

OFFICE OF FILM AND LITERATURE CLASSIFICATION

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The role of the Office of Film and Literature Classification (OFLC) is to assist Australians to make informed decisions about films, publications and computer games, which they, or those in their care may view, read or play by providing classification advice which is consistent with community standards. The OFLC also enables the film, publishing and computer games industries to produce and market their products in accordance with public classification standards and pre-set conditions of sale and exhibition.

APPROPRIATIONS AND RESOURCING

The total appropriation for the OFLC in the 2004–05 Budget is \$ 7.420m. Table 1.1 shows appropriations (2004–05) and other revenue by outcome.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The OFLC does not have an appropriation for a loan or an appropriation for administered capital.

An equity injection of \$0.400m is to restore OFLC's financial base as previous year's revenue base did not keep pace with OFLC's statutory workload and associated costs.

OFFICE OF FILM AND LITERATURE CLASSIFICATION — APPROPRIATIONS 2004–05

Table 1.1: Appropriations and other revenue (\$'000)

Outcome	Departmental (price of outputs)					Administered			Total appropriations	
	Revenue from Government (Appropriations)			Revenue from other sources	Price of outputs	Annual appropriations		Special appropriations		Total administered appropriations
	Bill No 1 (A)	Special approps (B)	Total (C = A+B)	(D)	(E = C+D)	Bill No 1 (F)	Bill No 2 (SPPs & NAOs) (G)	(H)	(I = F+G+H)	(J=C+I)
Outcome 1 – Australians make informed decisions about films, publications and computer games, which they, or those in their care may view, read or play	6,285	-	6,285	750	7,035	-	735	-	735	7,020
Total	6,285	-	6,285	750	7,035	-	735	-	735	7,020
Departmental capital (equity injections, loans and previous years' outputs)									400	
Administered assets and liabilities									-	
Total appropriations									7,420	

Columns C, E and I refer to information provided in Total Resources for Outcome tables.

Under the appropriation structure, Bill No 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

Refer to Budgeted Statement of Financial Performance for application of agency revenue.

Revenue from other sources includes sales of goods and services. Non-appropriated departmental and administered revenues detailed in Table 1.3.

Estimated expenses from individual Special Appropriations are shown in Table 1.4.

MEASURES — DEPARTMENT SUMMARY

Table 1.2: Summary of measures disclosed in the 2004–05 Budget

Measure	Outcome	Outputs affected	Appropriations Budget 2004–05 (\$'000)			Appropriations Forward Estimate 2005–06 (\$'000)			Appropriations Forward Estimate 2006–07 (\$'000)			Appropriations Forward Estimate 2007–08 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Office of Film and Literature Classification – additional funding*	1	All	-	1,100	1,100	-	-	-	-	-	-	-	-	-
Total			-	1,100	1,100	-	-	-	-	-	-	-	-	-

* Includes a \$0.400m equity injection in 2004–05.

REVENUE FROM INDEPENDENT SOURCES

Table 1.3: Revenue from independent sources

	Estimated Revenue 2003–04 \$'000	Estimated Revenue 2004–05 \$'000
DEPARTMENTAL REVENUE		
Sales of goods and services	713	725
Interest	1	1
Total sales of goods and service and interest	714	726
Other	-	-
Resources received free of charge	24	24
Other revenue	-	-
Total other	24	24
Total Estimated Departmental Revenue	738	750
ADMINISTERED REVENUE		
Classification fees	2,700	2,700
Total Estimated Administered Revenue	2,700	2,700

SPECIAL APPROPRIATIONS

The OFLC has no special appropriations.

