

**AUSTRALIAN FILM
COMMISSION**

AUSTRALIAN FILM COMMISSION

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The Australian Film Commission (AFC) is a statutory authority established in 1975.

The AFC is the primary development agency for the screen production sector in Australia.

The AFC facilitates the development of projects, practitioners and the independent production sector of the film, television and interactive media industries through a range of measures, including:

- financing project development;
- financing the professional development of practitioners through the production of feature films, documentaries, animation, short drama and digital interactive media;
- resourcing the development of Indigenous film, television and digital interactive program makers;
- resourcing activities and events which play a development role in the sector;
- resourcing filmmakers and interactive media producers to engage with the global marketplace; and
- monitoring the performance of the film, television and digital interactive media sector and providing information, analysis and research.

The Review of Cultural Agencies has made several recommendations designed to help agencies continue to pursue best practice across their operations. Specifically the Government has accepted the Review's recommendations to integrate the Australian Film Commission and ScreenSound Australia. This change will take effect from 1 July 2003.

APPROPRIATIONS AND RESOURCING

Total appropriation for the Australian Film Commission in the 2003-04 Budget is \$22.183 million. Funding for ScreenSound Australia is currently reflected against Outcome 1 of the Department of Communications, Information Technology and the Arts. The funding estimates for the Australian Film Commission will be adjusted post Budget to reflect the transfer of funding for ScreenSound Australia and reported on in the 2003-04 Portfolio Additional Estimates Statements.

Australian Film Commission — appropriations 2003-04

Table 1.1: Appropriations and other revenue

Outcome	Departmental (price of outputs) ('\$000)					Administered (\$'000)				Total Total appropriations
	Revenue from Government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriations	Total appropriations		
	Bill No. 1 (A)	Special approps ⁽⁵⁾ (B)	Total (C = A+B) (C1) ¹	(D)	(E = C+D) (E1) ¹	Bill No. 1 (F)	Bill No. 2 (SPPs & NAOs) ⁽²⁾ (G)	(H)	(I = F+G+H) (I1) ¹	(J=C+I)
1. An internationally competitive Australian film and television production industry, which enhances Australia's cultural identity	22,183	-	22,183	1,148	23,331	-	-	-	-	22,183
					95.1%					
Total	22,183	-	22,183 (K1) ¹	1,148	23,331	-	-	-	-	22,183
								Departmental capital (equity injections and loans)	(K3) ¹	-
								Administered capital	(K4) ¹	-
								Total appropriations		22,183

1. Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amount K1 refers to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.

2. Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), new agency Outcomes (NAO's), 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. Non-appropriated departmental and administered revenues are details in Table 1.3.

5. AFC have no special appropriations.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

REVENUE FROM INDEPENDENT SOURCES

Table 1.3: Revenue from independent sources

	Estimated revenue 2002-03 \$'000	Estimated revenue 2003-04 \$'000
Interest	175	158
Other	988	990
Total estimated revenue	1,163	1,148

ADMINISTERED CAPITAL, DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The AFC has not budgeted to receive any administered capital, equity injections or loans in the 2003-04 Budget.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUT GROUPS

The Australian Film Commission works to achieving 1 outcome specified by Government. The following section provides a departmental overview, and then each outcome is discussed in turn. The map on the following page shows the outcome and output structure of the Australian Film Commission.

