

**NATIONAL OFFICE FOR THE
INFORMATION ECONOMY**

NATIONAL OFFICE FOR THE INFORMATION ECONOMY

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The objective of the National Office for the Information Economy (NOIE) is to enhance the competitiveness of the Australian economy through effective use of information and communication technologies. NOIE has a leading role in developing and coordinating Commonwealth Government responses to the strategic issues driving the information economy.

The Government is committed to providing a framework and stimulating action that maximises the opportunities and benefits for government agencies, business and the community to put new information and communication technologies to effective use. Each agency, each business and each individual, however, remains responsible for their own actions and for their own level of participation in the information economy.

NOIE coordinates Commonwealth efforts, nationally and internationally, to influence the emerging rules and conventions that underpin the development of e-business for the benefit of Australia.

NOIE coordinates whole-of-government strategies affecting access to, and effective use of information tools, applications and technologies by business, government and the community. These strategies are intended to achieve long term societal and economic benefits that flow from the effective deployment of information technologies and applications.

NOIE is also committed to the development of better means to measure the value created by the appropriate use of information and communication technologies.

APPROPRIATIONS AND RESOURCING

Total appropriations for the National Office for the Information Economy in the 2003-04 Budget amount to \$35.790 million. Table 1.1, on the following page, shows the total appropriations for the National Office for the Information Economy for 2003-04 by outcome, by administered expenses, price of output appropriation and, where appropriate, administered capital and departmental equity injections and loans.

MEASURES – AGENCY SUMMARY

Table 1.2: Summary of measures disclosed in the 2003-04 Budget

| Measure | Outcome | Output affected | Appropriations budget | | | Appropriations forward estimate | | | Appropriations forward estimate | | | Appropriations forward estimate | | |
|---|---------|-----------------|-----------------------|--------------|---------|---------------------------------|--------------|---------|---------------------------------|--------------|---------|---------------------------------|--------------|---------|
| | | | 2003-04 (\$'000) | | | 2004-05 (\$'000) | | | 2005-06 (\$'000) | | | 2006-07 (\$'000) | | |
| | | | Admin expenses | Dept outputs | Total | Admin expense | Dept outputs | Total | Admin expenses | Dept outputs | Total | Admin expenses | Dept outputs | Total |
| Government Bookshop Network - closure | 1 | 1.2 | Nil | (4,852) | (4,852) | Nil | (7,574) | (7,574) | Nil | (7,540) | (7,540) | Nil | (7,406) | (7,406) |
| Government Bookshop Network - closure ⁽¹⁾ | 1 | 1.2 | Nil | 2,867 | 2,867 | Nil | 4,100 | 4,100 | Nil | 4,000 | 4,000 | Nil | 3,900 | 3,900 |
| Communications, Information Technology and the Arts Portfolio – decreased resourcing in 2003-04 | 1 | 1.1 1.2 | Nil | (59) | (59) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Tough On Drugs In Sport - drug testing | 1 | 1.1 | Nil | (400) | (400) | Nil | (409) | (409) | Nil | (418) | (418) | Nil | (427) | (427) |

⁽¹⁾ This measure is a decrease in revenue from other sources

REVENUE FROM INDEPENDENT SOURCES

Table 1.3: Revenue from independent sources

| | Estimated revenue 2002-03 \$'000 | Estimated revenue 2003-04 \$'000 |
|--------------------------------|---|---|
| Departmental Revenue | | |
| Goods and services | 4,424 | 1,653 |
| Interest | 14 | - |
| Other | 115 | 115 |
| Total estimated revenue | 4,553 | 1,768 |

ADMINISTERED CAPITAL, DEPARTMENTAL EQUITY INJECTIONS AND LOANS

In 2003-04 the National Office for the Information Economy will not receive any administered capital, departmental equity injections or departmental loans.

