




FILM
VICTORIA
ANNUAL
REPORT
2010/2011



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FRONT COVER

SMALL TIME GANSTER

Boilermaker

Supported through Fiction Television Co-funded and PIAF

Craig Bowler at Big Ant Studios

Supported through Digital Media Internship with a Company

HAWKE

The Film Company

Supported through Production Investment

INSIDE FRONT COVER

UNDERBELLY FILES

Screentime

Supported through PIAF

BACK COVER

LITTLE MONSTERS

Torus Games

Supported through Digital Media Prototyping

INSIDE BACK COVER

JOHN DOE

Screen Corporation

Supported through PIAF

FILM VICTORIA

IMMORTAL
December Films
Supported through Production Investment



Film Victoria is the State Government agency that provides strategic leadership and assistance to the film, television, online, mobile and interactive entertainment industries of Victoria.

We invest in projects, people and businesses, and promote Victoria as a world-class production destination.

We work closely with industry and government to position Victoria as an innovation hub and a leader in the Australian ideas economy through the growth and development of the screen industry.

Our film, television, online, mobile and interactive entertainment sectors play a vital role in Victoria's cultural, economic and social development, generating jobs and business activity, increasing the skills base, boosting the capacity of our screen infrastructure, and enriching our cultural life by capturing local narratives, voices and ideas.

Initially constituted as the Victorian Film Corporation in 1976 under an Act of Parliament, the Corporation became Film Victoria in 1982 by virtue of the *Film Victoria Act (1981)*. In 1997, the functions of Film Victoria were amalgamated with those of the State Film Centre of Victoria to form Cinemedia Corporation, under the *Cinemedia Corporation Act 1997*.

The *Film Act 2001* abolished Cinemedia Corporation and established Film Victoria and the Australian Centre for the Moving Image (ACMI) as separate statutory authorities. In November 2006, Film Victoria moved from the Arts portfolio to Innovation.

The Act defines Film Victoria's role as to provide:

'Strategic leadership and assistance to the film, television and multimedia industry of Victoria to encourage innovation and the creation of new projects of high quality that are of economic or cultural benefit to Victoria.'



KART WORLD

Twitch

Supported through Digital Media Prototyping

OUR VISION

Our vision is for Victoria to have a world-leading screen economy and culture.

OUR MISSION

Our mission is to lead an innovative screen industry to deliver engaging, world-class content that enriches our cultural life, and generates jobs, prosperity and creative opportunities.

OUR STAFF

- Support the creation and production of original screen content, encourage audience engagement, provide professional and business development support, and foster a skilled workforce
- Market and develop the state as a world-class production destination, provide locations advice and facilitate productions
- Develop industry policy and strategy, market and communicate industry achievements, host and facilitate industry events and work with the Board and government
- Manage the organisation's governance and financial, legal, recoupment, human resources and information technology requirements.

MATCHING JACK
Cascade Films

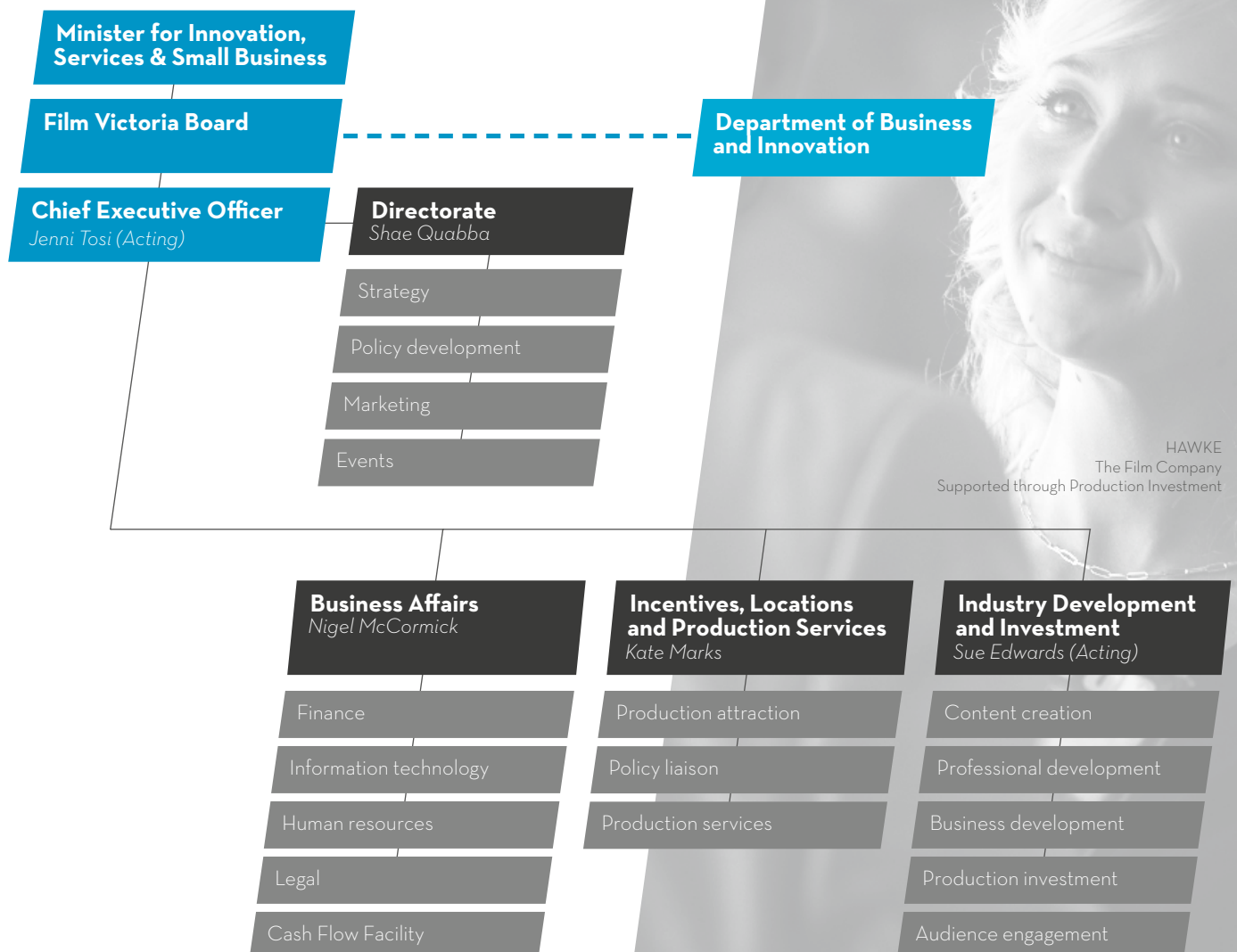
Supported through Production Investment and Cash Flow Facility

OUR CORPORATE GOVERNANCE

We report to the Minister for Innovation, Services and Small Business, Louise Asher, MP and work closely with the Department of Business and Innovation (DBI).



ORGANISATIONAL CHART



OUR BOARD

Our Board members bring extensive experience from the film, television, digital media, business and finance sectors.



JOHN HOWIE

John has been President of the Film Victoria Board since 2003 and was formerly the Chair of Film Victoria between 1989 and 1992. He was a member of the Film and Television Industry Task Force, which reported to the State Government in 2000, the Chair of the Film and Television Strategy Committee in 2005 and is a member of the Victorian Screen Industry Roundtable, which delivered its strategy in 2009. A lawyer and former senior partner in the firm of Howie & Maher Solicitors, John now acts as Special Counsel for Williams Winter Solicitors. He is Chair of Victoria Legal Aid, and a member of the Melbourne and Olympic Park Trust and the Montsalvat Foundation.



DEBRA ALLANSON

Debra is an experienced screen industry executive and entrepreneur with specialist knowledge of digital media business and industry developments. She is a former Chief Executive of Screen West who has served on a number of arts and business boards and international festival juries. She is currently the Victorian President of Australian Interactive Multimedia Industry Association (AIMIA), the leading digital media industry association. Debra is Managing Director of Studio Ish, a company she founded in 2006, which specialises in content production and marketing for broadcast, online and mobile.



ANN DARROUZET

Ann has worked in the film and television industry for more than 30 years. She is a graduate of the NSW University of Technology and VCA, and has worked as a creator, executive producer and producer across feature films, documentaries, long-form television and multi-platform content. Ann has won national and international awards including two AFIs, an International Emmy, a Banff Rockie and two A.T.O.M. awards. She has won the Sydney Film Festival Dendy Award and the St Kilda Film Festival Best Film Award for her short film work. Ann is Managing Director of Westside Film & Television and has been engaged as an independent film production consultant to federal government departments for the past decade.



JO DAWSON

Jo is a chartered accountant with extensive experience in financial services and wealth management developed through senior roles at National Australia Bank and Deloitte. Jo has excellent management and strategy experience, and brings a strong corporate governance background to the Board through experience developed in a range of environments, including Chief Financial Officer of National Financial Management. She is Managing Director and Adviser with Executive Wealth Strategies, a financial planning practice established in 2002, and is also Director of the general insurance company Catholic Church Insurances Limited.



DAN FILL

Dan is the co-founder of Chocolate Liberation Front, an entertainment company focused on high-quality and innovative properties for all platforms. He has produced THE ADVENTURES OF FIGARO PHO for ABC3, IMMIGRATION NATION - BUILDING MULTICULTURAL AUSTRALIA for SBS and THE WILD KRATTS interactive games for PBS and TVOntario. Dan was Head of Multi-Platform at ABC TV and Vice President of Toronto-based Decode Entertainment. He is one of the creators behind ABC iView and has been recognised with more than 40 international awards, including a BAFTA nomination, Canadian New Media Producer of the Year 2002 and Australian Digital Media Producer of 2009.



ANA KOKKINOS

Ana is an independent filmmaker based in Melbourne who commenced her career as a lawyer and industrial officer before graduating from the VCA School of Film and Television. She directed and co-wrote HEAD ON, which was selected for Director's Fortnight at Cannes and the winner of an AWGIE for Best Adaptation. Ana's feature film BLESSED premiered at the Melbourne International Film Festival in 2009. It won the Jury Prize at San Sebastian for Best Screenplay and the Jury Prize for Best Film at the Kosmorama Trondheim Film Festival in Norway. Ana recently won an Emerging Master Award at the 2010 Seattle International Film Festival.



MICHAEL LYNCH

Michael has been involved in arts administration for more than 20 years and was General Manager of the Sydney Theatre Company and the Australia Council. Michael was Director of the Sydney Opera House from 1998 until he moved to London in 2002 to run the South Bank Centre, which incorporates the Royal Festival Hall, the Hayward Gallery and the London Eye. He was appointed a Member of the Order of Australia (AM) for services to arts administration in 2001 and Commander of the Order of the British Empire (CBE) in 2008.



KIM MCGRATH

Kim joined the Board in 2010. She has over 20 years' experience in public policy development and implementation in a range of portfolio areas, including the screen industry and governance. She is currently engaged by the United Nations Development Program on the former Victorian Premier, Steve Bracks' Timor-Leste Governance Project. Kim also serves on the Board of the Melbourne International Film Festival.



MICHAEL MCMAHON

Michael joined the Board in 2010. A former lawyer with extensive experience in arts and entertainment law, Michael was Director of the Arts Law Centre of Australia and the National Indigenous Arts Advocacy Association, and has served on boards of several arts and cultural organisations. He commenced producing film and television projects in 1997 and is a Director of Matchbox Pictures.



DAVID PARKER

David's first film MALCOLM, directed by Nadia Tass, was a critical and box office success, winning eight AFI awards and releasing in 22 countries. His role as producer, writer and cinematographer continues on in varying forms with features and TV movies such as THE BIG STEAL, AMY, HERCULES RETURNS, PURE LUCK and his latest film MATCHING JACK, the winner of Best Film, Best Director and Best Screenplay at the Milan International Film Festival. David's company with Nadia, Cascade Films, owned and operated the successful Melbourne Film Studio for 25 years. David was a commissioner on the Australian Film Commission after an early career as one of Australia's foremost movie stills photographers.



JAN SARDI

Jan Sardi is one of Australia's eminent screenwriters. In 1997 he received an Academy Award Nomination for his screenplay for SHINE, as well as nominations for BAFTA, the Writers Guild of America, and the Golden Globes. In 2003 he wrote and directed the award-winning film LOVE'S BROTHER, an Australian/UK production. He also adapted the hit films THE NOTEBOOK and MAO'S LAST DANCER for the screen. Jan's current projects include adaptations of THE SECRET RIVER by Kate Grenville and REMARKABLE CREATURES by Tracy Chevalier. He is President of the Australian Writers' Guild.

OUR STRATEGIC OBJECTIVES



THE WEDDING PARTY
Kin Films
Supported through Production Investment

OBJECTIVE 1 DRIVE INDUSTRY GROWTH THAT ATTRACTS INVESTMENTS, EXPORTS AND JOBS

- Support Victorian screen businesses to drive industry growth
- Provide assistance to increase production activity in Victoria
- Market Melbourne and provincial Victoria as a world-leading production destination to encourage activity in Victoria
- Maximise opportunities for Victorian crews to expand their skills base
- Support screen industry practitioners to upskill in content creation and business development areas.

In 2010 we developed our new Corporate Plan, which outlines our strategic objectives and priority areas for 2010–2013.

OBJECTIVE 2

INCREASE AND BROADEN AUDIENCE ENGAGEMENT WITH VICTORIAN AND AUSTRALIAN SCREEN CONTENT

- Support local content that reflects Australian perspectives, resonates with local audiences and can achieve international recognition
- Support organisations that increase and broaden audience engagement in screen culture.

OBJECTIVE 3

SHAPE POLICIES AND PRACTICE TO ACHIEVE INDUSTRY GROWTH

- Lead advocacy or strategic policy projects for the industry in identified areas of need.

OBJECTIVE 4

ENHANCE ORGANISATIONAL CAPABILITY TO DELIVER THE ORGANISATION'S CORPORATE PLAN

- Maintain corporate governance through policies, procedures, relevant legislation and Departmental standards and improve organisational efficiency
- Value our staff and enhance their skills and capability to the benefit of the individual and the organisation.

DESURA
Desura

Supported through Digital Media Prototyping



SNOWTOWN

Warp Films Australia

Supported through Slate Funding, Development Investment and Production Investment

THE LOVED ONES

Ambience Concept

Supported through Production Investment, CFF and RLAF



A MESSAGE FROM THE PRESIDENT



John Howie
President

The screen industry lies at the heart of a progressive state like Victoria and makes a significant contribution to our community, socially, culturally and economically.

For Film Victoria, this year has been about nurturing and championing talent both here and overseas, supporting screen businesses and responding to global challenges.

A total of 57 screen projects commenced production in Victoria in 2010/11, spending an estimated \$135.4 million in the state. Of this, our programs leveraged \$80.9 million, more than half of total expenditure, and created more than 2,400 full time jobs.

While the strength of the Australian dollar has made it difficult to attract large-scale international projects to Victoria, the reputation of local screen practitioners, our film commission services and the incentives offered by the Victorian Government have helped us secure a significant share of footloose productions to the state.

The challenging international environment has highlighted the importance of supporting Victorian projects, and the value of our role in nurturing the development and production of creative ideas across a range of platforms.

We committed more than \$6.4 million to 28 local projects through *Production Investment* and more than \$800,000 to 14 digital projects through *Games Investment* in 2010/11. We also provided development support for 47 fiction and factual projects. This investment in the local industry strengthens the overall skills base, enabling practitioners to continue to create great content.

We believe sustainable screen businesses are the foundation of a robust, agile and diverse industry, and we took the lead many years ago to support Victorian companies with targeted programs to build their slates. This strategy has yielded great results, with a major international production and distribution house announcing a substantial investment in a Victorian production company; and several other screen businesses diversifying their slate of projects or increasing their infrastructure capacity.

We also introduced a new funding strand, *Screen Business - Online*, to assist screen businesses to utilise new delivery platforms and reach audiences online. In addition we supported more than 50 producers, teams and projects to attend festivals and markets, develop their slates and form strong business partnerships internationally.

Our *Arresting Audiences* summit, a world-first event, brought together local and international speakers with practitioners from around Australia to discuss audience preferences, trends, behaviours and engagement. The event was a sell-out and just one of many initiatives and events we facilitated for practitioners throughout the year.

Victorians continued to engage with all forms of screen content, with both metropolitan and regional audiences benefiting from our lively screen culture – more than 2.1 million people took part in events, programs and activities supported by Film Victoria in 2010/11.

Victorian stories continue to shine on screen, achieving local and international recognition and captivating audiences. This year we supported Victorian film and television content that received around 94 million views.

It is my great pleasure to present Film Victoria's 2010/11 Annual Report.

SISTERS OF WAR
Pericles Film Productions
Supported through Production Investment



RE-ENCHANTMENT
Inside Out Productions
Supported through Production Investment



RED HILL
Red Hill Films
Supported through RLAF

The screen industry is always evolving. Film Victoria, too, has experienced several changes over the past 12 months. In November we welcomed the Coalition Government and a new Minister for Innovation, Louise Asher, to oversee Film Victoria's remit to support the film, television and digital media sectors. I thank her for her leadership and ongoing commitment to the industry.

In March we farewelled Sandra Sdraulig, whose contribution during her nine years as CEO leaves a lasting legacy. Her focus, determination and skill transformed the organisation and helped pave the way for the industry to achieve extraordinary growth.

And this is the last annual report I present as President of Film Victoria.

It has been a great honour to serve on the Film Victoria Board for the past eight years and to be in the company of such passionate, talented people. The opportunity to contribute to Film Victoria's direction and impact on the screen industry has been a rewarding experience.

To my fellow Board members, I extend my thanks for your many and varied contributions, your expertise and your unwavering dedication to the industry.

To Acting CEO Jenni Tosi, your support and ongoing commitment to both Film Victoria and the industry has been invaluable during this time of transition, and over your many years of service.

I also wish to acknowledge and commend Film Victoria staff, past and present, who do a remarkable job year after year. Thanks to your efforts this organisation is recognised for its innovative, forward-looking programs and initiatives, industry-first events and outstanding services.

The Film Victoria we see today has evolved significantly from the organisation that was formed in 2002. Since then, the industry's yearly output has increased from below \$90 million per annum to record levels of expenditure, achieving its highest and second highest spend in the state in the past four years. This growth is a reflection of the extraordinary talent of Victoria's screen practitioners.

While it is important to acknowledge the achievements of the past, a vision for the future is paramount. With change comes a renewed outlook and energy for Film Victoria as it approaches its 10th year of operation.