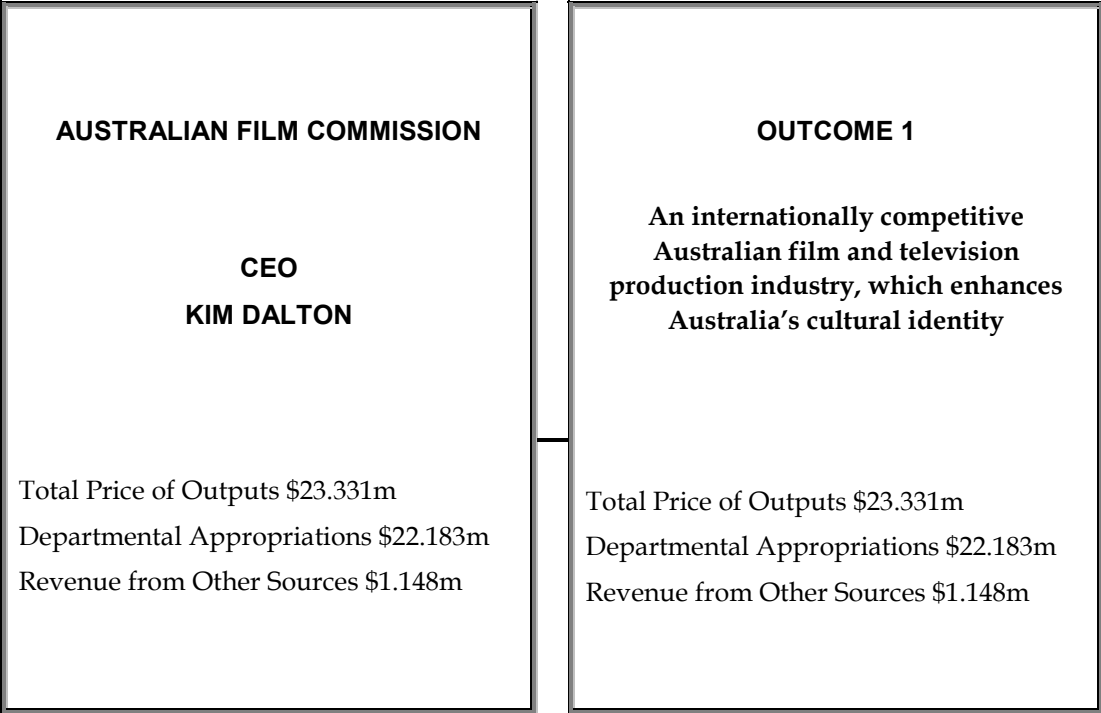
OUTPUT COST ATTRIBUTION

The Australian Film Commission primarily uses its financial management system (FMIS) to identify and collect cost information for decision-making purposes.

Direct costs are captured by output and are recorded in the FMIS. Direct costs are those costs which by their nature, are capable of being traced or assigned to a specific output. Examples of direct costs are employee related costs, depreciation, printing/stationery and consultancy.

Indirect costs and overheads are then appropriately allocated to outputs using cost drivers to provide the Commission with information on the full cost of its operations. Examples of indirect costs are electricity, accommodation and corporate support costs. The cost drivers used for allocating indirect costs to outputs are selected on the basis that they have a cause or effect link with the cost being allocated.