Section 2: Outcomes and outputs information

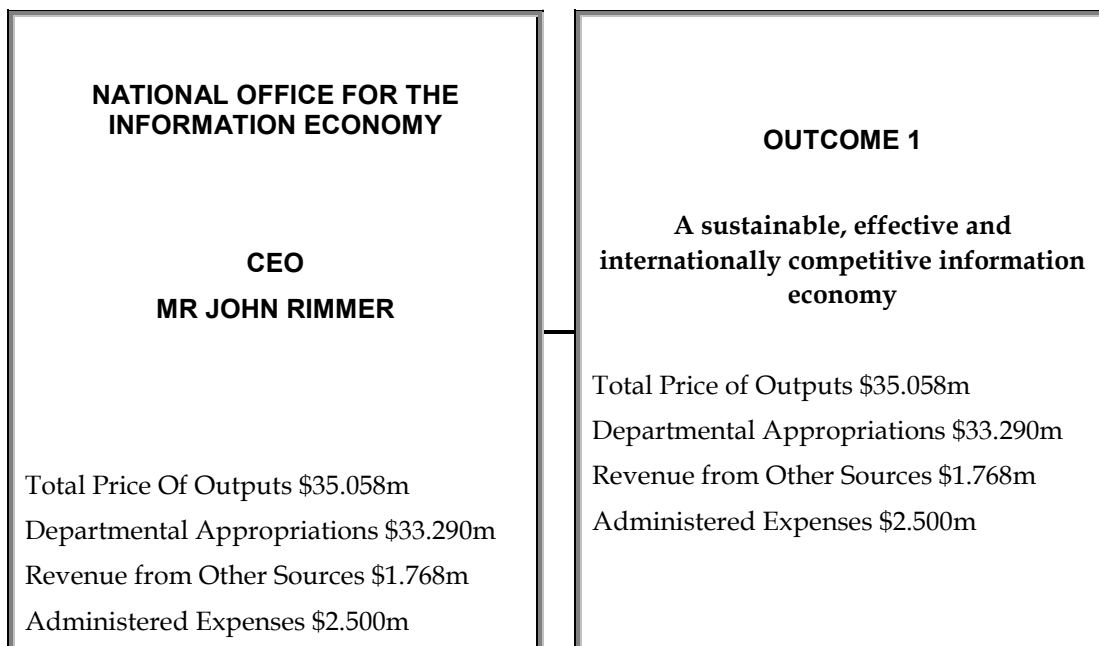
OUTCOMES AND OUTPUTS

The Chart on the following page shows the relationship between the outcome and the contributing outputs for the National Office for the Information Economy. Financial details for Outcome 1 by outputs appears in Table 2.1.1 (Total Resources for Outcome 1) while non-financial information for Outcome 1 appears in Table 2.2.1 (Performance Information for Outcome 1).

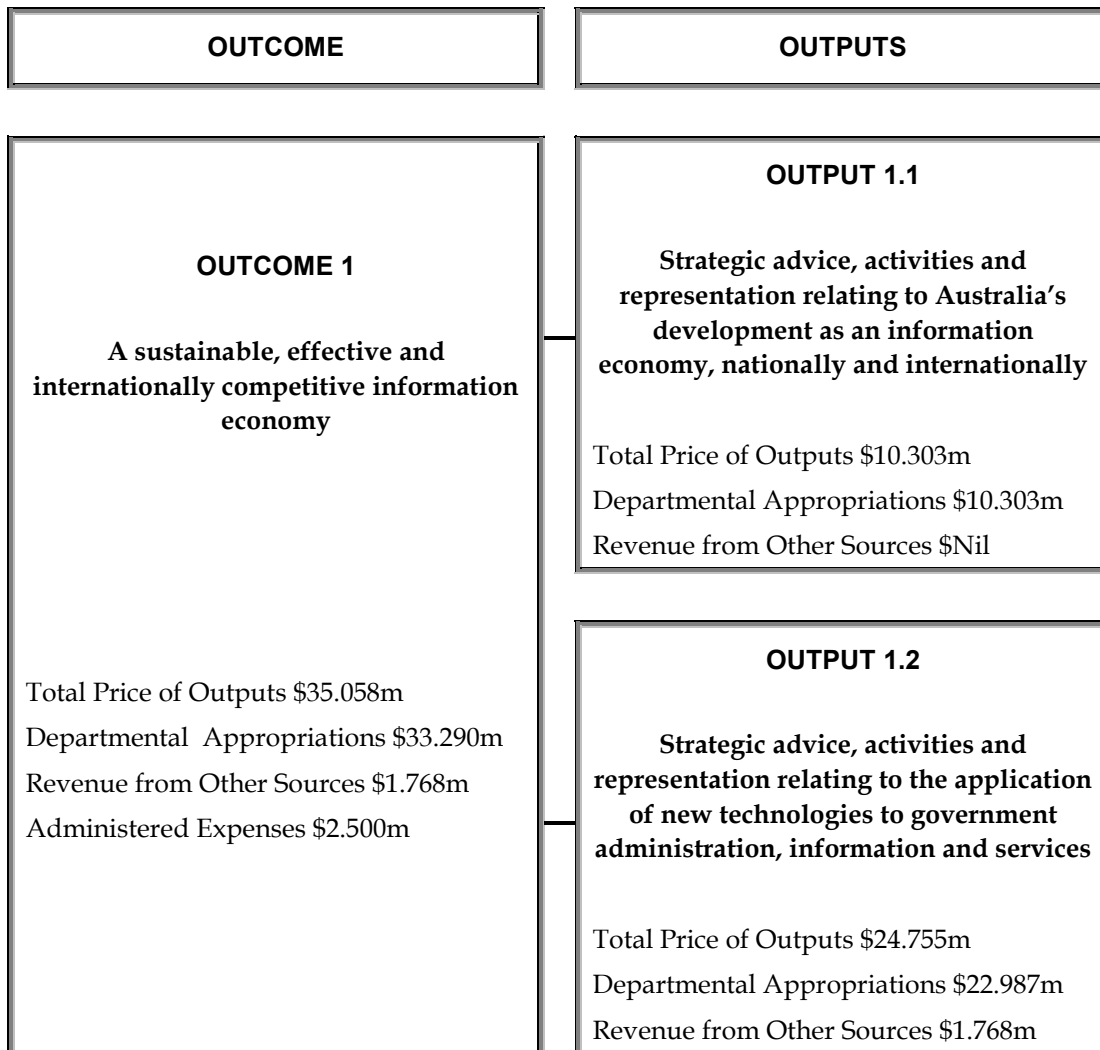
OUTPUT COST ATTRIBUTION

In determining NOIE's full price, all relevant direct costs associated with the production of outputs were identified and directly attributed. Indirect overhead costs, including corporate services, were then allocated to outputs on a proportional basis, using the amount of direct costs for each output as a percentage of the total direct costs, as the allocation measure.