There is such a tremendous breadth and depth of talent in this state, and Film Victoria has always been extremely proud to support, lead and be part of an industry with such a rich history.

John Howie
President
Film Victoria

COUNTING DOWN THE TOP TEN

Our Annual Report is divided into two sections:

THE YEAR IN REVIEW

Good times at the front

Here we talk about how the screen sectors have tracked over the year, the impact of our programs and our key achievements within each strategic area.

REPORT OF OPERATIONS

Business at the back

Our Annual Report must comply with State Government regulations. This section contains our financial statements, compliance with legislation, list of payments, list of staff, and disclosure index.

01

57 screen projects commenced production in Victoria. 60% of the estimated production spend of \$135.4 million was leveraged through our program support.

02

Projects we supported created more than 2,400 full-time jobs for the industry.

03

Television dominated, with projects beginning production in 2010/11 spending a total of \$102.6 million – 83% of the projects were supported by us with a total leveraged spend of \$61.7 million.

04

We committed support to 89 film, television and digital media projects through *Production Investment*, *Games Investment* and *Fiction and Factual Development*.



ANIMAL KINGDOM
Porchlight Films
Supported through Production Investment

2011 Logies



MYKOLA ON THE ROOF
Rubber House
Supported through Games Investment

05

We secured six national and international projects for Victoria.

06

We supported 50 productions, teams and production companies to grow their business.

07

We supported film and television content that received around 94 million views, a 24% increase on the previous year. And more than 2.1 million people participated in events, programs and activities that we supported – 72% increase in audience engagement.

08

We held the world's first audience summit for screen practitioners – which sold out! 92% of attendees reported afterwards that they enjoyed the event.

09

Films we supported won more than 70 awards and received more than 180 award nominations in 2010/11.

10

On a personal note, we 'got green' in the office, reducing our waste to landfill by 61.81% over the course of the year and increasing our recycling by 141%.

OBJECTIVE 1

DRIVE INDUSTRY GROWTH THAT ATTRACTS INVESTMENTS, EXPORTS AND JOBS



CHRIS HUMFREY'S WILD LIFE
December Films
Supported through Slate Funding, Production Investment and RLAF

A total of 57 film, television and digital media projects commenced production in Victoria in 2010/11, spending an estimated \$135.4 million. We leveraged more than half of this spend – \$80.9 million – which created an estimated 2,427 full-time equivalent jobs.

THE BIG SCREEN

Total production expenditure for films beginning production in 2010/11 was \$29.5 million. We supported eight of these films, which leveraged a spend of \$16 million.

THE SMALL SCREEN

The television sector was again the largest segment of the Victorian screen industry, with projects beginning production in 2010/11 contributing a total of \$102.6 million to the economy. We supported 24 of these productions, which spent \$61.7 million – more than 60% of the total expenditure.

THE EVEN SMALLER SCREEN

We also supported 12 digital media projects beginning development in 2010/11, leveraging expenditure of \$3.3 million.

OUR PROGRAMS: SUPPORTING PEOPLE, PROJECTS AND BUSINESSES

Through *Production Investment* we committed support to:

- Three fiction feature films, with a total commitment of \$720,000, an increase of 49% compared to 2009/10
- 10 adult and children's television fiction projects, with a total commitment of \$3,551,881, an increase of 3% compared to 2009/10
- 15 factual feature and television projects, with a total commitment of \$2,186,270, an increase of 31% compared to 2009/10.

That's a total of 28 projects and investment to the tune of \$6,458,151. This overall increase ensures that production activity and the flow-on economic and employment benefits are sustained in Victoria.

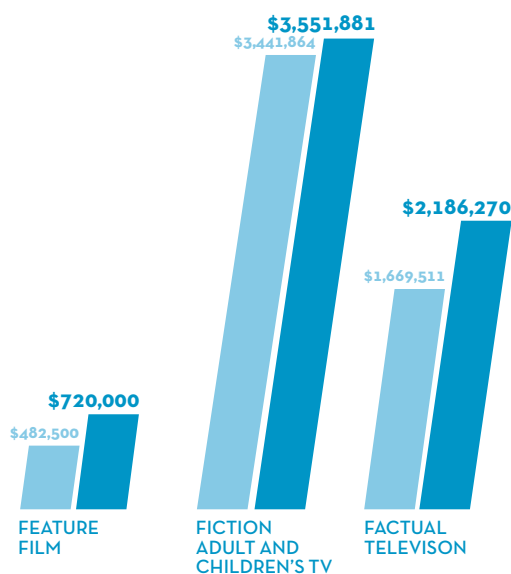
Through our *Games Investment* program we committed support to:

- 14 projects with a total commitment of \$872,412.

Through our *Development* programs we committed support to:

- 27 fiction projects, with a total commitment of \$658,250
- 20 factual projects, with a total commitment of \$164,080.

PRODUCTION INVESTMENT COMMITMENTS



2009/10 2010/11

URBAN WOLF
Brawsome
Supported through Games Investment



Fostering screenwriting talent

We work with the Australian Writers' Guild (AWG) to encourage excellence in script development and to nurture the next generation of screenwriters. In 2010/11 we supported our first Indigenous Fellowship to give a local writer the chance to hone their craft under the guidance of an experienced mentor. The successful applicant was Jadah Pleiter, a theatre graduate from the Palyku people of North West Australia. Jadah's first play *Jidja* was picked up and produced by Kooemba Jdarra Theatre Company. Her second, *The Promise*, won a Paul Dainty Musical Theatre development grant and her children's theatre show *Cow Fire* was shortlisted for the Malcolm Robertson Prize, The Kate Challis Raka Award and NSW Premier's Literary Award. Under the mentorship of Indigenous writer and director Beck Cole, Jadah is turning her talents to screenwriting and developing her script, *HOMING*, and we can't wait to see her writing skills reflected on the screen.

OzEuXo: Easy to love, hard to say

This year we supported the Australian European Crossover Lab (OzEuXo). The event is aimed at getting Australian and European practitioners together to develop crossplatform and transmedia co-productions. Think of it as a kind of matchmaking exercise where projects are hatched, developed and pitched in four phases across two countries. Funded by us with MEDIA Mundis program, Crossover UK and European partners, the 2011 event hosted 12 European and 12 Victorian factual, games and digital media producers at a creative and networking lab in San Remo, Victoria; a development lab in Sheffield, UK; and finally at the Sheffield Doc/Fest and MeetMarket, one of Europe's most significant markets for factual and cross-platform content. Labs like this give practitioners a chance to develop their projects in an intensely creative environment, and with a team rather than in isolation. We anticipate great things from those who participated.

VICTORIA'S LOCATIONS A MOUSE-CLICK AWAY CASE STUDY

Our Locations Gallery enables filmmakers and location managers worldwide to search through high-quality images of Melbourne and Victoria to identify suitable locations for their projects. Since its launch in 2008, more than 14,700 unique visitors from 91 different countries have browsed through the site's 37,000-plus images. In June we launched some great new features, including more powerful search capabilities and a new section that provides information, contacts and advice on filming on Indigenous land and working with Indigenous people. The Locations Gallery is just one of the innovative tools and resources we've developed for filmmakers to attract production to the state and keep Victoria at the forefront of Australia's screen industry.

Productions love Melbourne, and the feeling is mutual

We are totally in love with Melbourne and always sing its praises, and we're not the only ones – many national and international productions have fallen for this great city over the years. From a production perspective, the state's screen infrastructure and facilities are standout. Our post-production, digital and visual effects houses are bursting with talented, creative professionals and the latest technologies. Docklands Studios Melbourne are Australia's best studios (industry trade bible *Variety* agrees with us on this point) and when it comes to attracting international productions to Melbourne, you could say they're one of our big guns. The other elements of Victoria's production package – diverse locations, talented crews, film-friendly councils, great lifestyle and of course the film commission services we provide here at Film Victoria – are equally impressive, and help seal the deal.

Productions secured through our *Production Investment Attraction Fund (PIAF)* in 2010/11 include:

GHOST RIDER: SPIRIT OF VENGEANCE. In 2007 *GHOST RIDER* filmed in Melbourne, starring Nicholas Cage. We were very excited this year to be able to bring it back when we helped secure the State's biggest ever visual effects package for its sequel.

POPBOT. This science-fiction feature from Resolution Independent and Media Funds Management, based on the popular graphic novel series, will combine live action with motion capture technology and 3D animation. It will be filming at Docklands Studios Melbourne and post-producing in Melbourne.

JOHN DOE. An Australian thriller from John Doe Productions and Woodburn Sweitzer Management that follows an accused vigilante whose actions have divided communities worldwide. *JOHN DOE* was shot on location in Melbourne and is completing post-production locally.

TED. This edgy US comedy from Media Rights Capital, the first feature film for writer, comedian and animator Seth MacFarlane, will complete a significant portion of its visual effects in Melbourne. MacFarlane writes, directs, produces and stars in the film, alongside Mark Wahlberg and Mila Kunis. *TED* is about a man whose childhood wish – that his beloved teddy bear was real – comes true. The bear will be brought to life through the computer animation wizardry of local visual effects and animation house Iloura.

THE KATH AND KIM FILM. Heading to the big screen for the first time, Kath, Kim and a host of regulars from the award-winning TV series will star in this 'Fountain Lakes fairytale' from RTP Film Productions. Inimitable duo Jane Turner and Gina Riley produce, write and star in the film, shot in Victoria and overseas. Noice work, ladies.

CONSPIRACY 365. An epic 12-part TV series from Melbourne's Circa Entertainment, based on the popular Gabrielle Lord young adult fiction novels. Filming in Victoria over six months and featuring a stellar Australian cast, this is the largest project commissioned by the Movie Channel Network to date.

Victorian production companies: they're the business

We took the lead many years ago to create targeted programs that support businesses to develop their slates, in addition to our support for individual projects.

We believe this strategy – providing support for companies, projects and people – helps create a robust, innovative and sustainable industry. Through *Screen Business* we supported:

- 22 producers through *Global Connections* loans
- 12 projects and teams to attend international festivals
- Two production companies through *Slate* funding
- Five producers through *Established Producer Support*
- Nine companies through *Screen Business – Online*.

Introducing: Screen Business—Online

We're living in a digital world. For screen businesses, this means new ways of marketing and distributing content, and an unprecedented opportunity to reach global audiences. In February 2011 we announced a new funding strand, *Screen Business—Online*, to help local production companies build their online profile and tap into audiences beyond the traditional screens of TV and cinema. So far, we've committed \$89,565 to nine companies. In the simplest terms, we're helping businesses get their content out there because the more people who see it, the better.

Our practitioners have awesome skills

A skilled industry is a healthy industry, and we're always looking for opportunities for Victorian practitioners to gain experience, expertise and knowledge on local, national and international projects. We're thrilled to report that on productions we supported, that were completed in 2010/11, 91% of the crews were Victorian. That's a whole lot of upskilling.

Our *Screen Skills* program provides on-the-job opportunities and targeted activities for practitioners and gives production companies the potential to source the skilled staff they need.

Through Screen Skills we supported:

- Three internships with a film/TV production company
- 12 internships on a production
- Four internships with a digital media company.

We also facilitated 14 other opportunities for Victorian practitioners to take part in professional and business skills development, including masterclasses, pitching workshops, writing labs and symposiums.



Arresting Audiences



ARRESTING AUDIENCES CASE STUDY

In September 2010 we got arrested, and we took you with us

We talk a lot about the importance of engaging with audiences at each stage of content creation and distribution. In 2010 we decided to take the lead on the issue and convene the first ever audience summit for screen practitioners.

So what did this summit look like?

**200 attendees. 21
speakers.
10 sessions. 2 days. 1
summit.**

Arresting Audiences brought together the latest research, local and international speakers and practitioners from around Australia to shine a spotlight on audience trends, behaviours and engagement tools.

We knew we needed some solid stats and facts to back up our planning, so we gathered data from around the world and commissioned our own research into audience trends, behaviours, perceptions and attitudes towards Australian content to shape and inform the program. And we put it all in a handy little booklet for attendees to take home.

There were sessions on demographics, marketing, advertising, TV programming, audience testing, genre and more, all backed up with research and resources, and delivered by expert speakers.

And oh my, the speakers! Let's start with our keynote, veteran television writer and producer Jane Espenson, whose credits include *BUFFY THE VAMPIRE SLAYER*, *FIREFLY*, *BATTLESTAR GALACTICA* and *GAME OF THRONES*. Jane delivered a fascinating speech on writing with the audience in mind (see page 17) and took part in a juicy Q&A.

She joined social media and marketing guru Winter Mead; Warp Films' Dhiraj Scrimshaw; social demographer Mark McCrindle; producers Ewan Burnett, Robert Connolly, Robyn Kershaw and Sue Maslin; social media expert Gary Hayes; and ABC's Head of Audience Research Lisa Walsh, to name but a few.

We believe the summit contributed to the growing conversation and emphasis on producing content and formats that reflect audience preferences, behaviours and trends.

And because audience engagement is a long-term priority for us, we're continuing to provide useful audience research, resources and tools online.

Did we mention Arresting Audiences was an environmentally friendly event? That's right, we made sure everything from the venue, audio visual equipment and catering to the ticketing agency, power and marketing materials was as green as it could be. Find out more about our green initiatives under objectives 3 and 4.

Intern on THE SLAP makes an impression

For 10 weeks over the summer of 2010/11 Leon Salom interned as a production designer on drama series *THE SLAP*, based on the novel by Christos Tsiolkas. Working in the art department, Leon contributed to the overall look of the series, and spent his days researching, gathering and manipulating prop and dressing photos for use on set, helping to dress various locations and sourcing props. Our *Production Internship* funding gives practitioners a chance to develop their skills on a local project and gives established creatives a chance to impart their well-honed expertise to others. Leon said it was a real thrill to see a scene he'd dressed finally realised on screen. Leon's enthusiasm for the role was reciprocated – when his internship finished, the production team hired him for a further seven weeks until the end of filming.

OBJECTIVE 2

INCREASE AND BROADEN AUDIENCE ENGAGEMENT WITH VICTORIAN AND AUSTRALIAN SCREEN CONTENT

Diversity in screen content and culture is critical, so we create and support opportunities for a range of people to view and appreciate screen content on many platforms.

Film and television content we supported received close to 94 million views in 2010/11 – a 24% increase in audiences since 2009/10.

The big screen

Films we supported that were released in 2010/11 took more than \$7.3 million at the Australian box office.

Of the Australian top 10 films at the Australian box office, four were supported by us:

- SANCTUM
- SNOWTOWN
- MATCHING JACK
- SOUTH SOLITARY.

The small screen

33 productions we supported screened on television in 2010/11, with viewership numbers exceeding 93 million views.

It seems Victorians can't get enough of locally made productions. TV series such as *RUSH* and *OFFSPRING*, which showcase familiar Melbourne streets and suburbs week after week, and home-grown programs such as *HAWKE*, *PRANK PATROL* and *ANGRY BOYS* frequently rate highest with Victorian audiences, showing that we're supporting programs that Melbourne audiences prefer!

On screen: SNOWTOWN

One of the success stories for Australian film in 2010/11 was Warp Films Australia's *SNOWTOWN*, an extraordinary character drama about one of the country's most notorious murderers from director Justin Kurzel, writer Shaun Grant and producers Anna McLeish and Sarah Shaw. We supported this film through *New Feature Writers* and *Production Investment*, and it has since won the Audience Award for Best Feature at the Adelaide International Film Festival and a Jury President's Special Mention at Cannes Film Festival Critic's Week. Seeing this project move through script development to production, and then on to critical acclaim and box office success makes us very proud.

On screen: PENGUIN ISLAND

The famous little penguins of Phillip Island are super cute and great at entertaining, but as it turns out, their private lives are full of family drama, fraught relationships, rivalries and betrayal. Who'd have thought? 360 Degrees' *PENGUIN ISLAND*, from producer Sally Ingleton and director Simon Target, used underwater satellite tracking and video surveillance to follow the trials of three penguin couples. The series was watched by more than 20 million in the UK, where it was picked up by the BBC, and watched by more than 3 million people in Australia on ABC1. We supported the series through *Slate Funding*, *Production Investment*, *Cross Platform Development*, *Regional Location Assistance Fund* and our *Cash Flow Facility*.

On screen: THE MULTICULTURAL HISTORY PORTAL

From Melbourne-based cross-platform production company Chocolate Liberation Front (CLF), *THE MULTICULTURAL HISTORY PORTAL* was the first online, interactive project to get support through *Production Investment*. Launched in January 2011 as a companion piece to Renegade Films' documentary series *IMMIGRATION NATION* (also supported by us), the portal includes a groundbreaking online simulation of the experience of asylum seekers in Australia, an interactive documentary, digital story map and a community resources area where users find information on immigration, and upload and share their own stories. CLF was selected as an Official Honouree for Best Interactive Documentary at the 2011 Webby Awards – well-deserved recognition for their work.

On screen: WILFRED turns red, white and blue

Our favourite mischievous canine *WILFRED* found a second kennel to call home in the US in 2010. The critically acclaimed Renegade Films series, which received *Script Development* and *Production Investment* support, has been recreated for the US market and aired on the FX Network in mid-2011. David Zuckerman, of *FAMILY GUY* fame, wrote the US pilot and although Elijah Wood has the role Adam Zwar made famous here, co-creator and producer Jason Gann reprises his role as the floppy-eared deviant. In May 2011, BBC3 bought the US version. This is a fine example of Victorian practitioners engaging global markets, and proof that talking dogs are funny the world over.

Arresting Audiences
Jane Espenson



Confessions of a screenwriter

So what do we do to help screen practitioners continue to produce award-winning content that is seen and appreciated around the world? We find talented people and ask them to share their knowledge with Victorian practitioners. At the audience summit we convened in September 2010, one such talented person was veteran television writer, producer and genre favourite Jane Espenson. As our keynote speaker, Jane shared her wisdom gleaned from over 20 years in show biz with a sell-out audience of around 200 people, and she did it with humour, humility and grace. Herewith, some pearls of screenwriting wisdom from Jane:

- Writing is like food, and you are the chef – trust your palate, and season to your own taste
- Desk drawer plus time equals wisdom – set your script aside for a minimum of two weeks. After that, you can look at it more objectively. The mistakes will jump out at you
- Demand to be fascinated by your own writing
- Make the characters smarter, make the challenges harder, make the writing better
- Study! Study the stuff you like so you can figure out why it's working
- Forget about what engages people – what engages you?
- Most shows that stay on the air are someone's favourite. That means they're being written with love, by someone who wants to watch them. Be that someone.