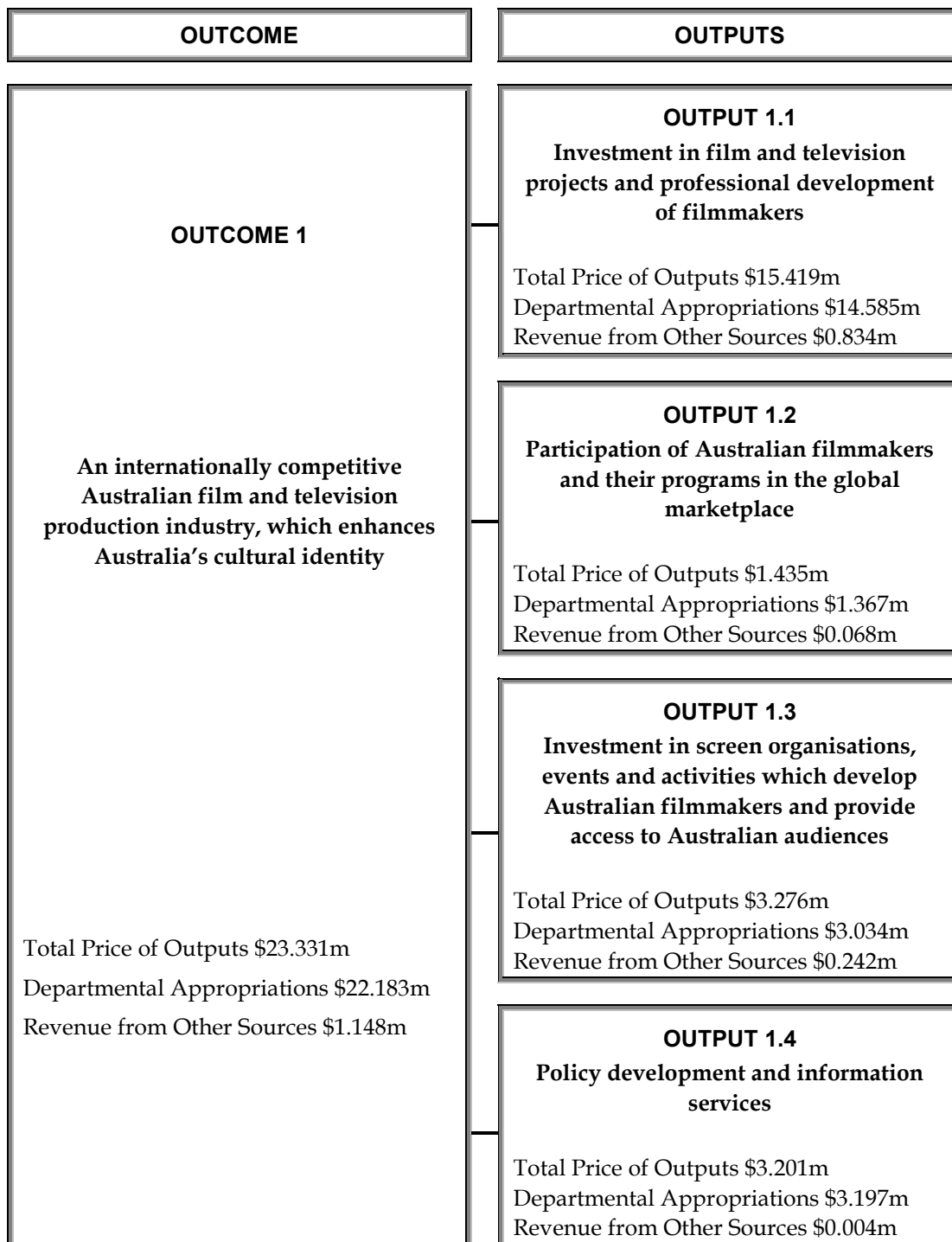
Map 1: Outcomes structure



CHANGES TO OUTCOMES AND OUTPUTS

There have been no changes to outcomes and outputs reported last year.

Map 2: Outcome 1 – contributing outputs



Note: Revenue from Government (Appropriations) contributes 95.1% to the Total Price of Outputs for Outcome 1 in 2003-04.

OUTCOME 1 — DESCRIPTION

An internationally competitive Australian film and television production industry, which enhances Australia’s cultural identity.

The Australian Film Commission is the Federal Government’s primary development agency for the film, television and interactive media sector.

The Australian Film Commission’s outputs of:

- Output 1.1 Investment in film and television projects and professional development of filmmakers;
- Output 1.2 Participation of Australian filmmakers and their programs in the global marketplace;
- Output 1.3 Investment in screen organisations, events and activities which develop Australian filmmakers and provide access to Australian audiences; and
- Output 1.4 Policy development and information services.

contribute to the achievement of the outcome.

Measures affecting Outcome 1¹

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

Expense (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Film Commission	-0.007	-	-	-

The Government has identified savings 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.

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)*)

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003-04 Budget appropriations translate to total resourcing for outcome 1, including 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.

Table 2.1.1: Total resources for Outcome 1

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	
Administered appropriations	-	-	(I1)
Total administered appropriations	-	-	
Departmental appropriations			
Output Group 1.1- Investment in film and television projects and professional development of filmmakers	13,105	14,585	
Output Group 1.2 - Participation of Australian filmmakers and their programs in the global marketplace	1,289	1,367	
Output Group 1.3 - Investment in screen organisations, events and activities which develop Australian filmmakers and provide access to Australian audiences	2,967	3,034	
Output Group 1.4 - Policy development and information services	3,150	3,197	
Total revenue from government (appropriations)	20,511	22,183	(C1)
Contributing to price of departmental outputs	94.6%	95.1%	
Revenue from other sources			
Output Group 1.1- Investment in film and television projects and professional development of filmmakers	845	834	
Output Group 1.2 - Participation of Australian filmmakers and their programs in the global marketplace	69	68	
Output Group 1.3 - Investment in screen organisations, events and activities which develop Australian filmmakers and provide access to Australian audiences	245	242	
Output Group 1.4 - Policy development and information services	4	4	
Total revenue from other sources	1,163	1,148	
Total price from departmental outputs (Total revenue from government and from other sources)	21,674	23,331	(E1)
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	21,674	23,331	
	2002-03	2003-04	
Average staffing level (number)	60	62	

