

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 2003–04 Budget is \$6.129m. Table 1.1 shows appropriations (2003–04) and other revenue by outcome.

ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS

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

OFFICE OF FILM AND LITERATURE CLASSIFICATION — APPROPRIATIONS 2003–04

Table 1.1: Appropriations and other revenue ('000)

Outcome	Departmental (price of outputs)					Administered				
	Revenue from Government (Appropriations)			Revenue from other sources	Price of outputs	Annual Appropriations		Special Appropriations	Total Administered Appropriations	Total 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)
Australians make informed decisions about films, publications and computer games, which they, or those in their care may view, read or play	5,446	-	5,446 90.8%	550	5,996	-	683	-	683	6,129
Total	5,446	-	5,446	550	5,996	-	683	-	683	6,129
Departmental capital (equity injections and loans)									-	
Administered capital									-	
Total Appropriations									6,129	

1. Columns C, E and I refer to information provided in Total Resources for Outcome table.
 2. 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.
 3. Refer to Budgeted Statement of Financial Performance for application of agency revenue.
 4. Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services). Non-appropriated departmental and administered revenues are detailed in Table 1.3.
- Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

RECEIPTS FROM INDEPENDENT SOURCES

Table 1.3: Receipts from independent sources

	Estimated Revenue 2002–03 \$'000	Estimated revenue 2003–04 \$'000
Departmental Revenue		
Contribution from States and Territories for CLO scheme	150	150
Sale of goods and services	400	400
Interest	9	-
Total Estimated Departmental Revenue	559	550

SPECIAL APPROPRIATIONS

The OFLC has no special appropriations.

Section 2: Outcomes and outputs information

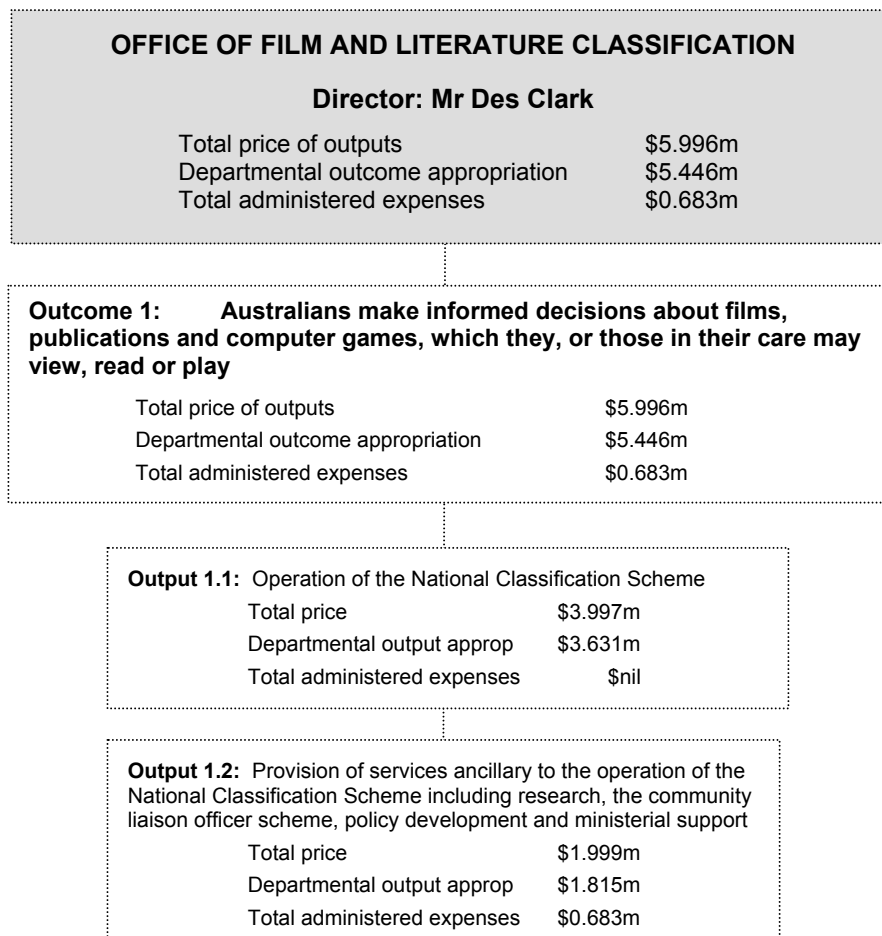
OUTCOMES AND OUTPUT GROUPS

The OFLC works to achieve an outcome specified by Government. The following section provides a departmental overview, and then the outcome is discussed. Map 2 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.