Audience and access

We support and promote a range of events and organisations each year that offer a taste of local, national and international stories and perspectives on screen and engage local audiences with film, TV and online content.

Our support of the Melbourne International Film Festival (MIFF) and St Kilda Film Festival continued in 2010/11. So too did the Victorian Government sponsorship of the TV Week Logie Awards and the Australian Film Institute (AFI) Awards.

- More than 40 projects supported by us had a public screening in 2010/11
- We supported nine screen activities, events and cultural programs
- More than 2.1 million people participated in events, programs and activities supported by us, an increase of 72% on last year's results.

From the International Festival of Political Change, History Makers Awards and Créteil International Women's Film Festival to the AFI's, Emmys and Academy Awards, Victorian productions and practitioners are recognised globally for the quality of their work. Films we supported won more than 70 awards and received more than 180 award nominations in 2010/11.



PENGUIN ISLAND
360 Degree Films
Supported through Slate Funding, Production Investment, RLAF,
Cross Platform Development and Cash Flow Facility



SOUTH SOLITARY
Remote & Blowy
Supported through Production Investment and RLAF

OBJECTIVE 3

SHAPE POLICIES AND PRACTICE TO ACHIEVE INDUSTRY GROWTH

DOGSTAR Series 2
Media World Pictures
Supported through Production Investment



A lot of work goes on behind the scenes at Film Victoria to advocate, lead, develop and support policies and initiatives for the benefit of the screen industry. From working with local councils, government agencies and screen industry guilds and organisations to advising the Department of Business and Innovation and the Minister for Innovation, Services and Small Business, our goal is to shape an environment in which the film, TV, online, games and interactive entertainment sectors can grow and thrive.

Advocating for the industry

We continued our policy and advocacy work with Ausfilm through submissions to the Federal Government's 2010 *Review of the Independent Screen Production Sector*. The fruits of this work were seen in the May 2011 Federal Budget announcement, which included an increase in Post, Digital and Visual Effects (PDV) offset from 15% to 30%, as well as significant reform for the Producer Offset and Qualifying Australian Production Expenditure (QAPE) thresholds. Our work with Ausfilm to advocate for an increase in the Location Offset is ongoing. Also important to our collaborative work with Ausfilm and other state agencies are our annual sales missions to Los Angeles. These are to promote Melbourne's locations, infrastructure, facilities, crew, creative talent and financial incentives to the international production community, to meet with studio executives and follow up on project leads.

Looking forward with a new government

In November 2010 we welcomed a new government to the parliament of Victoria, and a new Minister to shape our future screen and business vision. The election commitments that Minister Louise Asher will helm over the next four years will have positive impacts on local production activity and Victoria's coproduction relationship with other countries (including the US and India). The next year will see the introduction of an Indian Film Festival, to develop higher awareness and audience engagement with Bollywood screen culture in Victoria, as well as initiatives that will promote Victoria as the premiere production destination in Australia. We will strive for strong advocacy and leadership to continue to develop our screen sectors.

Greening our screens

Our work with the National Green Screen Committee, the environmental coalition of Australian state and federal screen agencies, continued in 2010/11. We commissioned the first environmental audit of a television series in Australia, for Victorian production BED OF ROSES. Environmental consultants *tda* and *ngh environmental* audited series 2 of the show, giving producers Ruby Entertainment benchmarks to improve their environmental performance during the production of series 3. A comparative audit of series found the production had reduced their greenhouse gas emission by 16.7%—equivalent to 3.52 tonnes of CO₂—and saved \$62,966 in production costs. Victorian Commissioner for Sustainability and Environment, Professor Kate Auty, included the project in her 2011 audit of Victorian Government agencies, *Structures for Sustainability*.

SUMMER CODA Revival Film Company

Supported through Script Development, Production Investment and RLAF



MURUNDAK - SONGS OF FREEDOM Daybreak Films

Supported through Production Investment



Increasing opportunities for Indigenous screen practitioners

We've been reviewing our engagement with Victorian Indigenous screen practitioners since 2008, with the ultimate aim of increasing the number and range of applications we receive from local Indigenous practitioners. An internal working group meets regularly to review internal activities and develop a comprehensive Reconciliation Action Plan with input from Indigenous practitioners and Film Victoria staff. In 2010/11 we:

- Supported an Indigenous Fellowship through the Australian Writers' Guild (see page 13)
- Brokered four internship opportunities for Indigenous practitioners (announced in June 2010)
- Appointed Indigenous practitioner Richard Frankland to the Evaluation and Advisory Committee (EAC) in July 2010
- Took part in Indigenous cross-cultural awareness training (see page 19)
- Welcomed our first Indigenous Projects Officer to the Film Victoria team in April 2011.



BED OF ROSES Series 3 Ruby Entertainment

Supported through Production Investment and RLAF



Transmedia Victoria 2011

OBJECTIVE 4

ENHANCE ORGANISATIONAL CAPABILITY TO DELIVER THE ORGANISATION'S CORPORATE PLAN

Greening our office

We've been implementing our ResourceSmart strategy, focusing on waste reduction, with our Internal Environmental Committee leading the charge. We're so committed to walking the talk when it comes to greening our world that staff volunteers donned full body suits, masks and gloves and plunged into a waste audit - that's right, they picked through one week's worth of office garbage to measure landfill, recycling and organic waste, and they did it three times in 2010/11. The good news is all that messy work was not in vain - the audits show we've reduced our waste to landfill by 61.81% over the course of the year, largely by introducing an organic waste collection and improving our recycling, and we've also increased the amount of waste recycled by 141%.

Learning and development

We provided a range of opportunities for staff in 2010/11 to develop and broaden their professional skills and enhance their role in supporting the film, television, online, mobile and interactive entertainment industries including:

- Management and senior leadership skills development
- Time management
- Records management
- Production budgeting
- Film and television law
- Intellectual property law
- Policy skills
- Producing, film business, marketing and distribution
- Communications and interpersonal skills
- IT skills.

In August 2010 Film Victoria staff attended Indigenous cross-cultural awareness training, delivered by the Koorie Heritage Trust, to gain a greater awareness of Aboriginal culture, identity and history and a practical understanding of best practice when working with the Victorian Indigenous community. Several members of the Board and Evaluation and Advisory Committee, as well as new staff, have since participated in a half-day training program.



Melbourne International Film Festival 2011 opening night
Image courtesy of Jim Lee

OFFSPRING
Southern Star Productions
Supported through Production Investment and PIAF

Continuous improvement

To enhance work satisfaction for staff in 2010/11 we encouraged greater levels of task delegation and decision-making at lower levels, focused on career development as part of performance planning, recognised and rewarded positive workplace behaviours and increased opportunities for staff to expand their knowledge of the screen industry.

LIST OF PAYMENTS

| Project | Company/Person | Payments 2010/11 |
|---|---|---------------------|
| | | \$ |
| CONTENT DEVELOPMENT SUPPORT | | |
| Catapult (New Feature Writers) | | |
| The Sleeping Beauty | Beth King | 2,600 |
| The Gypsy Heart | David Willing | 2,600 |
| Breakable | Brett Cousins | 5,200 |
| The Non-Believers | Steve Mitchell | 2,600 |
| Total Catapult (New Feature Writers) | | 13,000 |
| Fiction Feature Film | | |
| Cash Machine | Film Camp | 25,850 |
| Crucifixionata—The Geoffrey Tozer Story | LJM Productions & Baystreet Productions | 4,550 |
| The Worst Band in the Universe | Circe Films | 13,000 |
| Yester Damon | Aquarius Films | 13,000 |
| Come Back | Turnstile4 | 8,450 |
| Cherry Bomb | Jane Says | 13,800 |
| An Oddball Solution | Steve Kearney | 6,000 |
| Patrick | Antony I Ginnane | 9,625 |
| Made in China | Storybox Films | 28,500 |
| Sick Puppy | Boilermaker | 14,625 |
| By Any Other Name | Melodrama Pictures | 4,800 |
| Honk If You Love Jesus | Matt Cameron | 8,725 |
| Love Proof? | Scriptworks | 26,151 |
| Bee & Leech | Damien McLindon | 7,500 |
| Rhinochasers | Enjoy Entertainment | 7,725 |
| Thunder | Let's Talk | 2,000 |
| Black Swan | Walker Films | 4,150 |
| Homework | Mini Studios | 7,200 |
| Undercover | Daniel Dubiecki & Torus Tammer | 30,000 |
| The Jenny Plan | Stuart Parkyn, Nick Ball, Luke Davidson & Gus Johnston | 7,550 |
| Please Explain | Mini Studios | 12,250 |
| Resistance | Maxo | 10,500 |
| The Water Diviner | Eleventh Marina | 10,900 |
| Scarygirl | Passion Pictures | 75,000 |
| In Moral Danger | Circe Films | 29,000 |

| Project | Company/Person | Payments 2010/11 |
|-----------------------------------|---------------------------|---------------------|
| | | \$ |
| Bon Scott | Film Depot | 25,000 |
| The Female Factory | Caroline Waters | 17,875 |
| Horrendo's Curse | 403 Productions | 29,900 |
| The Sleeper | Edstrong Productions | 8,225 |
| Slow Food Fast Buck | Day for Night Productions | 20,230 |
| Carry Me Down | Yaman Films | 15,600 |
| Patrick | Antony I Ginnane | 40,500 |
| Driving Back From Dubbo | Gecko Films & Circe Films | 20,150 |
| Fat, Forty and Fired | Robyn Kershaw Productions | 12,415 |
| The Sapphires | Goalpost Pictures | 27,000 |
| The Circus | Circus Productions | 8,835 |
| Good Vibrations | Emerald Way Productions | 23,600 |
| Total Fiction Feature Film | | 630,181 |

Fiction Television

| | | |
|---------------------------------|-----------------------------|----------------|
| Kooks | Ghost Pictures | 5,200 |
| Adventures of Figaro Pho | Chocolate Liberation Front | 22,500 |
| Miss Fisher's Murder Mysteries | Every Cloud Productions | 29,100 |
| Lowdown Series 2 | High Wire Films | 45,000 |
| Under the Flight Path | Gabrielle Jones Productions | 6,000 |
| Total Fiction Television | | 107,800 |

| Project | Company/Person | Payments 2010/11 |
|-------------------------------------|-------------------------------------|---------------------|
| | | \$ |
| Factual Television | | |
| Sporting Nation | Princess Pictures | 500 |
| Lady Tange's Tid Bits | Marina Films | 1,750 |
| Conquest & Control | Film Projects | 3,500 |
| The Divided Heart | Moppet Mode | 13,000 |
| Golden Miles | Jason Byrne Productions | 8,700 |
| Forgotten Anzacs: Crete 1941 | Michael Sweet | 3,500 |
| Bright Lights | Circe Films | 6,500 |
| Hard Wired | Emergint | 13,000 |
| Is Australia Racist? | Waterbyrd Filmz | 5,000 |
| Visions of a Sunburnt Country | Vitascope International | 8,000 |
| The Beer Detective | Fairtrade Films | 4,875 |
| Concrete: An Australian Love Affair | Storybox Films | 3,575 |
| Dear Dirt | Moppet Mode | 3,250 |
| Happy Campers | Moppet Mode | 5,200 |
| War of the Words | The Acme Film Company & Anna Grieve | 6,175 |
| What Makes Us Human | Freehand Productions | 6,500 |
| Barefoot Microlite Odyssey | Intafusion Films | 3,900 |
| In Search of Meaning: Black Humour | Chris Beck | 8,000 |
| Kicking Fields | Conscious Productions | 3,250 |
| Prince Leonard | Brian Hoare & Associates | 3,250 |
| The Call of the Horn | Flying Fish Films | 3,575 |
| Adam and Eve | Diane Perelssztein & Company | 3,000 |
| The Art of Listening | Rachael Thompson | 7,150 |
| Fallout | Rough Trade Pictures | 12,000 |
| Skirting the Edge | Sue Hardisty | 12,000 |
| Love and Devotion | Stella Motion Pictures | 7,475 |
| A Place to Call Home | Licketty Split | 6,500 |
| Love and Fury | Early Works | 6,500 |
| Ten Years On | Flying Carpet Films | 3,250 |
| Making Pan Jinlian | Morgan Healy | 4,550 |
| Total Factual Television | | 177,425 |
| Digital Media Scoping | | |
| The Problematic World of Lou | Sarah-Jane Woulahan | 1,250 |
| Twenty2 | Garth Midgley | 1,250 |
| Blind Metaphysical Detective #1 | Chuan Lim | 4,800 |
| Mavensville | August | 5,000 |
| The Eco Boomers | Velvet Films | 1,250 |
| Figaro Pho | Chocolate Liberation Front | 5,000 |
| Total Digital Media Scoping | | 18,550 |

| Project | Company/Person | Payments 2010/11 |
|--|---------------------------------------|---------------------|
| | | \$ |
| Cross Platform Development | | |
| Penguin Island | 360 Degree Films | 2,000 |
| Schnorky the Wave Puncher | Circa Entertainment | 2,000 |
| Eliminated TV | Jammed Films | 2,000 |
| Kangaroo Mob | 360 Degree Films | 6,000 |
| Weird and Wonderful—The Rise and Fight of the Disability Rights Movement | Fertile Films | 6,000 |
| Total Cross Platform Development | | 18,000 |
| Digital Media Prototyping | | |
| Cinch | Cinch | 1,542 |
| ARRR! | Infinite Interactive | 225,000 |
| Jokes on You | White House Productions International | 60,000 |
| Swif Bubbler | Star Digital | 7,240 |
| App Suite | Lycette Bros. | 10,000 |
| Bunni Social | Andre Spierings | 60,000 |
| Snap! Sorcery | Endgame Studios | 75,600 |
| Desura | DesuraNet | 66,000 |
| Live | Pure Pictures | 31,000 |
| Nawlz | Stuart Campbell | 48,000 |
| My Farm | Tantalus Media | 350,000 |
| Kart World | Twitch | 120,000 |
| Total Digital Media Prototyping | | 1,054,382 |
| Games Investment | | |
| Mykola On The Roof | Ivan Dixon | 6,000 |
| Puzzle Treasure | Chris Watts | 12,550 |
| Urban Wolf | Brawsome | 80,000 |
| Gamebook Adventures | Tin Man Games | 25,000 |
| Total Games Investment | | 123,550 |
| Pilot for TV or Digital Media Broadcast | | |
| The Committee | Cascade Films | 20,000 |
| Total Pilot for TV or Digital Media Broadcast | | 20,000 |
| TOTAL CONTENT DEVELOPMENT SUPPORT | | 2,162,888 |

| Project | Company/Person | Payments 2010/11 |
|---|---------------------------|---------------------|
| | | \$ |
| PROFESSIONAL DEVELOPMENT | | |
| Attachments | | |
| Anna Brady Post Production Supervisor with Richard Lowenstein on Ben Lee: Catch My Disease | Ghost Pictures | 1,500 |
| Total Attachments | | 1,500 |
| Internships | | |
| Anna Slowiak | ArenaMedia | 3,231 |
| Anna Jeffries | FremantleMedia | 1,416 |
| Karen Bunting | Circe Films | 6,622 |
| James Collins | Blue Post Productions | 7,915 |
| Kate Mills | Viskatoons | 2,604 |
| Maya Gnyp | Robyn Kershaw Productions | 7,458 |
| Lucas Testro | FremantleMedia | 4,846 |
| Phoebe Hartley | Grundy Television | 3,635 |
| Julie Eckersley | Matchbox Pictures | 11,039 |
| Ariel Parisi | December Films | 4,541 |
| Nathan Hart | FreemantleMedia | 6,006 |
| Aida Innocente | Tindale Rd Films No 1 | 7,623 |
| Michael Stifter | The Librarians | 1,176 |
| Glenn Shea | Southern Star Productions | 4,796 |
| Nicky Tyndale-Biscoe | 360 Degree Productions | 1,325 |
| Anthony Woodcock | 360 Degree Productions | 6,054 |
| James Connell | Puzzle Productions | 5,160 |
| Chris Ward | HOFO | 4,968 |
| James Romeril | Seven Network | 3,813 |
| Skye Kennett | Active TV | 3,813 |
| Lisa Sbarrato | Outland Productions | 3,813 |
| Leon Salom | The Slap Productions | 7,815 |
| Simon Ryan | Bucket Tree | 7,815 |
| Kylie Plunkett | Southern Star Productions | 4,142 |
| Shelley Dresden | Shezow Productions | 4,702 |
| Meg Courtney | Phryne Fisher Series | 3,960 |
| Demos Karkazis | December Films | 2,793 |
| Kae Sato-Goodsell | Infinite Interactive | 3,811 |
| Callum Rosel | Wicked Witch Software | 1,424 |
| Ashley Curkpatrick | Visual Jazz | 9,034 |
| Aron Tardini | Visual Jazz | 9,034 |
| Alec Voang | VastPark | 7,941 |
| Katherine McCartney | Iloura | 13,885 |
| Ben Warwick | Big Ant Studios | 11,179 |
| Laura Hall | Big Ant Studios | 11,179 |
| Craig Bowler | Big Ant Studios | 11,179 |
| Ted Adair | Complete Post Australia | 13,154 |
| Dane Scotcher | Complete Post Australia | 13,154 |

| Project | Company/Person | Payments 2010/11 |
|--------------------------|-------------------------|---------------------|
| | | \$ |
| Matt Benton | Touch My Pixel | 9,809 |
| Alexander Tulloh | VastPark | 8,238 |
| Mark Quenault | Complete Post Australia | 4,119 |
| Drewe Clarke | Iloura | 4,483 |
| Peter Allen | Iloura | 4,483 |
| Cal Ferguson | Media Saints | 4,119 |
| Total Internships | | 273,306 |

International Festival Attendance

| | | |
|--|-----------------------------------|---------------|
| Anna Kojevnikov | Anna Kojevnikov | 736 |
| Nicholas Sherry | The Sherry Company | 736 |
| Suren Perera | Renmotion | 825 |
| Lauren Anderson | Lauren Anderson & Shelley Dresden | 1,000 |
| Patrick Herford | Patrick Herord | 2,879 |
| Anna Jeffries | Anna Jeffries | 1,000 |
| Michael Robinson | 3monkeyfilms | 5,000 |
| Sophie Boord | Sophie Boord | 5,000 |
| Emma Crimmings | Emma Crimmings | 4,450 |
| Benjamin Gilovit | Benjamin Gilovitz | 3,000 |
| Kasimir Burges | Kasimir Burges | 3,337 |
| Matthew Mullins | Matthew Mullins | 3,890 |
| Adam White | Adam White | 3,299 |
| Romi Trower | Romi Trower | 3,500 |
| Damon Gameau | Damon Gameau | 3,000 |
| Katrina Mathers | The Lampshade Collective | 3,750 |
| Michael Greaney | Michael Greaney | 2,700 |
| Sarah Shaw | Warp Films Australia | 5,000 |
| Total International Festival Attendance | | 53,102 |