Note: Funding for ScreenSound Australia which is currently reflected against Outcome 1 of the Department of Communications, Information Technology and the Arts will be amalgamated with the Australian Film Commission at the 2003-04 Additional Estimates.

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The AFC's outputs relate to:

- financing of project development and the professional development of practitioners;
- resourcing of practitioners to engage with the global marketplace;
- resourcing of screen activities and events which provide access for the community; and
- provision of information, analysis and research covering the performance of the film, television and interactive media industries.

The AFC's outputs reflect the Government's support for industry development, the professional development of screen practitioners, market engagement, and research and information as part of its package of overall assistance to the Australian screen-based content creation sector.

The development role of the AFC complements the training and educational role of the Australian Film, Television and Radio School and the direct production support of the Film Finance Corporation. It also contributes to the overall package of Commonwealth assistance to the film, television and interactive media sector through developing projects and people and contributing to its positioning in the domestic and international marketplace.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1: Performance information for Outcome 1

Effectiveness - Overall achievement of the outcome - (Measures, indicators and targets used as appropriate)	
Project development	Slate of quality projects in development.
Practitioner development	Production-based professional development opportunities provided.
Engagement of practitioners with the global marketplace	Travel grants, marketing loans, published information and seminars provided.
Access for the community to screen activities and events	Select screen activities and events resourced.
Provision of information, analysis and research	Information collected, analysed and disseminated. Research and information published. Submissions on all major policy issues. Contribution to policy forums.
Performance information for departmental outputs	
Output 1.1	Quality
Investment in film and television projects and professional development of filmmakers	Maintain the participation rate of AFC developed projects in the national production slate at an average 6 feature films per year on a rolling three year basis. Minimum of 25 per cent of General Development Investment recipients to put at least one project into production in a 3 year period. At least 75 per cent of feature films or short features made with AFC production investment achieve Australian theatrical release or television licence or pre-sale. At least 75 per cent of short dramas, animations and digital interactive media titles supported by the AFC achieve festival or television exposure.
	Quantity
	A development slate of no more than 110 feature films be supported and the slate be progressively reduced.
	Provision of at least 4,000 places for practitioners in professional development activities supported by the AFC through organisations.
	Price
	\$15.419 million
Output 1.2	Quality
Participation of Australian filmmakers and their programs in the global marketplace	Positive feedback from diplomatic missions. An 80 per cent satisfaction rating from people attending seminars held in Sydney, Melbourne, Adelaide, Brisbane and Perth each year dealing with festivals and markets. At least 90 per cent of indigenous Australian recipients consider placements with more experienced professionals have advanced their skills.

Table 2.2.1: Performance information for Outcome 1 (continued)