Map 2: Outcomes and output groups



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.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003–04 appropriations translate to total resourcing for the OFLC for outcome 1: including administered expenses, revenue from government (appropriations), revenue from other sources and the total price of the outputs.

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

	Estimated Actual 2002–03 \$'000	Budget Estimate 2003–04 \$'000
ADMINISTERED APPROPRIATIONS		
Payments to States and Territories	662	683
Total administered appropriations	662	683
DEPARTMENTAL APPROPRIATIONS		
Output 1.1 - Operation of the National Classification Scheme	3,710	3,631
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	1,860	1,815
Total revenue from government (appropriations) contributing to price of departmental outputs	5,570	5,446
	90.9%	90.8%
Revenue from other sources		
Sales of goods and services	550	550
Interest	9	-
Total revenue from other sources	559	550
Total price from departmental outputs (Total revenue from government and from other sources)	6,129	5,996
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	6,791	6,679
Average Staffing Level	50	50

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The OFLC has one outcome:

Australians make informed decisions about films, publications and computer games, which they, or those in their care may view, read or play.

There are two outputs delivered by the OFLC to contribute to achieving this outcome:

Output 1.1 Operation of the National Classification Scheme

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.

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	

Table continued over page.

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> \$3.997m</p> <p><i>Quality:</i> OFLC maintains capacity to meet all demand for decisions</p> <p>Classification decisions are made within 20 business days of receiving a valid application</p> <p><i>Quantity:</i> Classification Decisions made</p> <p>Advices to Customs</p> <p>Film festival decisions</p> <p>Fee Waiver decisions</p> <p>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> \$1.999m</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</p> <p>Community Liaison Officer Scheme (CLO) – number of classification compliance advices</p> <p>Number of site visits</p> <p>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 2003–04.

Total revenues are estimated to be \$5,996,000, a decrease of \$133,000 or 2% from the 2002–03 estimated actual. The decrease is primarily as a result of:

- A reduction of funding due to the government discontinuing the capital use charge; and
- An offsetting increase in funding for economic parameter adjustments.

Total expenses are estimated to be \$5,996,000, an increase of \$89,000 or 2% from the 2002–03 estimated actual.

Departmental Statement of Financial Position

The OFLC's budgeted net asset position of \$2,180,000 at the end of 2003–04 represents a zero change from the 2002–03 estimated actual.

Asset acquisitions and increased provisions for depreciation and amortisation result in a net reduction of \$280,000 in non-financial assets, which is offset by an increase in cash of the same amount.

The OFLC's primary liability continues to be the accrued employee entitlements of \$907,000.

Administered Revenues and Expenses

In 2003–04, the OFLC will receive appropriation revenue of \$683,000 for payments it will administer on behalf of the Government, representing an increase of \$21,000 or 3% from the 2002–03 estimated actual.

The OFLC will also administer the collection of classification fees which are estimated to remain at \$2,700,000.

Payments will be made to the States and Territories amounting to \$683,000, being the appropriation amount received from the Government as above.

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	5,570	5,446	5,512	5,662	5,762
Goods and services	550	550	550	550	550
Interest	9	-	-	-	-
Revenues from ordinary activities	6,129	5,996	6,062	6,212	6,312
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	3,700	3,769	3,812	3,895	3,960
Suppliers	1,672	1,687	1,710	1,777	1,812
Depreciation and amortisation	535	540	540	540	540
Expenses from ordinary activities (excluding borrowing costs expense)	5,907	5,996	6,062	6,212	6,312
Borrowing costs expense	-	-	-	-	-
Net surplus or (deficit)	222	-	-	-	-
Capital use charge paid*	222	-	-	-	-
Net surplus or (deficit) after capital use charge	-	-	-	-	-

*The Capital use charge will be discontinued from 1 July 2003.