International Market Attendance

| | | |
|--|---------------------|---------------|
| Nicholas Bryan Heydon | Heydon Films | 1,500 |
| Linda Klejus | Circa Entertainment | 2,000 |
| Karen Kimr | Licks Productions | 1,750 |
| Scott Alexander | Scott Alexander | 7,071 |
| Total International Market Attendance | | 12,321 |

Key Creatives Development

| | | |
|---|--|--------------|
| Bridget Callow mentored by Sue Maslin, Yvonne Collins, Henry Karjalainen & David Court | | 1,500 |
| Total Key Creatives Development | | 1,500 |

TOTAL PROFESSIONAL DEVELOPMENT

341,729

| Project | Company/Person | Payments 2010/11 |
|-----------------------------------|-----------------------------|---------------------|
| | | \$ |
| PRODUCTION INVESTMENT | | |
| Fiction Feature Film | | |
| X | Circe Films | 3,800 |
| Snowtown | Warp Films Australia | 245,000 |
| Summer Coda | Revival Film Company | 35,000 |
| The Apprentice | Mini Studios | 6,000 |
| Surviving Georgia | Surviving Georgia | 73,625 |
| Hail | Flood Projects | 97,500 |
| Kapyong | Kapyong | 85,500 |
| South Solitary | Remote and Blowy | 10,500 |
| The Kings of Mykonos | See-Saw Films & G.O Films | 9,000 |
| Matching Jack | Love and Mortar Productions | 20,000 |
| Total Fiction Feature Film | | 585,925 |
| TV Fiction | | |
| Prank Patrol Series 2 | Active TV | 249,650 |
| Dance Academy Series 2 | Werner Film Productions | 160,000 |
| Woodley | Bucket Tree | 281,172 |
| Twentysomething | High Wire Films | 156,878 |
| Rush Series 4 | Southern Star Entertainment | 273,000 |
| Miss Fisher's Murder Mysteries | Every Cloud Productions | 200,000 |
| Offspring Series 2 | Southern Star Entertainment | 431,250 |
| Dogstar Series 2 | Media World Pictures | 59,467 |
| FLEA-BITTEN! | Moody Street Kids | 10,000 |
| Killing Time | FremantleMedia | 487,500 |
| Bed of Roses Series 3 | Southern Star Entertainment | 80,000 |
| Librarians Series 3 | Gristmill | 31,975 |
| Rush Series 3 | Southern Star Entertainment | 20,000 |
| Offspring Series 1 | Southern Star Entertainment | 455,000 |
| Outland | Princess Pictures | 258,375 |
| The Slap | Matchbox Pictures | 475,000 |
| Sisters of War | Sisters of War | 75,000 |
| Total TV Fiction | | 3,704,267 |

| Project | Company/Person | Payments 2010/11 |
|---|-----------------------------|---------------------|
| | | \$ |
| TV Factual (Documentary) | | |
| Out of the Ashes | December Films | 14,928 |
| Anatomy Series 2 | Big and Little Films | 8,000 |
| Obsessed with Walking | Flaming Star Films | 7,600 |
| Michael Kirby—Fusion Not Exclusion | FilmArtDoco | 500 |
| Photography Hijacked | Valarc Films | 4,000 |
| Charles Bean's Great War | 360 Degree Films | 45,000 |
| Chris Humfrey's Wild Life | December Films | 122,384 |
| Kangaroo Mob | 360 Degree Films | 34,500 |
| Immigration Nation—The Secret History of Us | Renegade Films | 66,000 |
| The First Interview | Jungle Pictures | 39,000 |
| Ballroom Rules | Waterbyrd Filmsz | 31,500 |
| Penguin Island | 360 Degree Films | 17,164 |
| Arthouse | Paalma | 22,802 |
| Judith Lucy's Spiritual Journey | Bearded Lady Productions | 269,607 |
| Miss South Sudan Australia | Matchbox Pictures | 40,000 |
| Trafficked—The Reckoning | Fairtrade Films | 60,696 |
| Mad as Hell: The Peter Finch Story | Lowlands Media | 22,500 |
| Utopia Girls | Renegade Films | 69,350 |
| Rowland S Howard: Autoluminescent | Ghost Pictures | 49,000 |
| Jedis & Juggalos: Your Census Guide | Your Ex-Boyfriend | 22,500 |
| Australia on Trial | December Films | 311,172 |
| Sporting Nation | Sporting Nation Holdings | 108,000 |
| Anatomy Series 3 | Matchbox Pictures | 45,000 |
| Re-enchantment | Inside Out Productions | 4,500 |
| Westall 1966: A Suburban UFO Mystery | Endangered Pictures | 5,100 |
| Mother of Rock: The Life and Times of Lillian Roxon | Lowlands Media | 7,000 |
| Murundak: Songs of Freedom | Daybreak Films | 40,300 |
| Indonesia Calling | Early Works | 3,000 |
| Total TV Factual (Documentary) | | 1,471,103 |
| Propellor Shorts / Short Film Fund | | |
| Floating | Moppet Mode | 1,000 |
| Tethered | Ashley Harris & Craig Irvin | 9,000 |
| The Rat | Polly Staniford | 43,000 |
| Golden Girl | Janine Barnes | 96,300 |
| Spider Walk | Andrew Curry | 99,000 |
| Total Propellor Shorts / Short Film Fund | | 248,300 |
| Production Investment for Games | | |
| Fractured Soul | Endgame Studios | 17,750 |
| Total Production Investment for Games | | 17,750 |

| Project | Company/Person | Payments 2010/11 |
|---|--------------------------------|---------------------|
| | | \$ |
| Interactive Content | | |
| The Multicultural History Portal | The Chocolate Liberation Front | 117,500 |
| Total Interactive Content | | 117,500 |
| TOTAL PRODUCTION INVESTMENT | | 6,144,845 |
| SPECIAL INITIATIVES | | |
| Special Initiatives | | |
| SBS Factual Series—The Naked Lentil | Moppet Mode | 2,200 |
| SBS Factual Series—The Unemployables | Renegade Films | 4,400 |
| SBS Factual Series—House of Food Obsessives | Renegade Films | 35,200 |
| National Screenwriters Conference 2011 | Australian Writers' Guild | 120,000 |
| Australasian Indian Film Festival | Mind Blowing Film | 5,000 |
| TOTAL SPECIAL INITIATIVES | | 166,800 |

| Project | Company/Person | Payments 2010/11 |
|--|------------------------------|---------------------|
| | | \$ |
| BUSINESS SUPPORT | | |
| Business Support for Production Companies/Producers | | |
| 360 Degree Films | John Moore & Sally Ingleton | 90,000 |
| Circe Films | Lizette Atkins & Beth Frey | 90,000 |
| Emu Creek Pictures | Greg McLean | 75,000 |
| Every Cloud Productions | Fiona Eagger & Deborah Cox | 75,000 |
| Film Art Media | Sue Maslin & Daryl Dellora | 90,000 |
| Let's Talk | Jim Shomos | 72,000 |
| Lowlands Media | Robert de Young | 40,000 |
| Studio Moshi | Andrew Davies & Michael Amos | 75,000 |
| Storybox Films | Don Linke & Jeremy Stanford | 5,000 |
| Gecko Films | Gecko Films | 1,500 |
| Sue Maslin | FilmArtMedia | 1,500 |
| Robyn Kershaw | Robyn Kershaw Productions | 1,600 |
| Melanie Coombs | Melodrama Pictures | 1,600 |
| Leanne Tonkes | Circus Productions | 1,600 |
| Alex West | Renegade Films | 6,794 |
| Tony Wright & George Adams | December Films | 8,000 |
| Steve Spangaro | Big Pipe Media | 5,500 |
| Thomas Parkinson | Avoca Media | 3,000 |
| Yael Bergman | Princess Pictures | 7,000 |
| Tony Wright | December Films | 7,740 |
| Beth Frey | Circe Films | 5,000 |
| Andrea Buck | Pointblank Pictures | 5,000 |
| Robert Connolly | ArenaMedia | 5,779 |
| Sonya Pemberton | Steadicam Productions | 5,650 |
| Gill Carr | Moody Street Kids | 7,000 |
| No Borders International Co-Production Market participation | Independent Feature Project | 6,657 |
| David Rapsey | Rogue Productions | 5,000 |
| Antony I Ginnane | FG Film Productions | 6,000 |
| Daniel Fill & Frank Verheggen | Chocolate Liberation Front | 8,000 |
| Gareth Calverly | Boilermaker | 6,000 |
| Jeremy Stanford | Storybox Films | 3,714 |
| Producers Showcase Participation | Producers Guild | 2,524 |
| Peter George | Peter George | 2,430 |
| Jamie Nicolai | The House of Red Monkey | 2,430 |
| Sarah Barton | Fertile Films | 2,700 |
| Sharyn Prentice | Flaming Star Films | 6,376 |
| Total Business Support for Production Companies/Producers | | 738,094 |

| Project | Company/Person | Payments 2010/11 |
|---|--|---------------------|
| | | \$ |
| Slate Funding | | |
| Burberry Productions | Burberry Productions | 50,000 |
| Moody Street Kids | Moody Street Kids | 20,000 |
| Warp Films Australia | Warp Films Australia | 120,000 |
| Big and Little Films | Big and Little Films | 20,000 |
| Robyn Kershaw Productions | Robyn Kershaw Productions | 100,000 |
| The Film Company | The Film Company | 50,000 |
| Pericles Film Productions | Pericles Film Productions | 53,080 |
| Gecko Films | Gecko Films | 25,000 |
| Total Slate Funding | | 438,080 |
| TOTAL BUSINESS SUPPORT | | 1,176,174 |
| CASH FLOW FACILITY | | |
| Immigration Nation | IMMI | 262,154 |
| Little Johnny the Movie | Little Johnny Production | 400,000 |
| Utopia Girls | Utopia Girls | 50,495 |
| Judith Lucy's Spiritual Journey | JLSJ Productions | 252,943 |
| Outland | Outland Productions | 160,000 |
| Twentysomething | Twentysomething Productions | 203,300 |
| TOTAL CASH FLOW FACILITY | | 1,328,892 |
| INDUSTRY EVENT AND ACTIVITY SUPPORT | | |
| Screen Industry Development | | |
| AWG Professional Development Program | Australian Writers' Guild | 960 |
| ACS National Awards for Cinematography 2010 | The Australian Cinematographers Society | 1,200 |
| Victorian Mentorship Program | Australian Writers' Guild | 16,000 |
| Meet Your Cast & Crew 2010 | Open Channel Co-Operative | 10,000 |
| Framed 2010 | Open Channel Co-Operative | 9,000 |
| Short & Sharp 2010 | Open Channel Co-Operative | 9,000 |
| Operational and industry activity funding | Open Channel Co-Operative | 30,000 |
| Multi-Platform Workshop—Open Channel | Open Channel Co-Operative | 5,000 |
| AWGIE Awards 2010 | Australian Writers' Guild | 20,000 |
| SPAA Conference 2010 | Screen Producers Association of Australia | 5,000 |
| SPAA Fringe 2010 | Screen Producers Association of Australia | 5,000 |
| Equity Foundation Professional Development 2010 | Equity Foundation Media, Entertainment & Arts | 5,000 |
| AWG Victorian Branch Professional Development Program | Australian Writers' Guild | 7,000 |

| Project | Company/Person | Payments 2010/11 |
|--|---|---------------------|
| | | \$ |
| ATOM Awards 2010 | Australian Teachers of Media Victoria | 5,000 |
| Australian International Documentary Conference 2011 | Australian International Documentary Conference | 15,000 |
| Film & Television Graduating Students Awards 2010 | The University of Melbourne | 3,000 |
| Media Wave | Screen Class | 3,000 |
| Transmedia Victoria | Freeplay | 15,000 |
| V21 Conference 2011 | Australian Interactive Media Industry Association | 5,000 |
| Total Screen Industry Development | | 169,160 |
| Awards | | |
| Greg Tepper Award 2009/2010 | Nicole Minchin | 5,000 |
| Tim Richards Award 2009/2010 | Brett Paterson | 5,000 |
| Total Awards | | 10,000 |
| Public Screen Engagement | | |
| Senses of Cinema 2009 | Senses of Cinema | 1,800 |
| The Other Film Festival 2010 | Arts Access Society | 8,000 |
| The Melbourne Cinematheque 2010 | Melbourne Cinematheque | 2,000 |
| Senses of Cinema 2010 | Senses of Cinema | 2,300 |
| Little Big Shots 2010 | Petite Grande Kaboom | 2,500 |
| Community Targeted Distribution | Cinema Ventures | 500 |
| Metro Magazine and Study Guides 2010 | ATOM | 10,000 |
| 15/15 Film Festival 2010 | 15/15 Film Festival | 8,000 |
| Tropfest Melbourne 2011 | Wonderland Music | 15,000 |
| The Melbourne Cinematheque 2011 | Melbourne Cinematheque | 8,000 |
| La Mirada Film Festival | La Mirada | 8,000 |
| Little Big Shots 2011 | Petite Grande Kaboom | 8,000 |
| 15/15 Film Festival 2011 | 15/15 Film Festival | 7,500 |
| Metro Magazine and Study Guides 2011 | ATOM | 7,500 |
| Senses of Cinema 2011 | Senses of Cinema | 5,000 |
| Screen Grab | Next Wave Festival | 2,500 |
| Experimenta 2010 | Experimenta Media Arts | 67,500 |
| Digital Fringe 2010 | Kirk's Horse Bazaar | 8,000 |
| Portable Film Festival 2010 | Portable Content | 4,000 |
| Experimenta | Experimenta Media Arts | 15,000 |
| Total Public Screen Engagement | | 191,100 |

| Project | Company/Person | Payments 2010/11 |
|--|---|---------------------|
| | | \$ |
| Regional Screen | | |
| Community Targeted Distribution | Cinema Ventures + B2 | 7,000 |
| 15/15 Film Festival 2010 | 15/15 Film Festival | 7,000 |
| 2nd Annual Warrambeen Film Festival 2011 | Warrambeen Film Festival | 7,500 |
| Total Regional Screen | | 21,500 |
| Screen Organisational Funding | | |
| ACTF–2010/11 | Australian Children's Television Foundation | 168,750 |
| MIFF–2010/11 | Melbourne International Film Festival | 1,157,500 |
| MIFF–2011/12 | Melbourne International Film Festival | 350,000 |
| St Kilda Film Festival 2010/11 | St Kilda Film Festival | 10,000 |
| Total Screen Organisational Funding | | 1,686,250 |
| TOTAL INDUSTRY EVENT AND ACTIVITY SUPPORT | | 2,078,010 |
| INCENTIVES | | |
| Production Investment Attraction Fund (PIAF) | | 3,356,000 |
| Regional Locations Assistance Fund (RALF) | | 153,335 |
| TOTAL INCENTIVES | | 3,509,235 |
| TOTAL PAYMENTS | | 17,714,964 |

REPORT OF OPERATIONS 2010/2011

ACCOUNTABLE OFFICER'S DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Film Victoria for the year ending 30 June 2011.



Jenni Tosi

Acting Chief Executive Officer

Film Victoria

Melbourne

30 August 2011

OPERATIONAL AND BUDGETARY OBJECTIVES AND PERFORMANCE AGAINST OBJECTIVES

We report to government on a series of budgetary and performance outputs with associated targets.

Results for the reporting period are as follows:

| | Target | Actual |
|--|--------|---------|
| Value of film, television and new media production supported by our programs | \$78m | \$80.9m |
| Additional employment from production supported by our programs | 2,340 | 2,427 |
| Australian views of screen content supported by Film Victoria ⁽ⁱ⁾ | 38m | 93.9m |

(i) Viewership calculations have been made with reference to data supplied from OzTAM Pty Limited and the Motion Picture Distributors Association of Australia.

MAJOR CHANGES OR FACTORS AFFECTING ACHIEVEMENT OF OBJECTIVES

Film Victoria was able to achieve its performance targets due to a high number of television series going into production in 2010/11.

A major factor negatively affecting the attraction of overseas productions to Victoria (which was significantly lower than the value of film, television and new media production achieved in 2009/10), was the high value of the Australian dollar, making it less cost efficient for US production to come to Australia.

This downward trend is reflected nationally.

FINANCIAL REVIEW OF OPERATIONS AND FINANCIAL CONDITION

FIVE YEAR FINANCIAL SUMMARY

| | 30-Jun 11 | 30-Jun 10 | 30-Jun-09 | 30-Jun-08 | 30-Jun-07 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Revenue from government | 22,416,426 | 20,809,000 | 20,730,000 | 19,222,767 | 17,907,910 |
| Other revenue | 3,050,564 | 3,094,923 | 3,894,517 | 4,270,623 | 2,805,931 |
| Total revenue | 25,466,990 | 23,903,923 | 24,624,517 | 23,493,390 | 20,713,841 |
| Total project costs | 17,903,124 | 15,522,408 | 19,489,258 | 15,436,984 | 15,238,024 |
| Net operating result | (253,275) | 1,290,956 | (1,295,603) | 2,477,201 | (201,647) |
| Net cash flow | 4,486,077 | (606,426) | (2,346,777) | 617,013 | 69,829 |
| Total assets | 34,567,501 | 34,624,312 | 33,306,060 | 34,407,233 | 31,569,494 |
| Total liabilities | 983,035 | 786,572 | 759,276 | 564,847 | 604,309 |
| Allocation of cash assets: | | | | | |
| Outstanding commitments | 20,579,849 | 18,595,276 | 16,627,595 | 16,917,095 | 16,476,883 |
| Commitment to industry development | (932,804) | 978,023 | 4,716,497 | 1,232,182 | 8,218 |
| Cash Flow Facility (CFF) funds | 10,913,873 | 6,501,542 | 5,337,177 | 10,878,769 | 11,925,932 |
| Total cash assets | 30,560,918 | 26,074,841 | 26,681,269 | 29,028,046 | 28,411,033 |
| Receivables - including CFF Producer Loans | 3,549,970 | 8,040,846 | 5,966,300 | 4,710,267 | 2,971,106 |
| Property, Plant and Equipment | 456,613 | 508,625 | 658,491 | 668,920 | 187,355 |
| Total non-cash assets | 4,006,583 | 8,549,471 | 6,624,791 | 5,379,187 | 3,158,461 |
| Total assets | 34,567,501 | 34,624,312 | 33,306,060 | 34,407,233 | 31,569,494 |

OVERVIEW OF FINANCIAL PERFORMANCE AND POSITION DURING 2010/11

Revenue from government

The total funding package from government to Film Victoria was \$22.4 million in 2010/11.