Performance information for departmental outputs (continued)	
Output 1.2	Quantity
Participation of Australian filmmakers and their programs in the global marketplace	<p>A minimum of 80 per cent of recipients of travel assistance report specific benefits from the travel.</p> <p>At least 75 per cent of productions by indigenous Australians made with AFC investment to achieve theatrical or festival release, or television licence or pre-sale.</p> <p>At least 20 per cent of scripts by indigenous Australians in which the AFC has invested to be seeking finance, in production or completed production over a 3 year period.</p> <p>Price</p> <p>\$1.435 million</p>
Output 1.3	Quality
Investment in screen organisations, events and activities which develop Australian filmmakers and provide access to Australian audiences	<p>Performance targets for organisations delivering AFC supported programs to be met at a level of 80 per cent or above.</p> <p>Quantity</p> <p>At least 30 programs or events delivered in at least 20 regional centres each year, and at least two programs or events delivered in each capital city each year.</p> <p>Total attendances of at least 400,000 for curated screen events and one-off screenings.</p> <p>Price</p> <p>\$3.276 million</p>
Output 1.4	Quality
Policy development and information services	<p>The <i>National Production Survey</i> quoted in the Australian Bureau of Statistics yearbook, the American Film Marketing Association's <i>Factbook</i> and <i>Screen Digest</i>.</p> <p>AFC submissions referenced in all reports from major inquiries.</p> <p>At least 400,000 successful requests for specific pages of the AFC and Screen Network Australia websites per year.</p> <p>Quantity</p> <p>AFC data publication migrated to on-line delivery, including feature film, television drama, documentary and digital interactive media production lists; <i>Get The Picture</i>, the National Production Survey; cinema and television release data for Australian productions.</p> <p>Price</p> <p>\$3.201 million</p>

EVALUATIONS

The AFC's guidelines for funding applications are assessed on an ongoing basis with new funding guidelines issued each year. The AFC's corporate plan and associated performance indicators are reviewed each year to ensure that it remains a relevant, informative and useful document.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the AFC's budgeted financial statements, as reflected in the AFC's budgeted departmental financial statements and notes for 2003-04, is provided below.

Statement of Financial Performance

The AFC is budgeting for an operating surplus of \$0.037m in 2003-04 compared to an estimated operating surplus of \$0.421m in 2002-03, after payment of the Capital Use Charge (CUC) of \$0.676m (the CUC is being discontinued from 1 July 2003).

Total revenue is estimated to be \$23.331m for 2003-04, an increase of \$1.657m from the 2002-03 estimated actual. This increase is primarily as a result of an increase to the AFC's appropriation which was provided as part of the Government's film industry package announced in September 2001.

Total expenses excluding borrowing costs for 2003-04 are estimated to be \$23.292m, an increase of \$2.719m compared to the 2002-03 estimated actual.

The increase is due firstly to the impact of the increased appropriation as a result of the Government's film industry package announced in September 2001, and this in turn has an impact on the write-down of assets. The increase in the write-down of assets from 2002-03 is \$1.797m. By way of background, the provision for loss for investments and loans not yet written off is influenced by the amount the AFC invests and loans out in a particular financial year. The provision for loss is calculated using a percentage based on the AFC's history of recoupment of investments and loans. Likewise, all AFC investments funded more than three years prior to balance date are written off unless there are expectations of significant recoveries.

Employee expenses have also increased by \$0.406m due to a 4% increase arising from the AFC's Certified Agreement which was approved in March 2003 for a three year period.

Statement of Financial Position

The AFC's budgeted net asset position of \$5.510m in 2003-04 represents an increase of \$0.037m from the 2002-03 estimated actual.

The AFC's primary asset, 'Other Investments', comprises mainly financial assistance provided by the AFC for the purposes of fostering and developing an Australian film, television and interactive media production industry in Australia and secondly term deposits held with banks. The financial assistance is provided to film developers and

producers in the form of investments. Other Investments amounts to \$4.352m in 2003-04 and is disclosed net of the Provision for Loss in relation to the financial assistance provided to film developers and producers. Other Investments is projected to decrease by \$0.353m in 2003-04 compared to 2002-03 due primarily to increased funding as a result of the Government's film industry package announced in September 2001 and a reduction in term deposits held.

The AFC's primary liability continues to be accrued employee entitlements. The increase in employee provisions from 2002-03 is \$0.161m and is a result of accruing leave entitlements. The budgeted balance for 2003-04 is \$0.951m.

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.