Map1: Outcome structure



Map 2: Outcome 1 — contributing outputs



Note: Revenue from Government (Appropriations) contributes 95% to the Total Price of Outputs for Outcome 1 for 2003-04.

CHANGES TO OUTCOMES AND OUTPUTS

The National Office for the Information Economy has not changed its outcomes and outputs structure since 2002-03.

OUTCOME 1 — DESCRIPTION

A sustainable, effective and internationally competitive information economy

Measures affecting Outcome 1¹

Government Bookshop Network - closure

| Expense (\$m) | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|---------|
| National Office for the Information Economy | -4.9 | -7.6 | -7.5 | -7.4 |

Sales of government publications through the Government Bookshop Network have declined markedly in recent years. This is a result of agencies increasingly using alternative methods of information dissemination, including online methods. As a result, the Government Bookshop Network will be closed. Forgone revenue of \$14.9 million over four years will be more than offset by reduced expenses of \$27.4 million over the same period, resulting in a saving of \$12.5 million over four years.

A new business model for the distribution of Commonwealth publications is to be introduced to better reflect customer preferences in accessing this material. Existing distribution methods employed by individual agencies will be augmented by measures such as the establishment of a panel of contractors for printing and distribution of publications and the development of a central electronic register of government publications.

See also the related revenue measure titled *Government Bookshop Network – closure* in the Communications, Information Technology and the Arts Portfolio.

¹ This relates to measures disclosed in the 2003-04 budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (MYEFO))

Government Bookshop Network - closure

| Revenue (\$m) | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|---------|
| National Office for the Information Economy | -2.9 | -4.1 | -4.0 | -3.9 |

Sales of government publications through the Government Bookshop Network have declined markedly in recent years. This is a result of agencies increasingly using alternative methods of information dissemination, including online methods. As a result, the Government Bookshop Network will be closed. Forgone revenue of \$14.9 million over four years will be more than offset by reduced expenses of \$27.4 million over the same period, resulting in a saving of \$12.5 million over four years.

A new business model for the distribution of Commonwealth publications is to be introduced to better reflect agency and customer preferences in accessing this material. Existing distribution methods employed by individual agencies will be augmented by measures such as the establishment of a panel of contractors for printing and distribution of agency publications and the development of a central electronic register of government publications.

See also the related expense measure titled *Government Bookshop Network – closure* in the Communications, Information Technology and the Arts portfolio.

Communications, Information Technology and the Arts Portfolio – decreased resourcing in 2003-04

| Expense (\$m) | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|---------|
| National Office for the Information Economy | -0.059 | - | - | - |

The Government has identified savings across the portfolio of \$0.5 million in 2003-04 which will be effected across the portfolio.

See related measure titled *Communications, Information Technology and the Arts Portfolio – decreased resourcing in 2003-04*, in the Department of Communications, Information Technology and the Arts.

Tough On Drugs In Sport – drug testing

| Expenses (\$m) | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|---------|
| National Office for the Information Economy | -0.4 | -0.4 | -0.4 | -0.4 |

Funding of \$7 million over four years will be provided to the Australian Sports Drug Agency (ASDA) to continue the Tough on Drugs in Sport Programme (TODIS) which conducts drug testing and drug education programmes for elite athletes. This funding will enable TODIS to maintain testing at peak activity levels.

This increase in funding will be partially offset by reductions in resourcing for the Australian Sports Commission and National Office for the Information Economy.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003-04 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. Cell references C1, E1 and I1 show the links back to Table 1.1, (the Appropriations and Other Revenue Table).

Table 2.1.1: Total resources for Outcome 1

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | |
|---|--|---|------|
| Administered appropriations | | | |
| Information Technology Online (ITOL) | 2,500 | 2,500 | |
| Total administered expenses | 2,500 | 2,500 | (I1) |
| Departmental appropriations | | | |
| Output 1.1 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally | 13,547 | 10,303 | |
| Output 1.2 Strategic advice, activities and representation relating to the application of new technologies to government administration, information and services | 25,519 | 22,987 | |
| Total revenue from government (appropriations) | 39,066 | 33,290 | (C1) |
| Contributing to price of departmental outputs | 89.6% | 95.0% | |
| Revenue from other sources | | | |
| Output 1.1 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally | - | - | |
| Output 1.2 Strategic advice, activities and representation relating to the application of new technologies to government administration, information and services | 4,553 | 1,768 | |
| Total revenue from other sources | 4,553 | 1,768 | |
| Total price from departmental outputs (Total revenue from government and from other sources) | 43,619 | 35,058 | (E1) |
| Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations) | 46,119 | 37,558 | |
| | 2002-03 | 2003-04 | |
| Average staffing level (number) | 173 | 165 | |

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

Output 1.1 – Strategic advice, activities and representation relating to Australia’s development as an information economy, nationally and internationally.