Section 2: Outcomes and outputs information

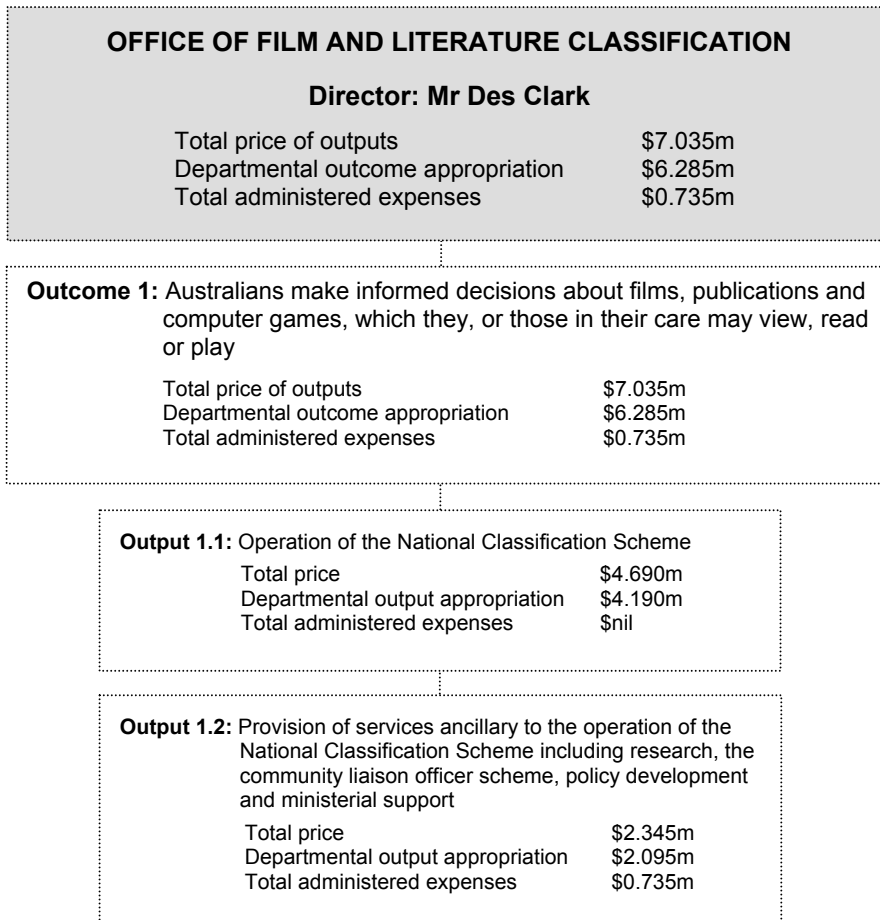
OUTCOMES AND OUTPUTS

The OFLC works to achieve an outcome specified by Government. The following section provides a departmental overview, and then the outcome is discussed. The map below shows the relationship between the outcome and outputs.

Output cost attribution

The OFLC allocates departmental expenses between output 1.1 and output 1.2 in the ratio two to one whereas the administered expenses are allocated entirely to output 1.2.

Outcomes and Outputs Map



CHANGES TO OUTCOMES AND OUTPUTS

There has been no change in outcome and outputs from the 2003–04 Portfolio Budget Statements.

OUTCOME 1 — AUSTRALIANS MAKE INFORMED DECISIONS ABOUT FILMS, PUBLICATIONS AND COMPUTER GAMES, WHICH THEY, OR THOSE IN THEIR CARE MAY VIEW, READ OR PLAY

The Government is committed to the principle that adults should be able to read, hear and see what they want, whilst minors should be protected from material likely to harm or disturb them, and everyone should be protected from exposure to unsolicited material that they find offensive. The OFLC seeks to assist adults to make informed decisions about films, publications and computer games which they, or those in their care may view, read or play by providing classification advice which is consistent with community standards. In addition, the delivery of this outcome enables the film, publishing and computer games industries to produce and market their products in accordance with public classification standards and pre-set conditions of sale and exhibition.

Measures affecting Outcome 1

Office of Film and Literature Classification — additional funding

The Government will provide \$0.7m (including a \$0.4m equity injection) in 2004–05 to restore the financial base of the Office of Film and Literature Classification pending stakeholder consultation about possible alternative funding options.

Other variations to Outcome 1

The Government will provide an increase in funding of \$0.036m to supplement OFLC's increased Comcover premium for 2004–05.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2004–05 Budget appropriations translate to total resourcing for outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs.

Table 2.1.1: Total resources for Outcome 1 (\$'000)

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000
ADMINISTERED APPROPRIATIONS		
Payments to States and Territories	766	735
Total administered appropriations	766	735
DEPARTMENTAL APPROPRIATIONS		
Output 1.1 - Operation of the National Classification Scheme	3,695	4,190
Output 1.2 - Provision of services ancillary to the operation of the National Classification Scheme including research, the community liaison officer scheme, policy development and ministerial support	1,848	2,095
Total revenue from government (appropriations) Contributing to price of departmental outputs	5,543	6,285
REVENUE FROM OTHER SOURCES		
Sales of goods and services	713	725
Interest	1	1
Resources received free of charge	24	24
Total revenue from other sources	738	750
Total price from departmental outputs (Total revenue from government and from other sources)	6,281	7,035
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	7,047	7,770
Average staffing level (number)	50	51

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1 provides information on the strategies chosen to deliver the outcome, and shows the link between the outputs and the outcome.

