

Film Australia Limited - Statement of Intent 2007-2008

Introduction

This is the final year in Film Australia's five-year funding agreement with government, and heralds a new era as the company plans for transition to the newly announced Australian Screen Authority.

It is therefore the final stage in Film Australia's development as one of the nation's leading documentary production companies. It concludes the three-year strategy for growth under the National Interest Program, finalises the production of the first of the Australian History Initiative series of ten documentaries, and positions Film Australia and the documentary sector for the digital future.

Within this challenging context, Film Australia has identified the following as major goals for the next twelve months:

- Continue to deliver outstanding results, creatively, financially and in connecting with audiences.
- Identify and develop opportunities for continued growth.
- Develop and communicate a strategic pathway for documentary in the digital future.
- Plan for a smooth transition to new operating environment.

PRIORITIES

Film Australia notes the Government's priorities to:

- **Work with DCITA and the other portfolio agencies to implement the Government's Screen Industry Support Package. In particular work with DCITA, AFC and FFC on range of transitional issues prior to the establishment of the Australian Screen Authority and ensure minimal disruption to existing programs.**

Film Australia has and will continue to provide input to the Producer Offset scheme, particularly as it effects documentary production and the development of a sustainable sector in Australia.

Film Australia will actively work with DCITA, the Australian Film Commission and the Film Finance Corporation regarding creation of the new Australian Screen Authority, identifying issues specific to Film Australia, providing strategic input and identifying opportunities for enhanced efficiencies. It will participate in steering committee and subcommittee meetings and ensure that there is minimal disruption to existing programs and that there is the capacity to forward commit beyond 2008 in order support the smooth transition to the merged entity.

It will work with stakeholders to ensure their concerns are considered by the Interim Steering Committee.

A full assessment of issues affecting the transfer of assets (including the building, tenant leases, production, distribution and all other contracts) will also be undertaken, as well as assessment of transition of intangible assets such as Film Australia's brand.

A priority will be the completion of the new certified agreement for staff allowing for transition to new agency.

- **Continue to implement the Government's 2004 election commitments, specifically to produce a 10-part series of high quality documentaries on Australian history, and**

- **Continue an effective and efficient operation of the National Interest Program.**

Over the next 12 months, Film Australia will commission and deliver the final programs under the current National Interest Program and Australian History Initiative contract.

The final seven programs under phase one of the Australian History Initiative will be delivered by June 2008, beginning with a feature-length documentary on Antarctic explorer Douglas Mawson.

Film Australia will continue to manage the production of the National Interest Program to create an audio-visual record of Australia, and will focus on strategies to maximise resources for production through actively targeting third-party investment and appropriate co-production relationships. Any savings through internal efficiencies will continue to be reinvested into production.

Film Australia will continue to focus on the priority areas developed for the NIP in 2005, including science, arts contemporary life and history. There will continue to be a range of content styles, both small and large budget, and across traditional linear and emerging digital and interactive platforms.

These major documentaries, series and digital content will be produced by Film Australia and associated filmmakers to the highest possible standard. They will complete the five-year National Interest Program contract to provide a 'snapshot' of the nation through 100 productions, and ten landmark documentaries capturing Australia's unique history.

The production activity will draw on the creative and technical skill of the independent sector, working with Film Australia's editorial and management teams. Programs will be promoted and marketed to reach the widest possible and appropriate audience. Whilst some programs will not go to air in the current corporate plan, Film Australia will work with the broadcasters to support the appropriate scheduling of programs.

Development of the second series of the History Initiative will be undertaken during 2007-2008 to ensure there is seamless ongoing production.

- **Continue to support the Australian film and television industry's documentary sector under its CSOs.**

Film Australia provides support to the independent production sector through both production activity and its community services – Library, Marketing and Distribution, Site and Facilities. Film Australia receives Community Service Obligation (CSO) funding to maintain and upgrade these services.

CSO funding has allowed Film Australia to increase filmmaker access to its Library of Commonwealth-owned titles and stills through a program of preservation, detailed cataloguing and digitisation. It has allowed Film Australia to invest its assets in the industry through schemes like zero-fee licensing, facilities discounts and the pilot of a business incubator program for documentary producers (Hothouse).

These programs will continue through 2008, including development of the Hothouse scheme. Further discounts to independent producers working on documentary and low-budget production will also be made.

Zero-fee licensing and the digitisation program will continue, as will transferring the remainder of Film Australia's analogue tape materials to digi-beta tapes, the implementation of a digital asset management system (based on industry standards) for digital file management, and continuing cataloguing of all materials including the stills collection.

The promotion, marketing and back-end management of Film Australia's catalogue has been identified as an important service to the industry, mostly unmatched in the independent sector. The service will continue, and Film Australia will continue to trial non-

traditional means of distribution (such as online and mobile services) to assess audience reach and potential returns.

Film Australia has also established *Film Australia Digital Learning*, a free online resource for teachers based on materials managed by Film Australia's Library. It will continue to develop the site, including through development of relationships with third parties.

- **Engage with issues relating to the impact of new technologies on the documentary sector.**

Film Australia will continue to develop a strategic framework to provide a pathway for Australian documentary makers in the expanding digital landscape.

Audiences now reach Film Australia programs through non-broadcast channels, such as festivals and cinema release, DVD and online services, digital and subscription TV.

As a producer and production partner, Film Australia is able to take strategic risks in producing new content, developing documentary makers' skills, reaching new markets and ensuring future access to quality Australian documentaries.