The Government has a leadership role in developing confidence in use of the online environment for the full suite of business and community applications. The role of NOIE is to create an environment that supports the development of the information economy and its application to productivity growth and innovation, domestically and internationally, supporting the greatest possible range of services for Australian businesses and for all Australians.

NOIE will facilitate development of the information economy by: producing first class analyses of the information economy; accelerated effective use of e-business tools by both the business and community sector; and promotion of appropriate supporting infrastructure policies in regulation, standards, connectivity, interoperability, e-security and bandwidth.

Output 1.2 - Strategic advice, activities and representation relating to the application of new technologies to government administration, information and services.

NOIE facilitates consideration of, and decisions on, matters that affect the transformation of government through the application of ICT across multiple agencies or the whole-of-government, to improve both access to government and program outcomes. NOIE supports the development of strategies and frameworks to enhance linkages between the business drivers and the application of technologies that impact across agencies or the whole-of-government.

NOIE’s framework for e-government delivers internal and external efficiencies and acts as an exemplar of innovation and reform in other areas of the public sector, business and by the community.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1: Performance information for Outcome 1

| Effectiveness - Overall achievement of the Outcome | |
|--|---|
| Australia's participation in the Information Economy | <p>Quality</p> <p>Recognition of the Australian Government as an exemplary user of information tools and systems. Level of e-business readiness in Australia. Level of e-business activity (B2B and B2C as a proportion of GDP). Level of trust and confidence in the online economy. Quality, timeliness and relevance of advice to Government provided by NOIE. Extent to which Australia is recognised as a technologically sophisticated information economy.</p> <p>Quantity</p> <p>Extent of community connectivity and use of electronic transactions. Number of government services available online. Level of usage of government services online.</p> |
| Performance information for administered items (including third party outputs) | |
| Information Technology Online (ITOL) Grants | <p>Quality</p> <p>Take up of e-commerce by business in target sectors. Program run within budget. Feedback from stakeholders. Number of hits and downloaded pages and documents from NOIE websites.</p> <p>Quantity</p> <p>Number of innovative projects funded. Number of projects completed successfully.</p> |
| Performance information for departmental outputs | |
| Output 1.1 — Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally | <p>Quality</p> <p>Acceptance of a new strategic framework for the information economy including positions developed through the Framework for the Future and the Broadband Advisory Group process. Level of understanding of the dynamics of the drivers of the information economy. Satisfaction of stakeholders with operations of the Online Council. Extent to which NOIE advice is sought from other Government agencies.</p> <p>Quantity</p> <p>Number of hits and downloaded pages and documents from NOIE websites.</p> <p>Price</p> <p>\$10.303m</p> |

Table 2.2.1: Performance information for Outcome 1 (continued)

| Performance information for departmental outputs | |
|---|---|
| Output 1.2 — Strategic advice, activities and representation relating to the application of new technologies to government administration, information and services | <p>Quality An effective governance framework for the application of new technologies to government information, services and administration that affects multiple agencies or whole-of-government. Fostering transformation of government information and services through the provision of strategies, frameworks and approaches to enhance the links between business drivers and technology opportunities.</p> <p>Quantity Extent to which Commonwealth agencies apply NOIE frameworks, information standards, principles, guidelines and tools. Extent to which Commonwealth agencies apply whole-of-government initiatives supported by IMSC/CIOC.</p> <p>Price \$24.755m</p> |

EVALUATIONS

Information on planned evaluation activity for the coming year that relates to this outcome is included in Table 2.2.1 and the results will be shown in the annual report.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of NOIE's budgeted financial statements for 2003-04 is provided below.

Departmental

Statement of Financial Performance

NOIE is budgeting for an operating loss of \$2.010m in 2003-04. The loss is attributable to expenses associated with the write-off of inventory and assets, which will be incurred in 2003-04 in relation to the closure of the Government Bookshop Network.

The estimated actual operating result for 2002-03 is a loss of \$5.381m, which relates to the deferral of expenses from 2001-02.

Total revenue for 2003-04 is estimated to be \$35.058m, a decrease of \$8.561m from the 2002-03 estimated actual. The decrease is primarily as a result of:

- The funding impact of new measures – closure of the Government Bookshop Network (-\$1.927m in appropriation, and -\$2.774m in sales revenue), and savings associated with portfolio reductions (-\$0.059m) and the offset for Tough on Drugs in Sport (-\$0.400m);
- The termination of funding for the Small Business Assistance Package (-\$5.000m); and
- Offsetting increases in appropriation revenue to fund additional CSS and PSS superannuation contributions, and depreciation.

Total expenses are estimated to be \$37.068m, a decrease of \$11.932m from the 2002-03 estimated actual. The decrease is primarily due to the impact of the above measures. In addition, estimated expenses for 2002-03 include \$5.381m carried forward from the previous financial year.