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	972	1,252	1,522	1,792	2,122
Receivables	52	52	52	52	52
Total financial assets	1,024	1,304	1,574	1,844	2,174
Non-financial assets					
Land and buildings	1,272	1,072	872	672	472
Infrastructure, plant and equipment	459	554	559	564	509
Intangibles	465	290	215	140	65
Other	73	73	73	73	73
Total non-financial assets	2,269	1,989	1,719	1,449	1,119
Total assets	3,293	3,293	3,293	3,293	3,293
LIABILITIES					
Provisions					
Employees	907	907	907	907	907
Total provisions	907	907	907	907	907
Payables					
Suppliers	199	199	199	199	199
Other	7	7	7	7	7
Total Payables	206	206	206	206	206
Total liabilities	1,113	1,113	1,113	1,113	1,113
EQUITY					
Capital	308	308	308	308	308
Reserves	242	242	242	242	242
Accumulated surpluses or (deficits)	1,630	1,630	1,630	1,630	1,630
Total equity	2,180	2,180	2,180	2,180	2,180
Total assets and liabilities by maturity					
Current assets	1,097	1,377	1,647	1,917	2,247
Non-current assets	2,196	1,916	1,646	1,376	1,046
Current liabilities	730	730	730	730	730
Non-current liabilities	383	383	383	383	383

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	5,570	5,446	5,512	5,662	5,762
Sales of goods and services	550	550	550	550	550
Interest	9	-	-	-	-
Total cash received	6,129	5,996	6,062	6,212	6,312
Cash used					
Employees	3,700	3,769	3,812	3,895	3,960
Suppliers	1,672	1,687	1,710	1,777	1,812
Total cash used	5,372	5,456	5,522	5,672	5,772
Net cash from operating activities	757	540	540	540	540
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	130	260	270	270	210
Total cash used	130	260	270	270	210
Net cash from investing activities	(130)	(260)	(270)	(270)	(210)
FINANCING ACTIVITIES					
Cash used					
Capital use and dividends paid	233	-	-	-	-
Total cash used	233	-	-	-	-
Net cash from financing activities	(233)	-	-	-	-
Net increase/(decrease) in cash held	394	280	270	270	330
Cash at beginning of reporting period	578	972	1,252	1,522	1,792
Cash at end of reporting period	972	1,252	1,522	1,792	2,122

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003–04)

	Land \$'000	Buildings \$'000	Total land and buildings \$'000	Other infrastructure plant and equipment \$'000	Total infrastructure plant and equipment \$'000	Computer software \$'000	Other intangibles \$'000	Total \$'000
Carrying amount at the start of year	-	1,272	1,272	459	459	465	-	2,196
Additions	-	-	-	210	210	50	-	260
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(200)	(200)	(115)	(115)	(225)	-	(540)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	1,072	1,072	554	554	290	-	1,916
Total additions								
Self funded	-	-	-	210	210	50	-	260
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	210	210	50	-	260

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the period ended 30 June

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
REVENUES					
Non-taxation					
Revenues from government	662	683	705	724	738
Other sources of non-taxation revenues	2,700	2,700	2,700	2,700	2,700
Total non-taxation	3,362	3,383	3,405	3,424	3,438
Total revenues administered on behalf of the Government	3,362	3,383	3,405	3,424	3,438
EXPENSES					
Grants	662	683	705	724	738
Total expenses administered on behalf of the Government	662	683	705	724	738
Extraordinary items	-	-	-	-	-

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

	Estimated Actual 2002-03 \$'000	Budget Estimate 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	662	683	705	724	738
Other	2,700	2,700	2,700	2,700	2,700
Total cash received	3,362	3,383	3,405	3,424	3,438
Cash used					
Grants	662	683	705	724	738
Cash to Official Public Account	2,700	2,700	2,700	2,700	2,700
Total cash used	3,362	3,383	3,405	3,424	3,438
Net cash from operating 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 Payment to the states.

Capital Use Charge

The Capital Use Charge will be discontinued from 1 July 2003.

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.

Other non-taxation administered revenues

Other non-taxation administered revenues represent classification fees received. These fees are collected by the OFLC and passed onto the Commonwealth's Official Public Account.

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.