Table 2.2.1: Performance information for Outcome 1

Effectiveness – overall achievement of the outcome	
<i>Effectiveness indicator</i>	<i>Measure</i>
Ongoing operation of the National Classification Scheme	Classifications issued for publications, films and computer games submitted
Performance information for administered items	
There are no specific performance requirements associated with the administered payments made to the States and Territories for their part in the National Classification Scheme	
Performance information for departmental outputs	
<i>Output description</i>	<i>Performance measure</i>
Output 1.1: Operation of the National Classification Scheme	<p><i>Price:</i> \$4.690m</p> <p><i>Quality:</i> OFLC maintains capacity to meet all demand for decisions Classification decisions are made within 20 business days of receiving a valid application</p> <p><i>Quantity:</i> Classification Decisions made Advices to Customs Film festival decisions Fee Waiver decisions Classification education activities conducted (including Classification Board, Classification Review Board, and Authorised Assessors)</p>
Output 1.2: Provision of services ancillary to the operation of the National Classification Scheme including research, the community liaison officer scheme, policy development and ministerial support	<p><i>Price:</i> \$2.345m</p> <p><i>Quality:</i> Correspondence, briefs, submissions and papers completed within required deadlines</p> <p><i>Quantity:</i> Number of briefs, submissions and papers prepared Community Liaison Officer Scheme (CLO) – number of classification compliance advices Number of site visits Classification education activities conducted (including Customs)</p>

EVALUATIONS

Information on planned evaluation activity that relates to this outcome is included in Table 2.2.1 and the results will be shown in the OFLC's Annual Report.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Statement of Financial Performance

The OFLC is budgeting for a zero operating result for 2004-05.

Total revenues are estimated to be \$7.035m an increase of \$0.754m or 12% from the 2003-04 estimated actual. The increase is primarily as a result of an increase of government funding to cover increase in OFLC's statutory workload and associated costs.

Total expenses are estimated to be \$7.035m a decrease of \$0.166m or 2% from the 2003-04 estimated actual.

Statement of Financial Position

The OFLC's budgeted net asset position of \$1.527m at the end of 2004-05 includes a \$0.400m capital injection during the year.

Asset acquisitions and provisions for depreciation and amortisation result in a net increase of \$0.559m in non-financial assets.

The OFLC's primary liability continues to be the accrued employee entitlements of \$0.927m.

Administered

Revenues and Expenses

In 2004-05, the OFLC will receive appropriation revenue of \$0.735m representing a reduction of \$0.031m or 4% from the 2003-04 estimated actual. The reduction in appropriation is due to an increase in 2003-04 to cover short payments to the States and Territories in the years 2001-02 and 2002-03.

The OFLC will also administer the collection of classification fees which are estimated to remain at \$2.700m.

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	5,543	6,285	5,681	5,772	5,818
Goods and services	713	725	737	750	750
Interest	1	1	1	1	1
Other	24	24	24	24	24
Total	6,281	7,035	6,443	6,547	6,593
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	4,305	4,495	3,959	3,946	3,949
Suppliers	2,278	2,052	1,840	1,820	1,824
Depreciation and amortisation	618	488	644	781	820
Other	-	-	-	-	-
(Expenses from ordinary activities excluding borrowing costs expense)	7,201	7,035	6,443	6,547	6,593
Borrowing costs expense	-	-	-	-	-
Operating surplus or deficit from ordinary activities	(920)	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit	(920)	-	-	-	-

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	692	533	62	241	871
Receivables	30	30	30	30	30
Other	-	-	-	-	-
Total financial assets	722	563	92	271	901
Non-financial assets					
Land and buildings	1,052	842	632	422	212
Infrastructure, plant and equipment	272	613	533	492	472
Intangibles	112	540	1,301	1,373	973
Other	75	75	75	75	75
Total non-financial assets	1,511	2,070	2,541	2,362	1,732
Total assets	2,233	2,633	2,633	2,633	2,633
LIABILITIES					
Interest bearing liabilities					
Leases	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	927	927	927	927	927
Other	-	-	-	-	-
Total provisions	927	927	927	927	927
Payables					
Suppliers	150	150	150	150	150
Other	29	29	29	29	29
Total payables	179	179	179	179	179
Total liabilities	1,106	1,106	1,106	1,106	1,106
EQUITY					
Parent entity interest					
Contributed equity	315	715	715	715	715
Reserves	239	239	239	239	239
Retained surpluses	573	573	573	573	573
Total parent entity interest	1,127	1,527	1,527	1,527	1,527
Outside equity interest	-	-	-	-	-
Total equity	1,127	1,527	1,527	1,527	1,527
TOTAL ASSETS AND LIABILITIES BY MATURITY					
Current assets	797	638	167	346	976
Non-current assets	1,436	1,995	2,466	2,287	1,657
Current liabilities	779	779	779	779	779
Non-current liabilities	327	327	327	327	327