Statement of Financial Position

NOIE's budgeted net asset position for 2003-04 is \$0.040m, which represents a decrease of \$2.010m from the 2002-03 estimated actual. This decrease is directly attributable to the write-off of inventory and assets associated with the closure of the Government Bookshop Network.

The key movements in budgeted assets and liabilities are directly associated with the closure of the Government Bookshop Network, including the decrease in receivables, inventory, unearned revenue and supplier payables.

Administered

NOIE will receive appropriation revenue of \$2.500m for Information Technology Online (ITOL) grant payments it will administer of behalf of the Government. This is consistent with funding received in 2002-03.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance (Operating Statement)

This statement provides a picture of the expected financial results for the Agency by identifying full accrual expenses, accrual revenues and Capital Use Charge, which highlights whether the Agency is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position (Balance Sheet)

This statement shows the financial position of the Agency. It helps decision-makers to track the management of the Agency's assets and liabilities.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Capital Budget Statements

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental Non Financial Assets — Summary of Movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

SCHEDULE OF ADMINISTERED ACTIVITY

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

This schedule identifies the main revenues and expenses administered on behalf of the Government.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

This schedule shows the assets and liabilities administered on behalf of the Government.

Schedule of Budgeted Administered Cash Flows

This schedule shows cash flows administered on behalf of the Government.

Schedule of Administered Capital Budget

This schedule shows details of planned administered capital expenditure.

Schedule of Administered Non-financial Assets — Summary of Movement

This schedule discloses details of movement in administered non-financial assets.

Table 3.1: Budgeted departmental statement of financial performance

**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 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|---|--|---|---|---|---|
| REVENUE | | | | | |
| Revenues from ordinary activities | | | | | |
| Revenues from government | 39,066 | 33,290 | 32,114 | 32,791 | 32,843 |
| Goods and services | 4,424 | 1,653 | 220 | 220 | 220 |
| Interest | 14 | - | - | - | - |
| Dividends | - | - | - | - | - |
| Revenue from sales of assets | - | - | - | - | - |
| Reversals of previous asset w rite-dow ns | - | - | - | - | - |
| Net foreign exchange gains | - | - | - | - | - |
| Correction of fundamental error | - | - | - | - | - |
| Other | 115 | 115 | 115 | 115 | 115 |
| Revenues from ordinary activities | 43,619 | 35,058 | 32,449 | 33,126 | 33,178 |
| EXPENSE | | | | | |
| Expenses from ordinary activities (excluding borrowing costs expense) | | | | | |
| Employees | 14,900 | 14,031 | 14,467 | 15,046 | 15,648 |
| Suppliers | 31,336 | 19,573 | 16,428 | 16,956 | 16,836 |
| Grants | 1,345 | - | - | - | - |
| Subsidies | - | - | - | - | - |
| Depreciation and amortisation | 769 | 1,351 | 1,554 | 1,124 | 694 |
| Write-dow n of assets | 440 | 2,010 | - | - | - |
| Value of assets sold | - | - | - | - | - |
| Net foreign exchange losses | - | - | - | - | - |
| Correction of fundamental error | - | - | - | - | - |
| Other | 210 | 103 | - | - | - |
| Expenses from ordinary activities (excluding borrowing costs expense) | 49,000 | 37,068 | 32,449 | 33,126 | 33,178 |
| Borrow ing costs expense | - | - | - | - | - |
| Share of net profits/losses of associates and joint ventures accounted for using the equity method | - | - | - | - | - |
| Correction of fundamental error | - | - | - | - | - |
| Operating surplus or deficit from ordinary activities | (5,381) | (2,010) | - | - | - |
| Gain or loss on extraordinary items | - | - | - | - | - |
| Correction of fundamental error | - | - | - | - | - |
| Net surplus or deficit | (5,381) | (2,010) | - | - | - |
| Capital Use Charge Paid * | - | - | - | - | - |
| Net surplus or deficit after CUC | (5,381) | (2,010) | - | - | - |

*The Capital Use Charge will be abolished from 1 July 2003.

**Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June (continued)**

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| Outside equity interests in net surplus or deficit | - | - | - | - | - |
| Net surplus or deficit attributable to the Commonwealth | (5,381) | (2,010) | - | - | - |
| Net credit (debit) to asset revaluation reserve | - | - | - | - | - |
| Net exchange difference recognised as a direct debit (credit) to equity | - | - | - | - | - |
| Adjustments arising from Standards recognised as direct debit (credit) to equity | - | - | - | - | - |
| Initial adjustments from transitional UIG consensus view recognised as direct debit (credit) to equity | - | - | - | - | - |
| Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity | (5,381) | (2,010) | - | - | - |