Film Australia targets 15 per cent of the NIP contract to non-broadcast delivery, and has initiated projects for online, digital TV and mobile delivery, including co-productions with ABC, SBS and the National Film Board of Canada.

Digital content production and distribution continues to be a major focus for Film Australia, informed by a year-long study of the digital environment in 2006-2007.

Phase one of *Documentary 2012* culminated with a workshop at AIDC 2007 and identified key issues for documentary makers as they engage with this major change in production and distribution. Film Australia is continuing the dialogue with filmmakers and other agencies on the future of documentary in Australia and how to position Australian documentary in the digital age.

In Phase two, Film Australia will commission a series of discussion papers, convene a *Documentary 2012* working group and create an online *Documentary 2012* resource. The outcomes will help shape Film Australia's functions and inform priorities for the new Australian Screen Authority.

- **Make adjustments to Film Australia's programs as necessary to meet changing industry priorities, in particular through ensuring that programs place a strong focus on developing sustainable businesses.**

Film Australia supports the independent production sector through both production activity and its CSO activities.

Subcontracted production

On average over 85 per cent of NIP productions are made on subcontract in association with independent filmmakers that may or may not use Film Australia facilities.

The other 10-15 per cent are programs that are based out of Film Australia's Lindfield site and made by contract production teams (directors, producers, writers, editors etc.) employed on short-term contracts. Some of these focus on projects that meet particular cultural, development or strategic needs including mentoring and development of younger filmmakers or the quick turnaround demands of a specific television on-air date.

These in the past have been termed 'in house' production to distinguish it from subcontracted productions, although Film Australia does not employ permanent in house production staff.

All subcontracted production is negotiated under Film Australia's terms of trade, which were introduced in 2005 to provide a revenue stream to producers (20 per cent) from first

returns to investors. The terms of trade are reviewed annually in consultation with industry. In 2007-2008 Film Australia aims to address issues raised regarding copyright ownership, production overheads and fees for producers, directors and writers.

Production growth

In 2005 Film Australia put forward an ambitious strategy to grow production under the National Interest Program by at least 10 per cent per year over the next three years. This was to address the “gridlock” in local documentary production, and allow the development and production of series and programs to international standards.

Over the three year period from 2005-2008, we expect to exceed this growth rate.

Increased production has been supported by targeted third-party investment, increased presales from broadcasters, and the identification of operational savings. This strategy will continue for the final year of the contract.

Film Australia will continue to develop high profile series and documentaries for production under the National Interest Program beyond 2008. It will also develop further series and documentaries under the History Initiative. This development, and as far as possible, commitments to production beyond 2008, will minimise disruption to the documentary production community, markets and audiences for Australian documentary, as new arrangements come into play.

Industry support through CSO

In 2005 Film Australia established a framework to focus CSO activity on strategies that add value to the industry. This can be through revenue raised or investment of assets through discounts for documentary making.

Film Australia will continue to support the independent production sector through its CSO activities, library, distribution, site and facilities. It will seek to develop innovative strategies to leverage increased value to the production sector through use of its assets (including its archive and site), production and management expertise.

GOVERNMENT EXPECTATIONS

Film Australia notes the expectations of the Government and will endeavour to be responsive and cooperative in meeting its expectations in relation to communication, financial management and corporate governance, whilst maximising the resources available for production and service delivery. This is in line with the objectives for Film Australia as set out in its constitution: the effective and efficient management of Film Australia and its resources for its shareholder – the Commonwealth of Australia.

Corporate Governance:

- Film Australia will manage its affairs with diligence and in accordance with all legislative and applicable government policies, including the Constitution of Film Australia Limited, the Commonwealth Authorities and Companies Act 1997 and the Corporations Act 2001.
- Film Australia will aim to implement and maintain the highest standards of corporate governance. Due to planned wind up of company, it is operating on one-year corporate plan (2007-2008) and updated strategic plan. It will regularly report on achievements against plan to the Board and to the Department through six month and 12-month corporate plan reports. It will maintain and implement an effective risk management policy and reporting process.
- Film Australia will ensure that all board members are aware of their roles and

responsibilities. It will conduct an annual externally facilitated review of the Board's performance, based on self-assessment.

Revenue

- Film Australia, in line with its strategy for growth, will actively seek revenue from sources other than Government through commercial activity including sales of goods and services such as licensing of audio-visual material both nationally and internationally, co-production partnerships, sale of VHS tapes and DVD, and the rental of premises at Lindfield site and provision of facilities and services.

Stakeholder relationships

- Film Australia will develop relationships with all key stakeholders, including the independent production sector, local and international broadcasters and co-production partners to progress Film Australia's remit to create a curated audio-visual record of Australian life, reach the widest possible audience, and support the production community.
- Film Australia will work cooperatively with DCITA and other Portfolio Agencies to effectively fulfil Film Australia's role as one of the nation's largest producers of television documentaries and educational programs.

Communication and Reporting:

- Film Australia will keep the Minister and Department informed (in parallel) of Film Australia's activities through regular reports, including quarterly financial reports, six month and 12 month reports against corporate plan, annual report on the NIP and statutory Annual Report. It will continue to inform the Minister and Department of any significant events as relate to Film Australia's business.
- Film Australia will also respond to requests for information from the Department and the Minister's office, in a timely manner having regard to management resources.
- Film Australia Chairman and CEO will meet twice a year with the Minister and provide briefing on issues as requested via the governance report.
- Film Australia has prepared this statement of intent in response to the Minister's statement of expectations.