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	5,543	6,285	5,681	5,772	5,818
Sales of goods and services	713	725	737	750	750
Interest	1	1	1	1	1
Cash drawn from OPA	472	-	-	-	-
Total cash received	6,729	7,011	6,419	6,523	6,569
Cash used					
Employees	4,305	4,495	3,959	3,946	3,949
Suppliers	2,254	2,028	1,816	1,796	1,800
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	6,559	6,523	5,775	5,742	5,749
Net cash from operating activities	170	488	644	781	820
INVESTING ACTIVITIES					
Cash Received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	16	481	115	170	190
Purchase of intangibles	4	566	1,000	432	-
Total cash used	20	1,047	1,115	602	190
Net cash from investing activities	(20)	(1,047)	(1,115)	(602)	(190)
FINANCING ACTIVITIES					
Cash received					
Capital injections	7	400	-	-	-
Total cash received	7	400	-	-	-
Cash used					
Capital use and dividends paid	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from financing activities	7	400	-	-	-
Net increase (decrease) in cash held	157	(159)	(471)	179	630
Cash at the beginning of the reporting period	535	692	533	62	241
Cash at the end of the reporting period	692	533	62	241	871

Table 3.4: Departmental Capital Budget Statement for the period ended 30 June

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	7	400	-	-	-
Total loans	-	-	-	-	-
Appropriation for previous year's outputs	-	-	-	-	-
Represented by:					
Purchase of non-financial assets	7	-	-	-	-
Other	-	400	-	-	-
Total	7	400	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	7	-	-	-	-
Funded internally by departmental resources	13	1,047	1,115	602	190
Total	20	1,047	1,115	602	190

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2004–05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	1,052	-	272	-	112	-	1,436
Additions	-	-	-	481	-	566	-	1,047
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(210)	-	(140)	-	(138)	-	(488)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	842	-	613	-	540	-	1,995
Total additions								
Self funded	-	-	-	481	-	566	-	1,047
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	481	-	566	-	1,047

Office of Film and Literature Classification

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
REVENUES					
Non-taxation					
Revenue from government	766	735	766	795	827
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Classification fees	2,700	2,700	2,700	2,700	2,700
Total non-taxation	3,466	3,435	3,466	3,495	3,527
Total revenues administered on behalf of the Government	3,466	3,435	3,466	3,495	3,527
EXPENSES					
Suppliers	-	-	-	-	-
Subsidies	-	-	-	-	-
Grants	766	735	766	795	827
Personal Benefits	-	-	-	-	-
Total expenses administered on behalf of the Government	766	735	766	795	827

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government as at 30 June

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
ASSETS					
Financial assets					
Cash	-	-	-	-	-
Receivables	-	-	-	-	-
Investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	-	-	-	-	-
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of the Government	-	-	-	-	-
LIABILITIES					
Provisions					
Employees	-	-	-	-	-
Total provisions	-	-	-	-	-
Payables					
Suppliers	-	-	-	-	-
Grants and subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Other payables	308	308	308	308	308
Total payables	308	308	308	308	308
Total liabilities administered on behalf of the Government	308	308	308	308	308

**Table 3.8: Schedule of Budgeted Administered Cash Flows
for the period ended 30 June**

	Estimated Actual 2003-04 \$'000	Budget Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	766	735	766	795	827
Interest and dividends	-	-	-	-	-
Classification fees	2,700	2,700	2,700	2,700	2,700
Total cash received	3,466	3,435	3,466	3,495	3,527
Cash used					
Subsidies	-	-	-	-	-
Grants	766	735	766	795	827
Suppliers	-	-	-	-	-
Cash to Official Public Account	2,700	2,700	2,700	2,700	2,700
Other	-	-	-	-	-
Total cash used	3,466	3,435	3,466	3,495	3,527
Net cash from operating activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
GST Appropriations	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Return of GST Appropriations	-	-	-	-	-
Total cash Used	-	-	-	-	-
Net cash from Financing activities	-	-	-	-	-
Net increase in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	-	-	-	-	-
Cash at the end of the reporting period	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS**Departmental and Administered Items**

Transactions that the OFLC controls (departmental transactions) are separately budgeted for and reported on from transactions that the OFLC does not have control over (administered transactions).

Appropriations

Separate annual appropriations are budgeted for:

- Departmental price of outputs appropriations – representing the Government's purchase of outputs from the agency, and
- Administered expense appropriations – for the estimated Administered expenses relating to Specific Purpose Payments to the States and Territories.

Property, Plant and Equipment

From 1 July 2002, the OFLC is required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Reserves item in the financial statements represents increments resulting from revaluation of property, plant and equipment.

Intangibles

Intangibles comprise purchased software. The asset is carried at cost.

Section 4: Purchaser/Provider and Cost Recovery arrangements

PURCHASER/PROVIDER ARRANGEMENTS

The OFLC does not have a purchaser/provider arrangement with another agency.

COST RECOVERY ARRANGEMENTS

The OFLC has a non-significant cost recovery arrangement and the preparation of a cost recovery impact statement is not required.