Table 3.2: Budgeted departmental statement of financial position

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

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash | 4,685 | 2,775 | 3,174 | 3,931 | 4,257 |
| Receivables | 255 | 84 | 75 | 77 | 80 |
| Investments accounted for under the equity method | - | - | - | - | - |
| Other investments | - | - | - | - | - |
| Accrued revenues | 34 | 30 | 28 | 28 | 26 |
| Other | - | - | - | - | - |
| Total financial assets | 4,974 | 2,889 | 3,277 | 4,036 | 4,363 |
| Non-financial assets | | | | | |
| Land and buildings | 878 | 371 | 5 | 4 | 3 |
| Infrastructure, plant and equipment | 558 | 987 | 1,136 | 523 | 297 |
| Heritage and cultural assets | - | - | - | - | - |
| Inventories | 2,000 | - | - | - | - |
| Intangibles | 619 | 536 | 409 | 298 | 232 |
| Other | 160 | 154 | 146 | 152 | 160 |
| Total non-financial assets | 4,215 | 2,048 | 1,696 | 977 | 692 |
| Total assets | 9,189 | 4,937 | 4,973 | 5,013 | 5,055 |
| LIABILITIES | | | | | |
| Interest bearing liabilities | | | | | |
| Loans | - | - | - | - | - |
| Leases | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Overdraft | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total interest bearing liabilities | - | - | - | - | - |
| Provisions | | | | | |
| Employees | 4,694 | 4,281 | 4,292 | 4,307 | 4,322 |
| Other | 500 | - | - | - | - |
| Total provisions | 5,194 | 4,281 | 4,292 | 4,307 | 4,322 |
| Payables | | | | | |
| Suppliers | 1,945 | 616 | 641 | 666 | 693 |
| Grants | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Borrow ing Costs | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total payables | 1,945 | 616 | 641 | 666 | 693 |
| Total liabilities | 7,139 | 4,897 | 4,933 | 4,973 | 5,015 |

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

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|---|--|---|---|---|---|
| EQUITY | | | | | |
| Parent entity interest | | | | | |
| Contributed equity | 2,319 | 2,319 | 2,319 | 2,319 | 2,319 |
| Reserves | (269) | (269) | (269) | (269) | (269) |
| Statutory funds | - | - | - | - | - |
| Retained surpluses or accumulated deficits | - | (2,010) | (2,010) | (2,010) | (2,010) |
| Total parent entity interest | 2,050 | 40 | 40 | 40 | 40 |
| Outside equity interest | | | | | |
| Contributed equity | - | - | - | - | - |
| Reserves | - | - | - | - | - |
| Retained surpluses or accumulated deficits | - | - | - | - | - |
| Total outside equity interest | - | - | - | - | - |
| Total equity | 2,050 | 40 | 40 | 40 | 40 |
| Total assets and liabilities by maturity | | | | | |
| Current assets | 7,134 | 3,033 | 3,423 | 4,187 | 4,523 |
| Non-current assets | 2,055 | 1,904 | 1,550 | 826 | 532 |
| Current liabilities | 3,471 | 2,381 | 2,399 | 2,419 | 2,439 |
| Non-current liabilities | 3,668 | 2,516 | 2,534 | 2,554 | 2,576 |

Table 3.3: Budgeted Departmental Statement of cash flows

**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 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and Services | 5,032 | 1,329 | 231 | 218 | 220 |
| Appropriations | 39,066 | 33,290 | 32,114 | 32,791 | 32,843 |
| Interest | 14 | - | - | - | - |
| Dividends | - | - | - | - | - |
| Other | 115 | 115 | 115 | 115 | 115 |
| Extraordinary items | - | - | - | - | - |
| Total cash received | 44,227 | 34,734 | 32,460 | 33,124 | 33,178 |
| Cash used | | | | | |
| Employees | 14,525 | 14,444 | 14,457 | 15,032 | 15,633 |
| Suppliers | 31,935 | 21,000 | 16,404 | 16,935 | 16,819 |
| Grants | 1,345 | - | - | - | - |
| Borrowing costs | - | - | - | - | - |
| Other | - | - | - | - | - |
| Extraordinary items | - | - | - | - | - |
| Total cash used | 47,805 | 35,444 | 30,861 | 31,967 | 32,452 |
| Net cash from/ (used by) operating activities | (3,578) | (710) | 1,599 | 1,157 | 726 |
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant, equipment and intangibles | - | - | - | - | - |
| Proceeds from sales of financial instruments | - | - | - | - | - |
| Bills of exchange and promissory notes | - | - | - | - | - |
| Repayments of loans made | - | - | - | - | - |
| Other | - | - | - | - | - |
| Extraordinary items | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Cash used | | | | | |
| Purchase of property, plant, equipment and intangibles | 1,897 | 1,200 | 1,200 | 400 | 400 |
| Purchase of financial Instruments | - | - | - | - | - |
| Bills of exchange and promissory notes | - | - | - | - | - |
| Loans made | - | - | - | - | - |
| Other | - | - | - | - | - |
| Extraordinary items | - | - | - | - | - |
| Total cash used | 1,897 | 1,200 | 1,200 | 400 | 400 |
| Net cash from/ (used by) investing activities | (1,897) | (1,200) | (1,200) | (400) | (400) |

