture \$'000	Other \$'000	Eliminations \$'000	Total \$'000
External sales	4,861	7,754	1,688	985		15,288
Intersegment sales						
Other non-cash revenue			485			485
Segment revenue	4,861	7,754	2,173	985		15,773
Segment result	340	(672)	(379)	(183)		(894)
Income tax expense	-	-	-	-		-
Net profit	340	(672)	(379)	(183)		(894)
Segment assets	12,596	5,692	576	54		18,918
Segment liabilities	11,074	6,611	469	290		18,444
Acquisitions non-current assets	20	44	20	48		132
Depreciation/amortisation	20	20	116	20		176
Other non-cash expenses			485			485

Primary reporting – business segments 2006

	International production \$'000	Domestic production \$'000	Screen culture \$'000	Other \$'000	Eliminations \$'000	Total \$'000
External sales	3,437	7,040	1,688	983		13,148
Intersegment sales						
Other non-cash revenue			416			416
Segment revenue	3,437	7,040	2,104	983		13,564
Segment result	745	(459)	(230)	(53)		3
Income tax expense	-	-	-	-		-
Net profit	745	(459)	(230)	(53)		3
Segment assets	14,252	2,920	607	41		17,821
Segment liabilities	11,745	3,832	571	306		16,454
Acquisitions non-current assets	29	64	29	70		192
Depreciation/ amortisation	8	8	8	7		31
Other non-cash expenses			416			416

Accounting information

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, trade loans and employee entitlements. Segment assets and liabilities do not include income taxes.

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arms-length basis and are eliminated on consolidation of the segments.

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2007 \$'000	2006 \$'000
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16. Commitments

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

Capital commitments	-	70
Loans receivable	1,468	
Loans payable	(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	26
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	23	26

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.

Employee remuneration commitments

Specified executives

Commitments under non-cancellable employment contracts not provided for in the financial statements and payable

946	891
-----	-----

17. Notes to 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	3	5
Cash at bank	1,168	85
Cash fund (Queensland Treasury Corporation)	1,567	2,336
Deposits at call	61	970
	2,799	3,397

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Notes to the financial statements for the year ended 30 June 2007

17. Notes to statements of cash flows (continued)

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

Net profit after income tax expense	(894)	3
Depreciation	132	-
Amortisation	44	26
Provision for doubtful debts	-	5
Provision for employee entitlements	19	16
(Profit)/loss on sale of assets	4	5
Contra sponsorship	485	416
Contra expenditure related to sponsorship	(485)	(416)
Change in assets and liabilities		
(Increase)/decrease in assets	166	(90)
(Decrease)/increase in liabilities	(505)	(688)
Net cash provided by operating activities	(1,035)	(725)

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. Mr Kenneth Smith and Mrs Rachel Hunter did not qualify for director fees as the directorship position is by virtue of employment as public servants.

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
Sir Llewellyn Roy Edwards, AC	20 November 2007
Rachel Hunter	Not applicable
Lynne Benzie	20 November 2007
Cherrie Irene Bottger	20 November 2007
Robert Buker	20 November 2007
David Robert Franken	20 November 2007
Professor Marilyn McMeniman	20 November 2007

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.

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No termination benefits were paid during the financial year.

A summary of remuneration for 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 2007	520,470	-	76,524	244,039	841,033
Total 2006	565,373	33,799	-	76,394	675,566

Executive

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
Kirsten Byrne	30 August 2008
Helen Maguire	02 January 2009
Greg Schneider	23 November 2009
Henry Tefay	5 July 2009

19. Related party disclosures

Directors

Sir Llewellyn Roy Edwards	Professor Marilyn McMenniman	Kenneth John Smith
Jacqueline Huggin	Lynne Benzie	David Robert Franken
Cherrie Irene Bottger	Robert Buker	Rachel Hunter

Interest in contracts

The following Directors have declared an interest in a contract or proposed contract with the company:

Name	Interest
Lynne Benzie Director since 27/06/00	Lynne Benzie is Warner Roadshow Movie World Studios Vice-President Studio Operations. The company received a total of \$8 million in loans for expansion of the studios. All payments were approved in the normal course of the company's business in 2002 with the loan currently still outstanding. The Studio has also co-sponsored scouts for various productions in Queensland. These payments were in the normal course of business.
Rachel Hunter Director since 20/11/06	Rachel Hunter is the Department of Education Director-General. Her responsibilities have recently been extended to also include responsibility for the Arts. The Department of Education has the ability to significantly influence this level of revenue.
Kenneth John Smith Director from 23/03/04 to 20/11/06	Kenneth J Smith is the former Department of Education Director-General. His responsibilities extended to include responsibility for the Arts. The Department of Education has the ability to significantly influence this level of revenue.
Cherrie Irene Bottger Director since 23/11/2003	Cherrie Irene Bottger is Network Ten Head of Children's Television. Network Ten sponsors the annual Brisbane International Film Festival with in-kind support of \$38,350.

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/assets

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

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:

2007

Financial asset	Notes	Floating interest	Fixed interest	Non-interest bearing	Total
		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents		2,795		4	2,799
Trade and other receivables					
			10,950	208	11,158
Financial assets		4,500			4,500
Total		7,295	10,950	208	18,457
Weighted average interest rate		6.61%	3.13%	0.00%	4.48%

Financial liability

Trade and other payables		-	-	6,185	6,185
Borrowings		-	12,013	-	12,013
Total		-	12,013	6,185	18,198
Weighted average interest rate		-	6.40%	0.00%	4.23%

2006

Financial asset	Notes	Floating interest	Fixed interest	Non-interest bearing	Total
		\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	6	3,392	-	5	3,397
Trade and other receivables	7	-	8,304	94	8,398
Financial assets	8	5,500	-	377	5,877
Total		8,891	8,304	476	17,672
Weighted average interest rate		6.27%	2.81%	0.00%	4.47%

Financial liability

Trade and other payables	11	-	-	6,834	6,834
Borrowings	12	-	9,443	-	9,443
Total		-	9,443	6,834	16,277
Weighted average interest rate		-	6.16%	0.00%	3.57%

(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.

(c) Credit risk exposure

The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

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.

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report

Notes to the financial statements for the year ended 30 June 2007

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 8 to 32 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 2007, 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:

Sir Llewellyn Roy Edwards AC

Chair of the Board

Robert Buker

Director

Brisbane, October 2007

Independent Audit Report

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

Matters relating to the electronic presentation of the audited financial report

The audit report relates to the financial report of the Pacific Film and Television Commission Pty Ltd (PFTC) for the financial year ended 30 June 2007 included on PFTC's web site. The Directors are responsible for the integrity of the PFTC's web site. We have not been engaged to report on the integrity of PFTC's web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from PFTC to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Pacific Film & Television Commission Pty Ltd which comprises the balance sheet as at 30 June 2007, 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 designing, implementing 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with *Auditor-General of Queensland Auditing Standards*, which incorporate the *Australian Auditing Standards*. These Auditing Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed 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 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 and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

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 Queensland public sector government owned corporations 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 audit 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.

In conducting the audit, the independence requirements of the *Corporations Act 2001* have been complied with. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Pacific Film & Television Commission Pty Ltd on 3 October 2007, would be in the same terms provided to the directors as at the date of this auditor's report.

The Pacific Film and Television Commission Pty Ltd

ABN 20 056 169 316

Annual Report

Notes to the financial statements for the year ended 30 June 2007

Auditor's Opinion

In my opinion, the financial report of Pacific Film & Television Commission Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Damian P Wright

as Delegate of the Auditor-General

Brisbane

October 2007

www.pftc.com.au



Queensland
Government



**Pacific Film and
Television Commission**
QUEENSLAND AUSTRALIA