Whilst total government funding in 2010/11 was higher than the previous year, this increase was attributed mainly to funding of \$800k advanced from the 2011/12 budget for Digital Media, the Victoria and India Film Initiative, and additional one-off funds received for program funding.

Other revenue

Other revenue in 2010/11 is similar to 2009/10 with an increase in interest revenue being offset by a reduction in program revenue such as recoupments. These recoupments, as with previous years, are directed back into various programs during the financial year.

Net operating result

Timing factors influence how our finances are reported. These timing factors are outlined below.

- Film Victoria is required to recognise all government funding as well as other income it receives as revenue within the financial year that it is received
- During a financial year a substantial portion of the revenue received is allocated to various funding programs that result in financial commitments to successful applicants. In turn, a substantial portion of the financial commitments may remain undisbursed at the end of the financial year. This is primarily due to contracted milestones or deliverables that are still outstanding after contracts are executed. As a result, during any one financial year, Film Victoria may make disbursements that arise from financial commitments outstanding from prior years
- During a financial year there may be additional industry development commitments made and partly or wholly disbursed using funds received in previous years.

The reduction in the net operating result in 2010/11 from 2009/10 is primarily due to the increase in program costs arising from the timing factors outlined above. Additionally, at 30 June 2011 an impairment allowance of \$137,655 was made against Cash Flow Facility producer loans.

Net cash flow

The major factors affecting the variability of net cash flows are program payments and Cash Flow Facility producer loans. During 2010/11 there was an increase in program payments resulting in higher cash outflow. This was offset by reduced advances made from the Cash Flow Facility and an increase in the repayments of producer loans to the Cash Flow Facility. The net result was an increase in cash held by Film Victoria.

Further details of cash flows are contained in the Financial Statements of this Annual Report.

Total assets

The increase in total assets during 2010/11 is predominantly due to an increase in cash assets.

Outstanding commitments

The value of outstanding commitments represents the level of financial commitments still to be disbursed by Film Victoria as at 30 June 2011. Disbursement is dependent on the achievement of contracted milestones and deliverables.

Commitment to industry development

This is the aggregate amount of cash held and committed to fund industry development initiatives, programs carried forward into future periods and outstanding balance sheet liabilities as at 30 June 2011. Due to the high level of demand on available funding the balance this year is negative and will be funded from future government funding.

Cash available only for the Cash Flow Facility funds

This is the aggregate amount of cash available to meet future Cash Flow Facility producer loans. These cash holdings are also represented in the total assets balance as at 30 June 2011.

Subsequent events

There have been no events subsequent to balance sheet date affecting the operations of Film Victoria.

DISCLOSURE REQUIREMENTS

Attestation on compliance with the Australian/New Zealand Risk Management Standard

I, John Howie, certify that Film Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Film Victoria Board verifies this assurance and that the risk profile of Film Victoria has been critically reviewed within the last 12 months. A further review will be completed upon the appointment of new members.



John Howie
President

Film Victoria
Melbourne
30 August 2011

Consultancies

During the reporting period we did not enter into individual consultancies over the value of \$100,000. We entered into five consultancies, each under the value of \$100,000. The total value and expenditure for these consultancies was \$78,475 (excluding GST).

Victorian Industry Participation Policy disclosure

In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*, which requires public bodies and departments to report on the implementation of the *Victorian Industry Participation Policy (VIPPP)*. Departments and public bodies are required to apply VIPPP in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

Film Victoria completed no tenders or contracts to which the *VIPPP* applied during the reporting period.

Disclosure of major contracts

Film Victoria did not enter into any contracts greater than \$10 million in 2010/11.

National Competition Policy

Film Victoria is compliant with National Competition Policy (NCP), including compliance with the requirements of the policy statement *Competitive Neutrality: A Statement of Victorian Government Policy*, the *Victorian Government Timetable for the Review of Legislative Restrictions on Competition* and any subsequent reforms.

Film Victoria continue to work to ensure that Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the National Reform Agenda (NRA).

Model Financial Report

Pursuant to *Standing Direction 4.2* of the *Financial Management Act 1994*, the financial statements of government departments must be presented fairly and in accordance with the model financial reports. The Annual Report of Film Victoria complies with this requirement.

Environmental reporting

During the 2010/11 financial year we continued our efforts to reduce our environmental footprint. As part of our involvement with the *National Green Screen Committee*, we commissioned an audit of the locally produced television series *BED OF ROSES*.

This audit, which will have a long reaching affect on screen production in Victoria, was included in Victoria's Commissioner for Sustainability and Environment, Professor Kate Auty's Strategic Audit of Victorian Government agencies. She presented Film Victoria with a certificate recognising our commitment to environmental sustainability, leadership and communication.

The period also saw us focusing on implementing our ResourceSmart strategy, particularly in the area of waste reduction. In the 2010/11 financial year our internal environmental committee, made up of staff volunteers, conducted three waste audits. The waste audit process involves the examination of one week's worth of the agency's waste where we measured how much landfill, recycling and organic waste we produced and how much of this waste had been correctly disposed of.

Our audits showed that we've reduced our waste to landfill by 61.81% over the course of the year, largely by introducing an organic waste collection and by improving our recycling. We've increased the amount of waste recycled by 141%.

In 2011-12 our efforts will be focused on reducing our energy use and to start us on that track we've increased our GreenPower electricity purchasing from 20% to 25%.

Additional departmental information available on request

In accordance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the information items below have been retained by us and are available to the relevant Ministers, Members of Parliament and the public (subject to Freedom of Information requirements where applicable) on request. In compliance with best practice disclosure policies and where relevant, details about some of the following matters have been disclosed in the Report of Operations:

- a) A statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b) Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary
- c) Details of publications produced by us about our activities and where they can be obtained
- d) Details of changes in prices, fees, charges, rates and levies charged by us for services, including services that are administered
- e) Details of any major external reviews carried out in respect of the operation of Film Victoria
- f) Details of any other research and development activities undertaken that are not otherwise covered either in the Report of Operations or in a document which contains the financial report and Report of Operations
- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h) Details of major promotional, public relations and marketing activities undertaken to develop community awareness of our services
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations
- j) A general statement on industrial relations within the organisation and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations, and
- k) A list of major committees sponsored by Film Victoria, the purposes of each committee and the extent to which the purposes have been achieved.

This information is available on request from:
General Manager, Business Affairs
Film Victoria
Level 7, 189 Flinders Lane
Melbourne, VIC 3000

Building Act 1993

Film Victoria does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Disclosure index

An index identifying our compliance with statutory disclosure requirements is contained on pages 47 and 48.

Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by Film Victoria. For the 12 months ending 30 June 2011, Film Victoria received two applications.

Of these requests, one was from a Member of Parliament and one was from the general public. Of the total requests received by Film Victoria, one was acceded to, one was refused (under section 25: unreasonable diversion of the agency's resources) and none went to internal review nor progressed to the appeal stage.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in s17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

- a) It should be in writing
- b) It should identify as clearly as possible which document is being requested, and
- c) It should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for documents in the possession of Film Victoria should be addressed to:

Freedom of Information Manager
Film Victoria
Level 7, 189 Flinders Lane
Melbourne VIC 3000

Requests can also be lodged online at www.foi.vic.gov.au.

Access charges may also apply once documents have been processed and a decision on access is made; for example photocopying and search and retrieval charges.

Further information regarding Freedom of Information can be found at www.foi.vic.gov.au.

Employment and conduct principles

We abide by the principles outlined in the *Public Administration Act 2004*. These principles include:

- Responsiveness
- Integrity
- Impartiality
- Accountability
- Respect
- Leadership
- Human rights.

The *Film Act 2001* also provides guidance for our executive and staff on conflict of interest issues. We are an equal opportunity employer and are governed by the principles of the *Equal Opportunity Act 1995* as well as being bound by the privacy standards articulated in the *Information Privacy Act 2000*. We provide position descriptions for all employees and potential candidates and have established procedures for recruiting new staff members and managing employee relations. All staff members are provided a copy of the Code of Conduct for the Victorian Public Sector upon joining our organisation. Further information regarding the ethical and professional values of our organisation is outlined in our Collective Agreement, which can be found at www.film.vic.gov.au.

WORKFORCE DATA STAFFING TRENDS

| 2011 | 2010 | 2009 | 2008 | 2007 |
|------|------|------|------|------|
| 49.3 | 45.5 | 44.6 | 41.8 | 39.8 |

June 2010 – June 2011

| | Ongoing Employees ⁽ⁱ⁾ | | | | Fixed term and casual employees |
|-----------|----------------------------------|-----------------------|-----------------------|---------------------|---------------------------------|
| | Employees (headcount) | Full time (headcount) | Part time (headcount) | FTE ⁽ⁱⁱ⁾ | FTE ⁽ⁱⁱ⁾ |
| June 2011 | 41 | 36 | 5 | 38.4 | 10.9 |
| June 2010 | 41 | 37 | 4 | 38.9 | 6.6 |

| | 2011 | | | 2010 | | |
|-----------------------|------------------------|---------------------|---------------------------------|------------------------|---------------------|---------------------------------|
| | Ongoing ⁽ⁱ⁾ | | Fixed term and casual employees | Ongoing ⁽ⁱ⁾ | | Fixed term and casual employees |
| | Employees (headcount) | FTE ⁽ⁱⁱ⁾ | FTE ⁽ⁱⁱ⁾ | Employees (headcount) | FTE ⁽ⁱⁱ⁾ | FTE ⁽ⁱⁱ⁾ |
| Gender | | | | | | |
| Male | 9 | 8.5 | 2.1 | 9 | 8.5 | 1.6 |
| Female | 32 | 29.9 | 8.8 | 32 | 30.4 | 5 |
| Total | 41 | 38.4 | 10.9 | 41 | 38.9 | 6.6 |
| Age | | | | | | |
| Under 25 | - | - | - | - | - | 0.6 |
| 25-34 | 19 | 18.6 | 4.5 | 22 | 22 | 3 |
| 35-44 | 17 | 15.3 | 1.8 | 14 | 12.4 | 1 |
| 45-54 | 1 | 1 | 2.6 | 2 | 2 | 2 |
| 55-64 | 4 | 3.5 | 2.0 | 3 | 2.5 | - |
| Over 64 | - | - | - | - | - | - |
| Total | 41 | 38.4 | 10.9 | 41 | 38.9 | 6.6 |
| Classification | | | | | | |
| VPS 1 | - | - | - | - | - | - |
| VPS 2 | 7 | 7 | 2 | 7 | 6.4 | 1 |
| VPS 3 | 11 | 9.9 | 1.5 | 13 | 12.6 | - |
| VPS 4 | 9 | 8.5 | 1.8 | 6 | 5.5 | 1.6 |
| VPS 5 | 4 | 4 | 2.6 | 4 | 4 | 2 |
| VPS 6 | 9 | 8 | 3 | 9 | 8.4 | 2 |
| STS | - | - | - | - | - | - |
| Exec Officer | 1 | 1 | - | 2 | 2 | - |
| Total | 41 | 38.4 | 10.9 | 41 | 38.9 | 6.6 |

Notes:

- (i) Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- (ii) FTE means full time staff equivalent.
- (iii) All figures reflect employment levels during the last full pay period in June of each year.
- (iv) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies, and a small number of people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*.

Human resource management

Under the *Occupational Health and Safety Act*, we have a responsibility to provide facilities to ensure that the health and welfare of all employees is protected. We are responsible for ensuring that, where practicable, the workplace is safe and without risk to the health and safety of all staff members.

Our Occupational Health and Safety Committee, which meets quarterly, has employee representation from management and staff. Two appropriately trained first aid officers are also represented. During the reporting period one incident was reported.

Cultural diversity reporting

We are committed to the ongoing recognition and implementation of Victorian Government policies and the *Multicultural Victoria Act 2004* with regard to cultural diversity, including but not limited to women's, youth, gender, Indigenous and multicultural issues. Our three-year Corporate Plan addresses our dedication and commitment to Indigenous projects and our commitment to funding culturally diverse projects.

Film Victoria staff attended Cross-Cultural Awareness training during 2010/11 delivered by the Koorie Heritage Trust. The purpose of the training was to enable staff to gain a greater awareness and knowledge of Aboriginal culture, identity and history, a practical understanding of best practice when working with the Victorian Indigenous community, and an understanding of why Film Victoria is actively working to create greater cultural awareness of Indigenous issues.

The Film Victoria *Diversity and Equal Opportunity Policy* commits to the provision of fair and equitable treatment for all employees and contractors of Film Victoria, and to providing a workplace in which individuals and their unique contributions are recognised and valued. All recruitment processes are managed in accordance with this policy.

Executive Officer data

NUMBER OF EXECUTIVE OFFICERS CLASSIFIED INTO 'ONGOING' AND 'SPECIAL PROJECTS' AT 30 JUNE 2011

All Ongoing

| Class | All | | Ongoing | | Special projects | |
|--------------|----------|-----------|----------|-----------|------------------|----------|
| | No. | Var | No. | Var | No. | Var |
| EO-1 | - | - | - | - | - | - |
| EO-2 | - | -1 | - | -1 | - | - |
| EO-3 | 1 | - | 1 | - | - | - |
| Total | 1 | -1 | 1 | -1 | - | - |

Notes: Film Victoria has no 'special projects' executives.

Film Victoria is currently recruiting for the position of Chief Executive Officer at the EO-2 Level following the departure of the incumbent on 25 March 2011.

BREAKDOWN OF EXECUTIVE OFFICERS INTO GENDER FOR 'ONGOING' AND 'SPECIAL PROJECTS' AT 30 JUNE 2011

| Class | Ongoing | | | | | Special projects | | | | |
|--------------|----------|----------|----------|-----------|-----------|------------------|----------|----------|----------|-----------|
| | Male | | Female | | Vacancies | Male | | Female | | Vacancies |
| | No. | Var | No. | Var | | No. | Var | No. | Var | No. |
| EO-1 | - | - | - | - | - | - | - | - | - | - |
| EO-2 | - | - | - | -1 | 1 | - | - | - | - | - |
| EO-3 | - | - | 1 | - | - | - | - | - | - | - |
| Total | - | - | 1 | -1 | 1 | - | - | - | - | - |

RECONCILIATION WITH EXECUTIVE NUMBERS

| | | 2011 | 2010 |
|------|---|----------|----------|
| | Executives with remuneration over \$100,000 (Financial Statement Note 41) | 1 | 2 |
| Add | Vacancies (Table 2) | 1 | - |
| | Executives employed with total remuneration below \$100,000 | - | - |
| | Accountable Officer (Secretary) | - | - |
| Less | Separations | 1 | - |
| | Total executive numbers at 30 June | 1 | 2 |

EXEMPTIONS FROM NOTIFICATION OF VACANCY, 2010/11

| Number of exemptions | Classification | Circumstances as defined in office policy |
|----------------------|----------------|---|
| Nil | N/A | N/A |

Industrial disputes

We work cooperatively with the Community and Public Sector Union (CPSU), the Media Entertainment and Arts Alliance (MEAA) and staff representatives. No days were lost in the year as a result of an industrial dispute.

Enterprise agreement

The current Film Victoria Collective Agreement expires on 30 June 2011 and negotiations will commence in September 2011 for a replacement Agreement. The terms and conditions of the current Agreement are largely in alignment with the terms and conditions of the *Victorian Public Service Agreement*.

Whistleblowers Protection Act

The *Whistleblowers Protection Act 2001* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Film Victoria does not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Film Victoria will take all reasonable steps within its power to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible and to the extent the matter is within Film Victoria's power.

Reporting procedures

Disclosures of improper conduct or detrimental action by Film Victoria or its employees may be made to:

The Protected Disclosure Coordinator
Legal Manager
Phone: (03) 9660 3221
Email: Sally.Wilson@film.vic.gov.au

Alternatively, disclosures of improper conduct or detrimental action by Film Victoria or its employees may also be made directly to the Ombudsman:

The Ombudsman Victoria
Level 9, 459 Collins Street (North Tower)
Melbourne VIC 3000
Phone: (03) 9613 6222
Toll free: 1800 806 314

For further information, guidelines outlining the system for reporting disclosures of improper conduct or detrimental action by Film Victoria or its employees are available for perusal on request.

Directions from The Minister for Innovation, Services and Small Business

Film Victoria received one Direction from the Minister for Innovation, Services and Small Business in 2010/11. In accordance with the requirements of disclosure under the *Film Act 2001* the Direction is provided:

- to provide to the office of the Minister for Innovation, Services and Small Business a record of all employee and board expenses for travel, entertainment and other related expenses for my review for the previous and this current financial year; and
- to provide to the office of the Minister for Innovation, Services and Small Business the guidelines that Film Victoria provides to all its employees and board members regarding travel and expenses.

Film Victoria fulfilled the Direction requirements and no further action is currently required.

DISCLOSURES UNDER THE WHISTLEBLOWERS PROTECTION ACT

| | 2010/11 number | 2009/10 number |
|--|----------------|----------------|
| The number and types of disclosures made during the year: | | |
| Public interest disclosures | 0 | 0 |
| Protected disclosures | 0 | 0 |
| Any recommendations made by the Ombudsman that relate to the public body | 0 | 0 |

FILM VICTORIA COMMITTEES
AND ASSESSMENT PANELS**Finance and Audit Committee**

This committee oversees and reviews the processes of management and the internal and external audit function with a view to achieving strategic objectives efficiently and effectively. It guides the Chief Executive Officer and General Manager, Business Affairs, and assists the organisation and the Minister in the discharge of respective responsibilities for financial performance, financial reporting, compliance, internal control systems, audit activities, risk management and any other matters referred to it by our organisation. The Finance and Audit Committee met on six occasions in 2010/11. All three members of the Committee are independent.

- Jo Dawson, Board member (Chair)
- John Howie, Board member
- Siu Ling Hui, external member

Film Victoria Evaluation and Advisory Committee (Film Victoria EAC)

This committee consists of suitably qualified and experienced practitioners across film and television. A minimum of five members are convened to consider applications for *Production Investment*, providing recommendations to the Board for final approval.

- CEO, Film Victoria (Chair)
- David Parker, Board member
- Jan Sardi, Board member
- Kate Dennis
- Richard Frankland
- Jeni McMahon
- Kris Mrksa
- Andy Walker.