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

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations - contributed equity | - | - | - | - | - |
| Proceeds from issuing financial instruments | - | - | - | - | - |
| Proceeds from loans | - | - | - | - | - |
| Other | - | - | - | - | - |
| Extraordinary items | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Cash used | | | | | |
| Repayments of debt | - | - | - | - | - |
| Capital use charge paid | - | - | - | - | - |
| Dividends paid | - | - | - | - | - |
| Other | - | - | - | - | - |
| Extraordinary items | - | - | - | - | - |
| Total cash used | - | - | - | - | - |
| Net cash from/ (used by) financing activities | - | - | - | - | - |
| Net increase/(decrease) in cash held | (5,475) | (1,910) | 399 | 757 | 326 |
| Cash at the beginning of the reporting period | 10,160 | 4,685 | 2,775 | 3,174 | 3,931 |
| Effect of exchange rate movements on cash at the beginning of reporting period | - | - | - | - | - |
| Cash at the end of the reporting period | 4,685 | 2,775 | 3,174 | 3,931 | 4,257 |

Table 3.4: Departmental capital budget statement

Table 3.4: Departmental Capital Budget Statement

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| CAPITAL APPROPRIATIONS | | | | | |
| Total equity injections | - | - (K3) ¹ | - | - | - |
| Total loans | - | - (K3) ¹ | - | - | - |
| Represented by | | | | | |
| Purchase of non-current assets | 1,897 | 1,200 | 1,200 | 400 | 400 |
| Other | - | - | - | - | - |
| Total | 1,897 | 1,200 | 1,200 | 400 | 400 |
| PURCHASE OF NON CURRENT ASSETS | | | | | |
| Funded by capital appropriation | - | - | - | - | - |
| Funded internally by Departmental resources | 1,897 | 1,200 | 1,200 | 400 | 400 |
| Total | 1,897 | 1,200 | 1,200 | 400 | 400 |

1 These two lines link to (K3) in Table 1.1

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

| | 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 | - | 878 | - | 558 | - | 619 | - | 2,055 |
| Additions | - | - | - | 1,000 | - | 200 | - | 1,200 |
| Disposals | - | - | - | - | - | - | - | - |
| Revaluation increments | - | - | - | - | - | - | - | - |
| Recoverable amount written-downs | - | - | - | - | - | - | - | - |
| Net transfers free of charge | - | - | - | - | - | - | - | - |
| Depreciation/amortisation expense | - | (499) | - | (569) | - | (283) | - | (1,351) |
| Write-off of assets | - | (8) | - | (2) | - | - | - | (10) |
| Carrying amount at the end of year | - | 371 | - | 987 | - | 536 | - | 1,894 |
| Total additions | | | | | | | | |
| Self funded | - | - | - | 1,000 | - | 200 | - | 1,200 |
| Appropriations | - | - | - | - | - | - | - | - |
| Total | - | - | - | 1,000 | - | 200 | - | 1,200 |

Table 3.6: Schedule of budgeted revenues and expenses

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 estimates 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|--|---|---|---|
| REVENUES | | | | | |
| Taxation | | | | | |
| Income tax | - | - | - | - | - |
| Indirect tax | - | - | - | - | - |
| Other taxes, fees and fines | - | - | - | - | - |
| Total taxation | - | - | - | - | - |
| Non-taxation | | | | | |
| Goods and services | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Net foreign exchange gains | - | - | - | - | - |
| Revenue from sale of assets | - | - | - | - | - |
| Other sources of non-taxation revenues | - | - | - | - | - |
| Total non-taxation | - | - | - | - | - |
| Total revenues administered on behalf of the Government | - | - | - | - | - |
| EXPENSES | | | | | |
| Grants | 2,500 | 2,500 | 2,500 | 2,500 | - |
| Subsidies | - | - | - | - | - |
| Personal benefits | - | - | - | - | - |
| Employees | - | - | - | - | - |
| Suppliers | - | - | - | - | - |
| Depreciation and amortisation | - | - | - | - | - |
| Write down and impairment of assets | - | - | - | - | - |
| Value of assets sold | - | - | - | - | - |
| Net foreign exchange issues | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Other | - | - | - | - | - |
| Extraordinary items | - | - | - | - | - |
| Total expenses administered on behalf of the Government | 2,500 | 2,500 | 2,500 | 2,500 | - |

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

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|---|--|---|---|---|---|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash | - | - | - | - | - |
| Receivables | - | - | - | - | - |
| Investments | - | - | - | - | - |
| Accrued revenues | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total financial assets | - | - | - | - | - |
| Non-financial assets | | | | | |
| Land and buildings | - | - | - | - | - |
| Infrastructure, plant and equipment | - | - | - | - | - |
| Heritage and cultural assets | - | - | - | - | - |
| Inventories | - | - | - | - | - |
| Intanagibles | - | - | - | - | - |
| Other non-financial assets | - | - | - | - | - |
| Total non-financial assets | - | - | - | - | - |
| Total assets administered on behalf of the Government | - | - | - | - | - |
| LIABILITIES | | | | | |
| Interest bearing liabilities | | | | | |
| Commonw ealth securities | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Leases | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Overdrafts | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total interest bearing liabilities | - | - | - | - | - |
| Provisions | | | | | |
| Employees | - | - | - | - | - |
| Taxation refunds provided | - | - | - | - | - |
| Australian currency on issue | - | - | - | - | - |
| Other provisions | - | - | - | - | - |
| Total provisions | - | - | - | - | - |
| Payables | | | | | |
| Suppliers | - | - | - | - | - |
| Grants and subsidies | - | - | - | - | - |
| Personal benefits payable | - | - | - | - | - |
| Taxation refunds due | - | - | - | - | - |
| Other payables | - | - | - | - | - |
| Total payables | - | - | - | - | - |
| Total liabilities administered on behalf of the Government | - | - | - | - | - |