**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	20,511	22,183	22,686	22,047	22,303
Goods and services	-	-	-	-	-
Interest	175	158	106	65	55
Dividends	-	-	-	-	-
Revenue from sales of assets	-	-	-	-	-
Reversals of previous asset w rite-dow ns	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	988	990	982	972	977
Revenues from ordinary activities	21,674	23,331	23,774	23,084	23,335
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	4,849	5,255	5,327	5,528	5,690
Suppliers	2,368	2,558	2,609	2,571	2,583
Grants	5,363	5,687	5,800	5,724	5,750
Subsidies	-	-	-	-	-
Depreciation and amortisation	243	245	264	274	280
Write-down of assets	7,749	9,546	9,722	8,950	8,999
Value of assets sold	1	1	1	1	1
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	20,573	23,292	23,723	23,048	23,303
Borrowing costs expense	4	2	1	-	-
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	1,097	37	50	36	32
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Net surplus or deficit	1,097	37	50	36	32
Capital Use Charge Paid *	676				
Net surplus or deficit after CUC	421	37	50	36	32

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

Table 3.1: Budgeted departmental statement of financial performance

**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	421	37	50	36	32
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	421	37	50	36	32

**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	541	528	508	522	529
Receivables	719	821	926	1,035	1,093
Investments accounted for under the equity method	-	-	-	-	-
Other investments	4,705	4,352	4,363	4,411	4,464
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	5,965	5,701	5,797	5,968	6,086
Non-financial assets					
Land and buildings	89	435	390	349	307
Infrastructure, plant and equipment	350	443	427	408	389
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Other	129	135	137	140	142
Total non-financial assets	568	1,013	954	897	838
Total assets	6,533	6,714	6,751	6,865	6,924
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	63	32	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	63	32	-	-	-
Provisions					
Employees	790	951	979	1,052	1,081
Other	-	-	-	-	-
Total provisions	790	951	979	1,052	1,081
Payables					
Suppliers	177	188	183	186	184
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing Costs	-	-	-	-	-
Other	30	33	29	31	30
Total Payables	207	221	212	217	214
Total liabilities	1,060	1,204	1,191	1,269	1,295

Table 3.2: Budgeted departmental statement of financial position

**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	-	-	-	-	-
Reserves	387	387	387	387	387
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	5,086	5,123	5,173	5,209	5,242
Total parent entity interest	5,473	5,510	5,560	5,596	5,629
Outside equity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total outside equity interest	-	-	-	-	-
Total equity	5,473	5,510	5,560	5,596	5,629
Total assets and liabilities by maturity					
Current assets	3,493	2,692	1,753	1,339	1,426
Non-current assets	3,040	4,022	4,998	5,526	5,498
Current liabilities	751	871	848	901	917
Non-current liabilities	309	333	343	368	378

**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	-	-	-	-	-
Appropriations	20,511	22,183	22,686	22,047	22,303
Interest	175	158	106	65	55
Dividends	-	-	-	-	-
Other	806	699	697	699	699
Extraordinary items	-	-	-	-	-
Total cash received	21,492	23,040	23,489	22,811	23,057
Cash used					
Employees	4,745	5,092	5,299	5,455	5,661
Suppliers	2,392	2,585	2,645	2,571	2,586
Grants	5,363	5,687	5,800	5,724	5,750
Borrowing costs	4	3	1	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	12,504	13,367	13,745	13,750	13,997
Net cash from/ (used by) operating activities	8,988	9,673	9,744	9,061	9,060
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant, equipment and intangibles	-	-	-	-	-
Proceeds from sales of financial instruments	5,581	6,781	5,981	5,061	4,631
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	400	417	426	425	509
Other	627	655	654	1,048	1,360
Extraordinary items	-	-	-	-	-
Total cash received	6,608	7,853	7,061	6,534	6,500
Cash used					
Purchase of property, plant, equipment and intangibles	205	685	205	215	220
Purchase of financial Instruments	6,781	5,981	5,061	4,631	4,711
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	600	625	650	653	661
Other	8,273	10,248	10,909	10,082	9,961
Extraordinary items	-	-	-	-	-
Total cash used	15,859	17,539	16,825	15,581	15,553
Net cash from/ (used by) investing activities	(9,251)	(9,686)	(9,764)	(9,047)	(9,053)

Table 3.3: Budgeted departmental statement of cash flows

**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	676	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	676	-	-	-	-
Net cash from/ (used by) financing activities	(676)	-	-	-	-
Net increase/(decrease) in cash held	(939)	(13)	(20)	14	7
Cash at the beginning of the reporting period	1,480	541	528	508	522
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	541	528	508	522	529