The committee met on seven occasions and assessed 35 applications, of which 29 were recommended to the Board for final approval.

Fiction Feature Development Assessment Panel

This panel assesses applications to the Fiction Feature Film Development programs. The composition of the assessment panel may differ between the main funding rounds and the supplementary rounds as outlined below.

The Main Round Fiction Feature Development Assessment Panel comprises a minimum of one internal staff from the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Manager, Script Development
- Script Development Project Officer.

The panel also includes a minimum of two and maximum of four external script development assessors.

The Supplementary Round Fiction Feature Development Assessment Panel comprises a minimum of three from the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Manager, Script Development
- Script Development Project Officer
- One or more external script development assessors.

External script development assessors engaged in the 2010/11 financial year included:

- Ranald Allan
- Karin Altmann
- Andy Cox
- Stephen Davis
- Rona Edwards
- Regina Lee
- Jonathan Rawlinson
- Mira Robertson.

The panel met on eight occasions and assessed 65 applications, of which 21 projects were approved.

Fiction Television Development Assessment Panel

This panel assesses applications to the *Fiction Television Development* programs. We may commission the external assessment of any project seeking funding to assist the panel in its consideration of an application.

The committee must comprise of a minimum of three of the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Manager, Script Development
- Senior Investment Manager
- Investment and Programs Manager(s)
- Script Development Project Officer
- External assessors (as required).

External assessors engaged to date in the 2010/11 financial year included the following:

- Andy Cox.

The panel met on five occasions and assessed nine applications, of which six projects were approved.

Factual Development Assessment Panel

This panel assesses applications to the *Factual Development* programs. We may commission the external assessment of any project seeking funding to assist the panel in its consideration of an application.

The committee must comprise of a minimum of three of the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Factual Development Manager
- Senior Investment Manager
- Investment and Programs Manager(s)
- Manager, Script Development
- External assessors (as required).

The panel met on four occasions and assessed 27 applications, of which 22 were approved.

Digital Media Assessment Panel

This panel assesses applications in respect of the Games Investment program, providing recommendations to the Board for final approval.

The committee must comprise of a minimum of two and maximum of three of the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Digital Media Manager
- Senior Investment Manager
- Investment and Programs Manager(s).

The panel also comprises external panel members, with relevant skills and experience. A minimum of three and maximum of five of the following external members attend each meeting:

- Paul Baiguerra
- Domenic Carosa
- Andrew Davies
- Jason Hill
- Stuart Johnston
- Tony Lay
- Michael Padden
- Chris Wright.

The panel met on four occasions and assessed 35 applications, of which 14 were recommended to the Board for final approval.

Business and Skills Development Assessment Panel

This panel assesses applications to the *Production Internship*, *Company Internship*, *International Profile*, *Global Connections* and *Screen Business Online* funding strands. It may also assess special initiatives relevant to business and skills development as required. We may commission the external assessment of any project seeking funding to assist the panel in its consideration of an application.

Members (a minimum of three of the following):

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Senior Investment Manager
- Investment and Programs Manager(s)
- Manager, Script Development
- Factual Development Manager
- Digital Media Manager
- Industry Programs Officer(s)
- Indigenous Programs Officer.

When considering applications for *Global Connections* and *Company Internship* a minimum of one senior manager must be on the panel:

- General Manager, Industry Development and Investment
- Senior Investment Manager
- Investment and Programs Manager(s)
- Manager, Script Development
- Digital Media Manager.

When considering applications for one-off specific international markets or targeted business travel to a particular international event offered through *Global Connections*, the panel must comprise a minimum of three internal staff from the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- General Manager, Incentives, Locations and Production Services
- Senior Investment Manager
- Investment and Programs Manager(s)
- Manager, Script Development
- Digital Media Manager.

The panel met on 26 occasions and assessed 163 applications, of which 63 were approved.

Industry and Audience Development Assessment Panel

This panel assesses applications to the *Industry Activities*, *Audience Access* and *Regional Access* funding strands.

The committee must comprise of a minimum of three of the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Senior Investment Manager
- Investment and Programs Manager(s)
- Digital Media Manager
- Industry Programs Officer(s).

The panel met on seven occasions and assessed 12 applications, of which nine were approved.

Established Producer Support Assessment Panel

This panel assesses applications to the *Established Producer Support* funding strand.

The committee must comprise of a minimum of two and maximum of three internal staff from the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Senior Investment Manager
- Investment and Programs Manager(s).

A minimum of one and maximum of two external representatives from the film and television industry are included on the panel.

The external members in 2010/11 included:

- Sue Masters
- Scott Meek
- Andrew Knight.

The panel met on three occasions and assessed seven applications of which five were recommended for approval by the Board.

Slate (Repeat Applicants) Assessment Panel

This panel assesses applications to the *Slate (Repeat Applicants)* funding strand.

The committee must comprise of a minimum of two internal staff from the following:

- CEO, Film Victoria
- General Manager, Industry Development and Investment
- Senior Investment Manager
- Investment and Programs Manager(s).

And a minimum of two and maximum of three external representatives from the film and television industry. The external members of the panel in 2010/11 include:

- Sue Masters
- Scott Meek.

The panel met on one occasion and assessed two applications of which both were recommended for approval by the Board.

Production Investment Attraction Fund (PIAF) / Regional Location Attraction Fund (RLAF) committee

The committee meets as required.

Members:

- Jo Dawson, Board member (Chair)
- Kim McGrath, Board member
- CEO, Film Victoria
- General Manager, Incentives, Locations and Productions Services (non-voting)
- General Manager, Industry Development and Investment
- General Manager, Business Affairs
- Incentives Coordinator (non-voting)
- David Hanna, external member.

The Committee met on nine occasions and approved a total of ten projects, nine for PIAF and one for RLAF.

Credit Committee

This committee consists of representatives from the Victorian financial and legal sector and is chaired by a member appointed by the Committee with the approval of the Board. The Credit Committee meets on scheduled occasions four times a year to assess applications received for the *Cash Flow Facility* program. There may be additional meetings of the Credit Committee convened for consideration of matters other than *Cash Flow Facility* applications.

Members:

- Siu Ling Hui, external member (Chair)
- Jo Dawson, Board member
- Jeremy King, external member.

The committee met on eight occasions during the financial year 2010/11 and assessed eight applications with seven applications recommended to the Board for final approval.

FILM VICTORIA STAFF AT 30 JUNE 2011

Directorate

Jenni Tosi, Acting Chief Executive Officer
 Christine Wood, Executive Assistant to CEO & Board
 Shae Quabba, Head of Strategy, Marketing & Communications
 Fiona Hulton, Marketing Manager, Industry & Corporate Programs
 Trisha Vessey, Marketing Manager, Production Attraction
 Odilla O'Boyle, Events Manager
 Cara Sputore, Communications Adviser
 Bria Baker, Policy & Industry Analyst
 Lee Taylor, Marketing & Events Officer

Industry Development and Investment (IDI)

Sue Edwards, Acting General Manager, IDI
 Kate Beecher, Executive Assistant to General Manager, IDI
 Charlie Carman, Manager, Script Development
 Brad Giblin, Digital Media Manager
 Lindsay Lipson, Investment & Programs Manager
 Cristina Pozzan, Investment & Programs Manager
 Steve Warne, Documentary Development Manager
 Kate Kennedy, Industry Programs Officer
 Julianne Deeb, Industry Programs Officer
 Stuart Page, Script Development Project Officer
 Sarah Bond, Indigenous Projects Officer
 Genevieve Gaffy, IDI Operations Coordinator
 Beatrix Coles, Script Development Coordinator
 Stephanie Van Schilt, Administrative Support Officer
 Kate Taylor, Administrative Support Officer
 Penelope Harrold, Administrative Support Officer
 Erin Bretherton, Administrative Support Officer
 Maria Toscano, Administrative Support Officer
 Leanne Smith, Administrative Support Officer

Incentives, Locations & Production Services (ILPS)

Kate Marks, General Manager, ILPS
 Audrey Barker, Executive Assistant to General Manager, ILPS
 Neil McCart, Production & Policy Manager
 Georgie Nevile, Incentives Coordinator
 Madeline Getson, Victorian Film Officer
 Tim Reid, Production Services Coordinator
 Danny May, Locations Resource Coordinator
 Luka Harrison, Locations Resource Assistant

Business Affairs (BA)

Nigel McCormick, General Manager, BA
 Jessica Thomas, Executive Assistant to General Manager,
 BA & Records Management Officer
 Nathalie Pelissero, Finance Manager
 Marcus Stella, Finance Officer
 Sharon Karman, Payroll/Accounts Officer
 Scott Whitcombe, IT Service Support
 Jana Jones, IT Business Systems Coordinator
 Sally Wilson, Legal Manager
 Alison Bird, Solicitor
 Michelle Rubin, Senior Solicitor
 Emma Cornall, Principal Solicitor
 Emma Geier, Contracts Officer—Production & Recoupment
 Samantha Lloyd, Contracts Officer—Development & Grants
 Daniel Reid, Administrative Support Officer
 Janelle Murphy, Human Resources Manager
 Simon Jarockyj, HR Services Coordinator
 Suzanne Woolley, Reception

DISCLOSURE INDEX

The Annual Report of Film Victoria is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of Film Victoria's compliance with statutory disclosure requirements.

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| <u>Financial and other information</u> | | |
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| FRD 10 | Disclosure index | 47-48 |
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| FRD 15B | Executive officer disclosures | 40 |
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AUDITOR- GENERALS REPORT



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Film Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Film Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Film Victoria 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 financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the 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 the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Film Victoria as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Film Victoria for the year ended 30 June 2011 included both in Film Victoria's annual report and on the website. The Board Members of Film Victoria are responsible for the integrity of Film Victoria's website. I have not been engaged to report on the integrity of Film Victoria's website. The auditor's report refers only to the subject matter described above. 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 publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
31 August 2011


D D R Pearson
Auditor-General

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

| | Note | 2011 \$ | 2010 \$ |
|--|------|-------------------|-------------------|
| Continuing operations | | | |
| Income from transactions | | | |
| Victorian government funding | 2(a) | 22,416,426 | 20,809,000 |
| Other income | 2(b) | 3,050,564 | 3,094,923 |
| Total income from transactions | | 25,466,990 | 23,903,923 |
| Expenses from transactions | | | |
| Program costs | 2(c) | 17,903,124 | 15,522,408 |
| Employee expenses | 2(d) | 4,855,692 | 4,235,575 |
| Depreciation and amortisation | 2(e) | 311,334 | 227,043 |
| Other operating expenses | 2(f) | 2,510,089 | 2,624,585 |
| Total expenses from transactions | | 25,580,239 | 22,609,611 |
| Net results from transactions (net operating balance) | | (113,249) | 1,294,312 |
| Other economic flows included in net result | | | |
| Net loss on non-financial assets | 3(a) | 0 | (128) |
| Net loss on financial instruments | 3(b) | (137,655) | 0 |
| Net loss from other economic flows | 3(c) | (2,371) | (3,228) |
| Total other economic flows included in net result | | (140,026) | (3,356) |
| Comprehensive result | | (253,275) | 1,290,956 |

The comprehensive loss of \$253,275 includes disbursement of program costs of \$17,903,124. Revenue is allocated to various programs which results in financial commitments to successful applicants. These commitments may remain undisbursed at the end of the financial year due to contracted milestones or deliverables being outstanding after contracts are executed. As a result, during one financial year Film Victoria may make disbursements that arise from financial commitments outstanding from prior years.

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 55 to 75.

BALANCE SHEET AS AT 30 JUNE 2011

| | Note | 2011 | 2010 |
|-----------------------------------|-------|-------------------|-------------------|
| | | \$ | \$ |
| Assets | | | |
| Financial assets | | | |
| Cash deposits | 14(a) | 30,560,918 | 26,074,841 |
| Receivables | 4 | 3,549,970 | 8,040,845 |
| Total financial assets | | 34,110,888 | 34,115,686 |
| Non-financial assets | | | |
| Property, plant and equipment | 5 | 456,613 | 508,625 |
| Total non-financial assets | | 456,613 | 508,625 |
| Total assets | | 34,567,501 | 34,624,311 |
| Liabilities | | | |
| Payables | 6 | 56,368 | 114,942 |
| Provisions | 7 | 926,667 | 671,630 |
| Total liabilities | | 983,035 | 786,572 |
| Net assets | | 33,584,466 | 33,837,740 |
| Equity | | | |
| Accumulated surplus / (deficit) | 9 | 5,836,491 | 6,089,766 |
| Contributed capital | | 27,747,974 | 27,747,974 |
| Net Worth | | 33,584,466 | 33,837,740 |

Commitments on program costs undisbursed at the 30 June 2011 total \$20,579,849 and are detailed in Note 11.

The balance sheet should be read in conjunction with the accompanying notes included on pages 55 to 75.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

| | Note | Accumulated surplus | Contributions by owners | Total |
|---|----------|------------------------|----------------------------|-------------------|
| | | \$ | \$ | \$ |
| Balance at 1 July 2009 | | 4,798,810 | 27,747,974 | 32,546,785 |
| Net result for the year | | 1,290,956 | 0 | 1,290,956 |
| Other comprehensive income for the year | | 0 | 0 | 0 |
| Balance as at 30 June 2010 | | 6,089,767 | 27,747,974 | 33,837,741 |
| Net result for the year | | (253,275) | 0 | (253,275) |
| Other comprehensive income for the year | | 0 | 0 | 0 |
| Balance as at 30 June 2011 | 9 | 5,836,492 | 27,747,974 | 33,584,466 |

The accumulated surplus total of \$5,836,491 as at 30 June 2011 represents expenditure that has been allocated to various programs, but has yet to be expended. The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 55 to 75.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

| | Note | 2011 | 2010 |
|---|--------------|---------------------|---------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from government | | 22,726,426 | 21,152,500 |
| Receipts from other entities | | 263,987 | 1,171,172 |
| Equity investment repayments | | 310,916 | 371,916 |
| Producer package investment repayments | | 243,725 | 319,175 |
| Interest received | | 1,692,297 | 1,325,328 |
| Goods and Services Tax recovered from the ATO | | 3,549,674 | 3,154,679 |
| Total receipts | | 28,787,025 | 27,494,770 |
| Payments | | | |
| Payments to suppliers and employees | | (7,410,813) | (7,084,331) |
| Goods and Services Tax paid to the ATO | | (1,972,246) | (1,657,762) |
| Payments to industry applicants | | (11,326,250) | (8,843,807) |
| Equity investment in new projects | | (7,693,986) | (8,066,943) |
| Producer package investment in new projects | | (612,000) | (149,000) |
| Total payments | | (29,015,295) | (25,801,843) |
| Net cash from / (used in) operating activities | 14(b) | (228,270) | 1,692,926 |
| Cash flows from investing activities | | | |
| Cash Flow Facility producer loans repayments | | 6,312,722 | 2,603,020 |
| Payments for property, plant, and equipment | | (267,604) | (77,304) |
| Cash Flow Facility producer loans advances | | (1,330,771) | (4,825,069) |
| Net cash from (used in) investing activities | | 4,714,347 | (2,299,353) |
| Net increase / (decrease) in cash held | | 4,486,077 | (606,428) |
| Cash and cash equivalents at the beginning of the financial year | | 26,074,841 | 26,681,269 |
| Cash and cash equivalents at the end of the financial year | 14(a) | 30,560,918 | 26,074,841 |

The cash flow statement should be read in conjunction with the accompanying notes included on pages 55 to 75.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements represent the audited general purpose financial statements for Film Victoria. The purpose of this report is to provide users with information about Film Victoria's stewardship of resources entrusted to it.

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS), which include Interpretations, issued by the Australian Accounting Standard Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

The annual financial statements have been authorised for issue by the Board of Film Victoria on 30 August 2011.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional currency of Film Victoria.

In the application of AAS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of AAS that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

The report has been prepared in accordance with the historical cost convention.

The accounting policies set out in the report have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(c) Reporting entity

The financial statements cover Film Victoria as an individual reporting entity.

Its principal address is:
Film Victoria
Level 7, 189 Flinders Lane
Melbourne VIC 3000

Objectives and funding

Film Victoria is the Victorian State Government body that provides strategic leadership and assistance to the film, television, online, mobile and interactive entertainment industries in Victoria. Film Victoria is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs.

(d) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise in 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Transactions' and 'other economic flows' are defined by *Australian system of government finance statistics: concepts, sources and methods 2005* Cat. No. 5514.0 published by the Australia Bureau of Statistics.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include:

- Gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets
- Fair value changes of financial instruments.

The net result is equivalent to profit or loss derived in accordance with AAS.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated in financial assets and non-financial assets.

Current and non-current assets and liabilities (those expected to be recovered or settled beyond 12 months) are disclosed in the notes, where relevant.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Rounding of amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest dollar. Figures in the financial statements may not equate due to rounding.

(e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Victorian Government Funding

Output appropriations

Income from the outputs Film Victoria provides to government is recognised when those outputs have been delivered and the relevant minister has certified delivery of those outputs in accordance with specified performance criteria.

Other income

Amounts disclosed as income, are where applicable, net of returns, allowances and duties and taxes. Income is recognised for each of Film Victoria's major activities as follows:

- Other income including interest
- Income from project assistance, producer advances, and the sale of rights is recognised upon delivery of the service or rights to the customer.

Interest

Interest includes interest received on deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of the income from transactions, but are reported as part of income from other economic flows in the net result or as unrealised gains and losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

Grants

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which Film Victoria gains control over the underlying assets.

Investment and grant repayments

Investment and grant repayments are income investment returns from funded recipients recognised in the reporting period in which they are received.

Development buyouts

Development buyouts are the repayment of Film Victoria's development investment (plus premium, if applicable) and, once repaid, allows for the reassignment of Film Victoria's copyright interest in the project to the funding recipient.

(f) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Superannuation

All superannuation contributions are expensed in the comprehensive operating statement. A total of \$455,094 was contributed to a number of superannuation funds in 2010/11. Superannuation contributions in 2009/10 were \$377,791.

Depreciation and amortisation

All plant and equipment and other non-financial physical assets (excluding items under operating leases and assets held-for-sales) that have finite useful life are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

The following estimated useful lives are used in the calculation of depreciation and amortisation:

| Class of fixed asset | Depreciation rate 2011 | Depreciation rate 2010 |
|------------------------|--------------------------------------|--------------------------------------|
| Audio visual equipment | 25% | 25% |
| Computers | 33.33% | 33.33% |
| Furniture and fittings | 20% | 20% |
| Office equipment | 20% | 20% |
| Software | 40% | 40% |
| Leasehold improvements | amortised over the life of the lease | amortised over the life of the lease |

Other expenses

Supplies and services

Supplies and services expenses are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad and doubtful debts

(Refer Note 1(i) Financial assets – Impairment of financial assets).