Table 3.8: Schedule of budgeted administered cash flows

**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 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|---|--|---|---|---|---|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Income tax | - | - | - | - | - |
| Indirect tax | - | - | - | - | - |
| Other taxes, fees and fines | - | - | - | - | - |
| Sale of goods and services | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Dividends | - | - | - | - | - |
| Cash from Official Public Account | - | - | - | - | - |
| Appropriations | 2,500 | 2,500 | 2,500 | 2,500 | - |
| Special Accounts | - | - | - | - | - |
| Other | - | - | - | - | - |
| Transfer from other entities (Finance - WOG) | - | - | - | - | - |
| Other | 250 | 250 | 250 | 250 | - |
| Total cash received | 2,750 | 2,750 | 2,750 | 2,750 | - |
| Cash used | | | | | |
| Borrow ed costs | - | - | - | - | - |
| Employees | - | - | - | - | - |
| Grant payments | 2,500 | 2,500 | 2,500 | 2,500 | - |
| Interest paid | - | - | - | - | - |
| Subsidies paid | - | - | - | - | - |
| Personal benefits | - | - | - | - | - |
| Suppliers | - | - | - | - | - |
| Cash to Official Public Account | - | - | - | - | - |
| Appropriations | - | - | - | - | - |
| Special Accounts | - | - | - | - | - |
| Other | - | - | - | - | - |
| Transfer from other entities (Finance - WOG) | - | - | - | - | - |
| Other | 250 | 250 | 250 | 250 | - |
| Total cash used | 2,750 | 2,750 | 2,750 | 2,750 | - |
| Net cash from operating activities | - | - | - | - | - |

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

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| INVESTING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from sales of property, plant and equipment and intangibles | - | - | - | - | - |
| Proceeds from sales of equity instruments | - | - | - | - | - |
| Proceeds from sale of investments | - | - | - | - | - |
| Repayments of advances | - | - | - | - | - |
| Cash from Official Public Account | - | - | - | - | - |
| Transfer from other entities | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Cash used | | | | | |
| Purchase of property, plant and equipment, and intangibles | - | - | - | - | - |
| Purchase of equity instruments | - | - | - | - | - |
| Advances and loans made | - | - | - | - | - |
| Cash to Official Public Account | - | - | - | - | - |
| Transfer to other entities | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash used | - | - | - | - | - |
| Net cash from investing activities | - | - | - | - | - |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Proceeds from borrow ing | - | - | - | - | - |
| Cash from Official Public Account | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Cash used | | | | | |
| Net repayments of borrow ings | - | - | - | - | - |
| Cash to Official Public Account | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total cash used | - | - | - | - | - |
| Net cash from financing activities | - | - | - | - | - |
| Net increase (decrease) in cash held | | | | | |
| Cash at beginning of reporting period | - | - | - | - | - |
| Effect of exchange rate movements on cash at beginning of reporting period | - | - | - | - | - |
| Cash at end of reporting period | - | - | - | - | - |

Table 3.9: Schedule of administered capital budget

Table 3.9: Schedule of Administered Capital Budget

| | Estimated actual 2002-03 \$'000 | Budget estimate 2003-04 \$'000 | Forw ard estimate 2004-05 \$'000 | Forw ard estimate 2005-06 \$'000 | Forw ard estimate 2006-07 \$'000 |
|--|--|---|---|---|---|
| CAPITAL APPROPRIATIONS | | | | | |
| Administered capital | - | - | - | - | - |
| Represented by | | | | | |
| Purchase of non-current assets | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total | - | - | - | - | - |
| PURCHASE OF NON CURRENT ASSETS | | | | | |
| Funded by Capital appropriation | - | - | - | - | - |
| Funded internally by Departmental resources | - | - | - | - | - |
| Total | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

Departmental Financial Statements and Notes Administered Items

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental assets, liabilities, revenues and expenses in relation to an agency or authority are those which are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities which are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

Appropriations in the Accrual Budgeting Framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies;
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments).

Capital Use Charge

The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are 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.

Section 4: Purchaser/Provider and Cost Recovery arrangements

PURCHASER/PROVIDER ARRANGEMENTS

This section does not apply to NOIE as its outputs are not purchased by other agencies to contribute to other government outcomes.

COST RECOVERY ARRANGEMENTS

NOIE does not have significant cost recovery arrangements.