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	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by					
Departmental resources	205	685	205	215	220
Total	205	685	205	215	220

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	-	89	-	350	-	-	-	439
Additions	-	415	-	270	-	-	-	685
Disposals	-	-	-	(1)	-	-	-	(1)
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(69)	-	(176)	-	-	-	(245)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	435	-	443	-	-	-	878
Total additions								
Self funded								
Appropriations	-	415	-	270	-	-	-	685
Total	-	415	-	270	-	-	-	685

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The budgeted financial statements show the planned financial results for the 2003-04 financial year and each of the forward years from 2004-05 to 2006-07. They also include the estimated actual results for 2002-03 for comparative purposes.

The budgeted financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board, other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group. Guidelines issued by the Department of Finance and Administration have also been complied with.

Budgeted statement of financial performance

Goods and Services Tax

The budgeted financial statements have been prepared in accordance with the Goods and Services Tax (GST) accounting guidelines of the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable and accounts payable and receivable be reported gross. Cash flows are reported net of GST in accordance with Department of Finance and Administration guidelines.

Revenue from government

Revenues from Government are revenues relating to the core operating activities of the AFC. From 1 July 1999, the Commonwealth Budget has been prepared under an accruals framework. Appropriations to the AFC for its departmental outputs are recognised as revenue to the extent that they have been received into the AFC's bank account or are entitled to be received by the AFC at year end.

Write-down of Assets

The write down of assets included within expenses from ordinary activities is mainly comprised of adjustments to the provision for loss of investments and loans as well as the write-off of investments and loans not previously provided for.

The carrying amount of investments and loans is reviewed annually by Commissioners to ensure these assets are not being carried in excess of recoverable amounts. Where recoupment of investments and loans is considered unlikely, accumulated expenditure is written off in full. All AFC investments funded more than three years prior to balance date are written off unless there are expectations of significant recoveries. Investments and loans not written off are carried at cost less

provision for loss where recoupment of cost is considered doubtful. Where further recoveries are considered unlikely, the investments and loans are written off against the provisions for loss already made. The provision for loss for those investments and loans not written off is calculated using a percentage based on the AFC's history of recoupment of investments.

Grant Expenses

Grants include film industry assistance provided to filmmakers and cultural organisations as well as special industry assistance projects managed by the Australian Film Commission.

Employee Expenses

Employee expenses consist of salaries, leave entitlements, fringe benefits tax, superannuation and workers compensation insurance.

Budgeted statement of financial position

Financial assets

These include Cash, Receivables and Other Investments.

Cash includes notes and coins held and any deposits held with a bank or financial institution.

Receivables primarily comprise assistance provided to the film industry in the form of loans. All accounts receivable are recorded at their estimated recoverable amount.

The Other Investments category in the Statement of Financial Position comprises assistance provided to the film industry in the form of equity investments for both the development and production of film and interactive media projects. The investments are net after any recoupment, provisions for loss and write-offs. Other Investments also comprises term deposits held with banks.

Non-financial assets

Non-financial assets include leasehold improvements, furniture and fittings, computer hardware and office equipment. The AFC does not own any land or buildings.

Other non-financial assets include prepayments.

Debt

Debt comprises a finance lease which was entered into in 2001 for the acquisition of two new PABX's for the AFC's Sydney and Melbourne offices. The lease is non-cancellable and for a period of four years.

Provisions

Employee provisions consist of annual leave, long service leave and superannuation.

Capital use Charge

Funding for the Capital Use Charge is included in the Australian Film Commission's price of outputs in 2002-03. The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

Departmental Financial Statements

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 items are those assets, liabilities, revenues and expenses in relation to an agency or authority that 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 that 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.

Administered investments in controlled entities

Each Commonwealth Department is required to show an Administered investment in each Commonwealth Authority and Company (CAC) Act 1997 entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

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

Cross Agency Overview

The Australian Film Commission is not involved in any significant purchaser/provider relationships, as its outputs are not purchased by other agencies to contribute to other Government outcomes.

Cost Recovery Arrangements

The Australian Film Commission does not have any material cost recovery arrangements in place.