(g) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value
- Impairment and reversal of impairment for financial instruments at amortised cost
- Disposals of financial assets.

Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows include the gains or losses from:

- Transfer of amounts from reserves and/or accumulated surplus to the net result due to disposal or derecognition or reclassification
- The revaluation of the present value of the long service liability due to changes in the bond interest rates.

(h) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Film Victoria's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example statutory receivables arising from taxes do not meet the definition of financial instruments as they do not arise under contract. However, *Cash Flow Facility* loans to producers are financial instruments as they arise out of contractual agreements.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and liabilities that meet the definition in accordance with AASB 132 and those that do not.

Categories of non-derivative financial instrumentsLoans and receivables

Loans and receivables are financial instrument assets with fixed determinable payments that are not quoted on the active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables category includes cash and deposits, trade receivables, term deposits, loans and other receivables, but not statutory receivables.

(i) Financial assets**Cash and cash deposits**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than investment purposes, and which are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

Receivables

Receivables consist of:

- Statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input credits recoverable
- Contractual receivables, which include mainly debtors in relation to goods and services, loans to third parties and accrued investment income.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Investments, loans, and other financial assets

Film Victoria classifies its financial assets in the following categories:

- Financial assets at fair value through profit and loss
- Loans and receivables
- Held to maturity investments.

The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Film Victoria assesses at balance sheet date whether a financial asset or group of financial assets is impaired.

Cash Flow Facility producer loans

The Film Victoria *Cash Flow Facility* is a revolving financial facility which complements Film Victoria's programs by providing loans to finance the Australian Taxation Office producer offset and pre-sales by way of broadcast licenses and distribution guarantees. The *Cash Flow Facility* provides financial support for the industry by underpinning private sector participation and assisting local producers in international financing and financing of the producer offset. It also leverages increased production in Victoria.

Cash flow advances to producers are by nature a loan secured by executed distribution contracts and pre-sale agreements. Producer offset loans are secured by executed Loan Agreements together with relevant guarantees and ASIC registered charges. Interest is charged on amounts outstanding until fully repaid and recorded as revenue.

A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. (See note 1 (i) Financial Assets—Impairment of Financial Assets).

Equity investments and advances

Production investment is an equity investment made directly to screen projects and the amount of Film Victoria's investment is written off in the period of payment. This type of investment is recouped by the organisation as the success of the project allows over a timeframe set in accordance with Film Victoria's copyright reversion policy. This policy means that Film Victoria's entitlement to recoup ceases five years after the first commercial release.

Under certain programs Film Victoria makes advances, for example to production companies towards specified projects and agreed business costs. These are written off in the period of payment. Advances may be repaid to Film Victoria upon projects completing certain stages for example, the relevant production company commencing principal photography. The repayment period will differ from case to case, depending on when projects are produced.

Impairment of financial assets

At the end of each reporting period, Film Victoria assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit and loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non contractual) financial assets which are not financial instruments, professional judgement is applied in assessing materiality and using estimates, averages and computational methods in accordance with AASB 136 *Impairment of Assets*.

(j) Non-financial assets**Property, plant and equipment**

All non-financial physical assets are measured initially at cost and subsequently measured at amounts equal to the fair value less accumulated depreciation and impairment.

The fair value of plant and equipment is normally determined by reference to the asset's depreciated replacement cost. For plant and equipment, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Leasehold improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvement, whichever is the shorter.

Other non-financial assetsPrepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that are part of expenditure made in one accounting period covering a term extending beyond that period.

(k) Liabilities**Payables**

Payables consist of:

- Contractual payables, including items such as accounts payable, and unearned income including deferred income from concessional arrangements. Accounts payable represent liabilities for goods and services provided by Film Victoria prior to the end of the financial year that are unpaid, and arise when Film Victoria becomes obliged to make future payments in respect of the purchase of those goods and services
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised costs (refer to Note 1 (h)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Provisions

Provisions are recognised when Film Victoria has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, and annual leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period are measured at their nominal value.

Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Film Victoria does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Nominal value-component that Film Victoria expects to settle within 12 months
- Present value-component that Film Victoria does not expect to settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow'.

Employee benefits on-costs

Employee benefits on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

(l) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Lease of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

Operating leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(m) Equity**Contributions by owners**

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

(n) Commitments

Commitments are disclosed at their nominal value and exclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(o) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivables or payables. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(p) Foreign currency balances/transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

NOTE 2. NET RESULT FROM OPERATION

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Income from transactions | | |
| (a) Income from government | | |
| Government funding | | |
| Government funding for continuing operations | 22,416,426 | 20,809,000 |
| Total government funding | 22,416,426 | 20,809,000 |
| (b) Other income | | |
| Program revenue | | |
| Development buyout | 463,524 | 730,554 |
| Administration fees | 344,745 | 379,177 |
| Investment and grants repayments | 555,400 | 657,280 |
| Total project revenue | 1,363,669 | 1,767,011 |
| Interest revenue | | |
| Interest / Financial institutions | 1,315,153 | 880,173 |
| Interest / Production advances | 298,727 | 366,431 |
| Interest / Premiums and production | 73,016 | 81,308 |
| Total interest revenue | 1,686,896 | 1,327,912 |
| Total other income | 3,050,565 | 3,094,923 |
| Expenses from transactions | | |
| (c) Program costs | | |
| Program payments | 17,903,124 | 15,522,408 |
| Total program costs | 17,903,124 | 15,522,408 |
| (d) Employee expenses | | |
| Post employment benefits | | |
| Defined contribution plans | 455,094 | 377,791 |
| Salary costs | 4,400,599 | 3,857,784 |
| Total employee expenses | 4,855,693 | 4,235,575 |
| (e) Depreciation and amortisation expenses | | |
| Depreciation of non-current assets | 120,934 | 128,643 |
| Amortisation of non-current assets | 190,400 | 98,400 |
| Total depreciation and amortisation | 311,334 | 227,043 |
| (f) Other operating expenses | | |
| Operating leases | 406,467 | 381,134 |
| Supplies and services | 2,103,622 | 2,243,450 |
| Total operating expenses | 2,510,089 | 2,624,584 |

NOTE 3. OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

| | 2011 | 2010 |
|---|------------------|----------------|
| | \$ | \$ |
| (a) Net gain/(loss) on non-financial assets | | |
| Net loss on disposal of non-financial assets | 0 | (128) |
| Total net gain/(loss) on non-financial assets | 0 | (128) |
| (b) Net gain/(loss) on financial instruments | | |
| Impairment on financial instruments (See Note 13) | (137,655) | 0 |
| Total net gain/(loss) on financial instruments | (137,655) | 0 |
| (c) Other net gain/(loss) from other economic flows | | |
| Net gain/(loss) arising from revaluation of long service leave liability | (2,371) | (3,228) |
| Net gain/(loss) arising from revaluation of long service leave liability | (2,371) | (3,228) |

NOTE 4. RECEIVABLES

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| Current receivables | | |
| Contractual | | |
| Cash Flow Facility producer loans (net of impairment allowance) | 2,716,698 | 7,574,150 |
| Other receivables ⁽ⁱ⁾ | 665,600 | 40,911 |
| Interest receivable | 48,378 | 51,901 |
| Prepayments | 64,026 | 66,157 |
| Total current contractual receivables | 3,494,703 | 7,733,119 |
| Statutory | | |
| GST receivable | 55,267 | 45,574 |
| Total current statutory receivables | 55,267 | 45,574 |
| Non-current receivables | | |
| Contractual | | |
| Cash Flow Facility producer loans | 0 | 262,153 |
| Total non-current receivables | 0 | 262,153 |
| Total receivables | 3,549,970 | 8,040,845 |

(i) The average credit period on sales of goods and services is 30 days. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

This table summarises the amount of Cash Flow Facility producer loans advances paid out and principal repayments received during the reporting period.

| | 2011 | 2010 |
|--|------------------|-------------------|
| | \$ | \$ |
| Cash Flow Facility producer loans at cost | | |
| Opening balance | 7,836,304 | 5,614,255 |
| Add: further loan advances | 1,330,771 | 4,825,069 |
| | 9,167,075 | 10,439,324 |
| Less: loan principal repayments | (6,312,722) | (2,603,020) |
| Closing balance (before impairment allowance) | 2,854,353 | 7,836,304 |
| Current Cash Flow Facility producer loans due within 12 months | 2,854,353 | 7,574,150 |
| Non-current Cash Flow Facility producer loans due after 12 months | 0 | 262,154 |
| Total Cash Flow Facility producer loans (before impairment allowance) | 2,854,353 | 7,836,304 |

| | 2011 | 2010 |
|--|----------------|----------|
| | \$ | \$ |
| Movement in the allowance account for impairment of Cash Flow Facility producer loans | | |
| Balance at beginning of year | 0 | 0 |
| Increase due to impairment in Cash Flow Facility producer loans | 137,655 | 0 |
| Balance at end of year | 137,655 | 0 |

Details of the impairment in Cash Flow Facility producer loans are included in Note 13 Financial Instruments.

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment at cost less accumulated depreciation or amortisation.

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| Leasehold improvements | | |
| At cost | 1,212,408 | 932,408 |
| Less: accumulated depreciation | (936,408) | (670,008) |
| Total leasehold improvements | 276,000 | 262,400 |
| Audio visual equipment | | |
| At cost | 58,594 | 43,695 |
| Less: accumulated depreciation | (41,264) | (38,091) |
| Total audio visual equipment | 17,330 | 5,604 |
| Computer equipment | | |
| At cost | 446,972 | 474,451 |
| Less: accumulated depreciation | (329,386) | (302,583) |
| Total computer equipment | 117,586 | 171,868 |
| Furniture and fittings | | |
| At cost | 217,127 | 215,897 |
| Less: accumulated depreciation | (174,100) | (151,138) |
| Total furniture and fittings | 43,027 | 64,759 |
| Office equipment | | |
| At cost | 37,070 | 38,117 |
| Less: accumulated depreciation | (34,400) | (34,123) |
| Total office equipment | 2,670 | 3,994 |
| Software | | |
| At cost | 0 | 6,520 |
| Less: accumulated depreciation | 0 | (6,520) |
| Total software | 0 | 0 |
| Total property, plant and equipment | 456,613 | 508,625 |

(b) Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are set out below.

| | Leasehold improvements at cost | Audio visual equipment at cost | Computer equipment at cost | Furniture and fittings at cost | Office equipment at cost | Software at cost | Total |
|---------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------|---------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2010 | 262,400 | 5,603 | 171,868 | 64,758 | 3,995 | - | 508,624 |
| Additions/Disposals | 204,000 | 14,900 | 38,684 | 1,818 | (77) | - | 259,324 |
| Depreciation expense | (190,400) | (3,173) | (92,966) | (23,548) | (1,247) | - | (311,334) |
| Asset impairment | - | - | - | - | - | - | - |
| Balance as at 30 June 2011 | 276,000 | 17,330 | 117,586 | 43,028 | 2,670 | - | 456,614 |
| Balance as at 1 July 2009 | 360,800 | 7,400 | 204,569 | 82,374 | 3,348 | | 658,491 |
| Additions/Disposals | - | 2,999 | 65,581 | 6,632 | 1,964 | - | 77,176 |
| Depreciation expense | (98,400) | (4,796) | (98,282) | (24,248) | (1,317) | - | (227,043) |
| Asset impairment | - | - | - | - | - | - | - |
| Balance as at 30 June 2010 | 262,400 | 5,603 | 171,868 | 64,758 | 3,995 | - | 508,624 |

NOTE 6. PAYABLES

| | 2011 | 2010 |
|-------------------------------|---------------|----------------|
| | \$ | \$ |
| Current payables | | |
| Contractual | | |
| Supplies and services | 56,368 | 114,942 |
| Total current payables | 56,368 | 114,942 |
| Total payables | 56,368 | 114,942 |

NOTE 7. PROVISIONS

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$ | \$ |
| Current provisions | | |
| Employee benefits—annual leave | | |
| Unconditional and expected to be settled within 12 months | 329,034 | 302,267 |
| Unconditional and expected to be settled after 12 months | 0 | 0 |
| Employee benefits—long service leave | | |
| Unconditional and expected to be settled within 12 months | 55,363 | 53,950 |
| Unconditional and expected to be settled after 12 months | 88,882 | 72,172 |
| Total current provisions | 473,279 | 428,389 |
| Non-current provisions | | |
| Employee benefits | 173,420 | 167,274 |
| Leasehold dismantling costs | 279,967 | 75,967 |
| Total non-current provisions | 453,387 | 243,241 |
| Total provisions | 926,666 | 671,630 |

(a) Employee benefits and related on-costs**Current employee benefits**

| | | |
|----------------------------------|---------|---------|
| Annual leave | 310,703 | 285,293 |
| Unconditional long service leave | 135,735 | 119,596 |

Non-current employee benefits

| | | |
|--------------------------------|----------------|----------------|
| Conditional long service leave | 163,188 | 158,624 |
| Total employee benefits | 609,626 | 563,513 |

Current on-costs

| | | |
|---|----------------|----------------|
| Annual leave | 18,331 | 16,974 |
| Long service leave | 8,510 | 6,518 |
| Non-current on-costs—long service leave | 10,232 | 8,658 |
| Total on-costs | 37,074 | 32,150 |
| Total employee benefits and related on-costs | 646,699 | 595,663 |

(b) Movement in provisions for employee benefits

| | | |
|----------------------------------|----------------|----------------|
| Opening balance | 595,663 | 495,395 |
| Leave taken | (370,097) | (293,187) |
| Additional provisions recognised | 421,133 | 393,455 |
| Closing balance | 646,699 | 595,663 |

(c) Movement in provision for leasehold dismantling costs

| | | |
|----------------------------------|----------------|---------------|
| Opening balance | 75,967 | 75,967 |
| Additional provisions recognised | 204,000 | 0 |
| Provisions derecognised | 0 | 0 |
| Closing balance | 279,967 | 75,967 |

NOTE 8. SUPERANNUATION

Film Victoria has made employer contributions on behalf of its employees during 2010/11 to the following defined contribution plans:

VicSuper

Employer contributions paid to the VicSuper scheme in 2010/11 amount to \$287,492 (2009/10 \$226,900). Contributions outstanding as at 30 June 2011 were nil.

Other

Employer contributions paid to other various schemes in 2010/11 amount to \$167,602 (2009/10 \$150,891). Contributions outstanding as at 30 June 2011 were nil.

Film Victoria recognises all superannuation contributions for the reporting period as expense, included as part of the employee benefits in the Comprehensive Operating Statement.

NOTE 9. ACCUMULATED SURPLUS

The accumulated surplus total of \$5,836,491 as at 30 June 2011 represents expenditure that has been allocated to various programs, but has yet to be expended.

NOTE 10. LEASES

Disclosures for lessees—operating leases

Operating leases are with respect to office space at 189 Flinders Lane, Melbourne and minor related office equipment.

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$ | \$ |
| Non-cancellable operating leases payable | | |
| Not later than one year | 338,437 | 325,791 |
| Longer than one year and not longer than five years | 217,153 | 555,590 |
| Present value of minimum lease payments | 555,590 | 881,381 |

NOTE 11. COMMITMENTS FOR EXPENDITURE

(a) Programs and Cash Flow Facility producer loans

The balance of Film Victoria's commitments which were not disbursed in this twelve month period amounted to \$20,579,849 (2010: \$18,595,276). These commitments become payable when contracts are executed and upon contractees satisfying certain conditions. Payments of these commitments are expected to be made within five years of the balance sheet date. Commitments are stated exclusive of the Goods and Services Tax (GST) payable.

Cash analysed by funding and usage 2010/11

| | Cash as at 30-Jun-11 | Outstanding commitments as at 30-Jun-11 | Balance as at 30-Jun-11 |
|--|-------------------------|---|----------------------------|
| | \$ | \$ | \$ |
| Cash Flow Facility available | 12,145,647 | 1,231,774 | 10,913,873 |
| Film Victoria programs (including Digital Media) | 18,415,271 | 19,348,075 | (932,804) |
| Total cash assets | 30,560,918 | 20,579,849 | 9,981,069 |

Cash analysed by funding and usage 2009/10

| | Cash as at 30-Jun-10 | Outstanding commitments as at 30-Jun-10 | Balance as at 30-Jun-10 |
|--|-------------------------|---|----------------------------|
| | \$ | \$ | \$ |
| Cash Flow Facility available | 7,163,696 | 662,154 | 6,501,542 |
| Film Victoria programs (including Digital Media) | 18,911,145 | 17,933,122 | 978,023 |
| Total cash assets | 26,074,841 | 18,595,276 | 7,479,565 |

Cash Flow Facility producer loans

| | 2011 | 2010 |
|---|-------------------|------------------|
| | \$ | \$ |
| Total funding for Cash Flow Facility | 15,000,000 | 15,000,000 |
| Less: total loans outstanding (before impairment allowance) | (2,854,353) | (7,836,304) |
| Cash Flow Facility cash held | 12,145,647 | 7,163,696 |
| Less: Cash Flow Facility committed not yet paid | (1,231,774) | (662,154) |
| Less: impairment allowance on Cash Flow Facility producer loans (See Note 4.) | (137,655) | 0 |
| Cash Flow Facility available | 10,776,218 | 6,501,542 |

The Cash Flow Facility represents a revolving loan facility. Film Victoria has a stringent credit process to ensure that all loans are prudently managed.

Film Victoria Programs comprises grants provided for Industry Investment and Support. It also includes repayments and recoupments from prior year projects. The balance at 30 June 2011 is committed to film industry initiatives, programs and expenditure carried forward into future periods.

NOTE 12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets at reporting date.

NOTE 13. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

Film Victoria's activities expose it primarily to the financial risks of changes in interest rates, credit exposure and a minor amount of operational foreign currency transactions. Film Victoria does not enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

Film Victoria does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Categorisation of financial instruments

| | Category | 2011 | 2010 |
|------------------------------------|--|-------------------|-------------------|
| | | \$ | \$ |
| Financial assets | Contractual financial assets—loans and receivables at amortised cost or fair value through profit and loss | | |
| Cash and deposits | | 30,560,918 | 26,074,841 |
| Receivables | | 3,430,676 | 7,929,116 |
| Total financial assets | | 33,991,594 | 34,003,957 |
| Financial liabilities | | | |
| Payables | Contractual financial liabilities at amortised cost | 56,368 | 114,942 |
| Total financial liabilities | | 56,368 | 114,942 |

Net Holding gain/(loss) on financial instruments by category

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and deposits | 1,315,153 | 880,173 |
| Trade and other receivables | 0 | 0 |
| Cash Flow Facility producer loans—interest | 298,727 | 366,430 |
| Cash Flow Facility producer loans—admin fees | 165,517 | 221,878 |
| Cash Flow Facility producer loans—impairment | (137,655) | 0 |
| | 1,641,742 | 1,468,481 |
| Financial liabilities | | |
| Other payables | 0 | 0 |
| | 0 | 0 |

At 30 June 2011 an impairment allowance of \$137,655 was made against Cash Flow Facility producer loans. In determining the amount of an impairment allowance, Film Victoria takes into account the likelihood of the timing and amounts of payments by a producer and, where relevant, by any associated distribution company. See also note 13 (d).

(b) Significant accounting policies

Film Victoria's accounting policies including the terms and conditions of each class of financial asset and financial liability recognised at balance date, are stated in Note 1.

(c) Interest rate risk

Film Victoria's exposure to interest rate risks and the effective interest rate risks of financial assets and financial liabilities recognised at balance date, are as follows:

The following table details Film Victoria's exposure to interest rate risks as at 30 June 2011

| | Weighted average effective interest rate | Variable interest rate | Fixed interest rate | Non-interest bearing | Carrying amount |
|--|--|---------------------------|------------------------|-------------------------|--------------------|
| | | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and deposits | | | | | |
| Cash on hand and cash at bank | 4.65% | 160,118 | 0 | 800 | 160,918 |
| Short term / at call deposits | 4.85% | | 30,400,000 | 0 | 30,400,000 |
| Receivables | | | | | |
| Cash Flow Facility producer loans | 3.56% - 9.75% | 0 | 2,716,698 | 0 | 2,716,698 |
| Other receivables (excluding prepayments) | N/A | 0 | 0 | 713,978 | 713,978 |
| | | 160,118 | 33,116,698 | 714,778 | 33,991,594 |
| Financial liabilities | | | | | |
| Payables | | | | | |
| Other payables | N/A | 0 | 0 | 56,368 | 56,368 |
| | | 0 | 0 | 56,368 | 56,368 |

The following table details Film Victoria's exposure to interest rate risks as at 30 June 2010

| | Weighted average effective interest rate | Variable interest rate | Fixed interest rate | Non-interest bearing | Carrying amount |
|--|--|---------------------------|------------------------|-------------------------|--------------------|
| | | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and deposits | | | | | |
| Cash on hand and cash at bank | 4.51% | 208,946 | 0 | 800 | 209,746 |
| Short term / at call deposits | 4.71% | 15,095 | 25,850,000 | 0 | 25,865,095 |
| Receivables | | | | | |
| Cash Flow Facility producer loans | 5.50% - 9.50% | 0 | 7,836,304 | 0 | 7,836,304 |
| Other receivables (excluding prepayments) | N/A | 0 | 0 | 92,812 | 92,812 |
| | | 224,041 | 33,686,304 | 93,612 | 34,003,957 |
| Financial liabilities | | | | | |
| Payables | | | | | |
| Other payables | N/A | 0 | 0 | 114,942 | 114,942 |
| | | 0 | 0 | 114,942 | 114,942 |

(d) Credit risk

Film Victoria's maximum exposure to credit risk at the balance sheet date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

Within the Film Victoria *Cash Flow Facility*, the maximum exposure cannot exceed \$3,000,000 for each of the following:

- Any one Australian distributor, broadcaster or sales agent
- Any one overseas distributor, broadcaster or sales agent
- Any one producer (producers are eligible to apply to Film Victoria for an equity investment for the same project).

Credit risk in trade receivables is managed in the following ways:

- By operating under payment terms of 30 days
- Debt collection policies and procedures.

The following table discloses the ageing of financial assets

| | Carrying amount | Not past due and not impaired | Past due but not impaired | | | Impaired |
|---|--------------------|-------------------------------------|---------------------------|----------------|-------------|----------------|
| | | | Less than 30 days | 30-90 days | 90-365 days | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2011 | | | | | | |
| Financial assets | | | | | | |
| Cash on hand and cash at bank | 160,918 | 160,918 | 0 | 0 | 0 | 0 |
| Short term / at call deposits | 30,400,000 | 30,400,000 | 0 | 0 | 0 | 0 |
| Cash Flow Facility producer loans | 2,716,698 | 2,320,218 | 0 | 0 | 0 | 396,480 |
| Other receivables (excluding prepayments) | 713,978 | 713,978 | 0 | 0 | 0 | 0 |
| | 33,991,594 | 33,595,114 | 0 | 0 | 0 | 396,480 |
| 2010 | | | | | | |
| Financial assets | | | | | | |
| Cash on hand and cash at bank | 209,746 | 209,746 | 0 | 0 | 0 | 0 |
| Short term / at call deposits | 25,865,095 | 25,865,095 | 0 | 0 | 0 | 0 |
| Cash Flow Facility producer loans | 7,836,304 | 7,503,725 | 41,665 | 290,914 | 0 | 0 |
| Other receivables (excluding prepayments) | 92,812 | 0 | 92,812 | 0 | 0 | 0 |
| | 34,003,957 | 33,578,566 | 134,477 | 290,914 | 0 | 0 |

The impaired Cash Flow Facility producer loans are after an impairment allowance of \$137,655 (see note 13 (a)). In relation to this Film Victoria holds the following security:

- Loan agreement with the producer
- Deed of charge on certain producer's rights to income and subsequent deed of variation extending the property charged
- Direction to pay by the distributor company in Film Victoria's benefit
- Deed of assignment of the producer's stipulated judgement on the distributor company.

This is subject to on-going negotiations. Until those negotiations are concluded, there is uncertainty in the assessment of the impairment allowance. Consequently, the realised value of the impaired Cash Flow Facility producer loans may differ from the carrying value.

(e) Interest rate sensitivity analysis

Interest rate sensitivity analysis is based on balances of financial assets not exceeding one year, which are at fixed or floating rates. Minimum and maximum exposures are calculated at shifts of plus or minus 2% respectively.

The table below details Film Victoria's sensitivity to shifts in interest rate. The exposures are based on management's best estimates of the possible adverse effects of changes in interest rate as at 30 June 2011 and 30 June 2010.

Market risk exposure—Interest rate:

| | Carrying amount | Interest rate | | | |
|-------------------------|-----------------|------------------|--|----------------|--|
| | | -2% | | +2% | |
| | | Net result | Available-for-sale revaluation surplus | Net result | Available-for-sale revaluation surplus |
| 2011 | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and deposits | 30,560,918 | (611,218) | - | 611,218 | |
| Total impact | | (611,218) | - | 611,218 | - |
| 2010 | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 26,074,841 | (521,497) | - | 521,497 | |
| Total impact | | (521,497) | - | 521,497 | - |

(f) Fair value

The carrying amount of financial instruments assets and liabilities recorded in the financial statements are a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they are paid in full except where an impairment allowance has been made.

The following table shows that the fair values of the financial assets are the same as the carrying amounts.

| | Carrying amount 2011 | Fair value 2011 | Carrying amount 2010 | Fair value 2010 |
|--|-------------------------|--------------------|-------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Fair value measurement at end of reporting period using: | | | | |
| Level 2 | | | | |
| Short term / at call deposits | 30,400,000 | 30,400,000 | 25,865,095 | 25,865,095 |
| Level 3 | | | | |
| Cash Flow Facility producer loans | 2,716,698 | 2,716,698 | 7,836,304 | 7,836,304 |
| Total financial assets | 33,116,698 | 33,116,698 | 33,701,399 | 33,701,399 |

Reconciliation of Level 3 fair value movements

| | Cash Flow Facility producer loans | |
|---|-----------------------------------|------------------|
| | 2011 | 2010 |
| | \$ | \$ |
| Opening balance | 7,836,304 | 5,614,255 |
| Loan advances | 1,330,771 | 4,825,069 |
| Loan principal repayments | (6,312,722) | (2,603,020) |
| Impairments (recognised in Comprehensive Operating Statement) | (137,655) | 0 |
| Closing balance | 2,716,698 | 7,836,304 |

NOTE 14. CASH FLOW INFORMATION

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

(a) Reconciliation of cash and cash equivalents:

| | 2011 | 2010 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Cash on hand | 800 | 800 |
| Cash at bank | 160,118 | 208,946 |
| Short term / at call deposits – program and operating activities | 18,254,353 | 18,701,399 |
| Short term / at call deposits – Cash Flow Facility fund | 12,145,647 | 7,163,696 |
| Total cash assets | 30,560,918 | 26,074,841 |

The *Cash Flow Facility* (CFF) fund is a revolving loan facility. The Short term / at call deposits – Cash Flow Facility fund may only be used to advance loans.

(b) Reconciliation of net result for the period to net cash flows from operating activities

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$ | \$ |
| Net result for the period | (253,275) | 1,290,956 |
| Depreciation and amortisation of non-current assets | 311,334 | 227,043 |
| Gain/(loss) on sale of non-financial assets | 0 | 128 |
| Impairment allowance | 137,655 | 0 |

Changes in net assets and liabilities**(Increase) / decrease in assets**

| | | |
|----------------------|-----------|----------|
| Current receivables | (630,859) | 206,305 |
| Other current assets | 2,131 | (58,802) |

Increase / (decrease) in liabilities

| | | |
|------------------------|----------|----------|
| Current payables | (50,292) | (72,973) |
| Current provisions | 44,890 | 45,025 |
| Non-current provisions | 210,146 | 55,244 |

| | | |
|--|------------------|------------------|
| Net cash from/ (used in) operating activities | (228,270) | 1,692,926 |
|--|------------------|------------------|

NOTE 15. RESPONSIBLE PERSONS

The names of persons who were Responsible Persons at any time during the 12 month financial reporting period are:

Minister for Innovation, Services and Small Business

The Hon. Louise Asher MP (from 2 December 2010 to 30 June 2011)

Minister for Industry, Innovation and Regional Development

The Hon. Gavin Jennings MLC (from 1 July 2010 to 1 December 2010)

Governing Board

John Howie, President

Deborah Allanson (appointed 1 September 2010)

Katherine Blashki (term expired 31 August 2010)

Ann Darrouzet (appointed 1 September 2010)

Jo Dawson

Dan Fill (appointed 1 September 2010)

Ana Kokkinos

Siu Ling Hui (term expired 31 August 2010)

Michael Lynch (appointed 1 September 2010, resigned 30 June 2011)

Kim McGrath

Michael McMahon

Bryce Menzies (term expired 31 August 2010)

Leonie Morgan (term expired 31 August 2010)

Robert Murray (term expired 31 August 2010)

David Parker (appointed 10 September 2010)

Jan Sardi

Chief Executive Officer and Accountable Officer

Sandra Sdraulig (to 25 March 2011)

Jenni Tosi (Acting CEO from 26 March 2011)

Members of the Governing Board were remunerated from 1 September 2010. Remuneration was based on the *Premier's Appointment and Remuneration Guidelines for Victorian Government Boards Statutory Bodies and Advisory Committees*.

Remuneration was based on the following bands: \$20,000-\$30,000 – (1 member) and \$10,000-\$20,000 (10 members).

The remuneration of the Ministers is reported separately in the financial statements of the Department of Premier and Cabinet.

Remuneration of the Accountable Officer is included in Note 17– Remuneration of Executives.

NOTE 16. RELATED PARTY TRANSACTIONS

Other transactions during the financial year with Responsible Persons and Responsible Person-related entities are set out in the table below. The transactions cover payments and receipts relating to Film Victoria programs for equity investments, production attraction, content development, cash flow funding and professional development as well as participation in committees.

All such transactions are carried out at arms-length with the entities involved and receive the same amount of scrutiny that applies to all applicants to the Film Victoria program.

| Entity | Transaction type | 2011 | 2010 |
|--|------------------|-------------|----------|
| | | \$ | \$ |
| Executive Wealth Strategies Pty Ltd / Jo Dawson | Payments | 3,500 | 1,000 |
| | Receipts | 0 | 0 |
| Chocolate Liberation Front Pty Ltd / Dan Fill | Payments | 153,000 | 0 |
| | Receipts | (10,400) | 0 |
| SLH Consulting & Communications / Siu Ling Hui | Payments | 500 | 1,500 |
| | Receipts | 0 | 0 |
| Mira Robertson / Ana Kokkinos | Payments | 0 | 5,050 |
| | Receipts | 0 | 0 |
| Blessed Film Productions Pty Ltd / Ana Kokkinos | Payments | 0 | 25,000 |
| | Receipts | 0 | (4,007) |
| Zizani Films Pty Ltd / Ana Kokkinos | Payments | 1,000 | 4,010 |
| | Receipts | 0 | 0 |
| City Films Worldwide Pty Ltd / Michael Lynch | Payments | 0 | 0 |
| | Receipts | (4,766) | 0 |
| Big and Little Films Pty Ltd / Michael McMahon | Payments | 20,000 | 150,000 |
| | Receipts | (16,750) | (4,956) |
| Anatomy 2 Pty Ltd / Michael McMahon | Payments | 8,000 | 120,000 |
| | Receipts | 0 | (11,902) |
| Anatomy Productions Pty Ltd / Michael McMahon | Payments | 45,000 | 0 |
| | Receipts | (13,256) | 0 |
| Bogan Pride Productions Pty Ltd / Michael McMahon | Payments | 0 | 3,000 |
| | Receipts | 0 | (2,138) |
| Lou Productions Pty Ltd / Michael McMahon | Payments | 0 | 15,000 |
| | Receipts | 0 | 0 |
| Moppet Mode Pty Ltd / Michael McMahon | Payments | 0 | 2,000 |
| | Receipts | 0 | 0 |
| Matchbox Pictures Pty Ltd / Michael McMahon | Payments | 11,039 | 0 |
| | Receipts | 0 | 0 |
| The Slap Productions Pty Ltd / Michael McMahon | Payments | 482,815 | 0 |
| | Receipts | (72,500) | 0 |
| MSSA Productions Pty Ltd / Michael McMahon | Payments | 40,000 | 0 |
| | Receipts | (6,340) | 0 |
| December Films Pty Ltd / Bryce Menzies | Payments | 72,388 | 523,841 |
| | Receipts | 0 | (83,111) |
| Gargoyle Pty Ltd / Bryce Menzies | Payments | 0 | 0 |
| | Receipts | 0 | (1,059) |
| ndWare Pty Ltd / Robert Murray | Payments | 0 | 48,334 |
| | Receipts | 0 | 0 |
| Love and Mortar Productions Pty Ltd / David Parker | Payments | 20,000 | 0 |
| | Receipts | (1,249,708) | 0 |
| Cascade Film Pty Ltd / David Parker | Payments | 21,310 | 0 |
| | Receipts | 0 | 0 |
| Breakaway Scripts Pty Ltd / Jan Sardi | Payments | 2,310 | 2,305 |
| | Receipts | 0 | 0 |
| Day for Night Productions Pty Ltd/Jenni Tosi | Payments | 20,230 | 0 |
| | Receipts | 0 | 0 |

Film Victoria's Board, committees, internal staff assessment panels, CEO and staff are bound by the Conflict of Interest provisions of the *Film Act 2001* (Vic.) (sections 39-42), together with the *Code of Conduct for the Victorian Public Sector* (sections 34-37).

A member who has a conflict of interest in a matter must not be present during any deliberations on the matter, unless the President directs otherwise, and is not entitled to vote on the matter.

NOTE 17. REMUNERATION OF EXECUTIVES

The remuneration of executive officers including that of the Accountable Officer is set out in the table below.

| Income Band | Total remuneration | | Base remuneration | |
|-----------------------|--------------------|------------------|-------------------|------------------|
| | 2011 No. | 2010 No. | 2011 No. | 2010 No. |
| \$140,000 – \$149,999 | | 1 | | 1 |
| \$150,000 – \$159,000 | | | 1 | |
| \$180,000 – \$189,000 | 1 | | | |
| \$200,000 – \$209,999 | | | | |
| \$210,000 – \$219,999 | | | | 1 |
| \$220,000 – \$229,999 | | 1 | 1 | |
| \$310,000 – \$319,999 | 1 | | | |
| Total numbers | 2 | 2 | 2 | 2 |
| Total amount | \$499,832 | \$372,790 | \$377,107 | \$355,459 |

Total remuneration includes bonus payments, termination benefits, long service leave and any retrospective adjustments that applied during the financial year.

NOTE 18. REMUNERATION OF AUDITORS

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$ | \$ |
| Victorian Auditor General's Office | | |
| Audit or review of the financial statements | 18,200 | 17,750 |
| | 18,200 | 17,750 |

NOTE 19. EVENTS AFTER BALANCE SHEET DATE

Film Victoria is not aware of any material events after balance date which would affect these financial statements.

ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Film Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of Film Victoria at 30 June 2011.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 30 August 2011.



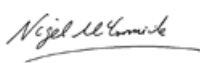
J. Howie
President

Film Victoria
Melbourne
30 August 2011



J. Tosi
A/Chief Executive
Officer

Film Victoria
Melbourne
30 August 2011



N. McCormick
Chief Financial
Officer

Film Victoria
Melbourne
30 August 2011

Film Victoria

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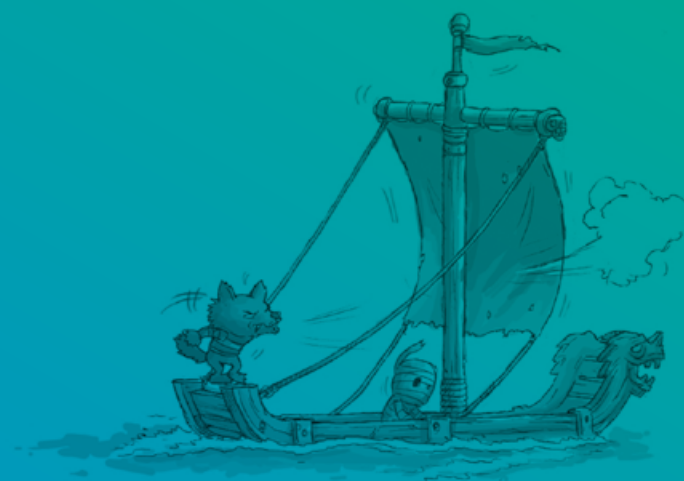
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