



ANNUAL REPORT
Classification Review Board

2003–2004



LETTER OF TRANSMITTAL



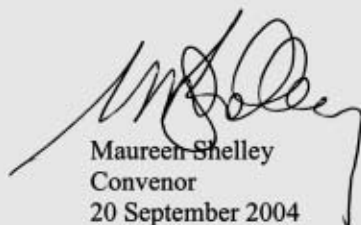
Australian Government
Classification Review Board

The Hon Philip Ruddock MP
Attorney-General
Parliament House
CANBERRA ACT 2600

Dear Attorney-General

In accordance with sub-section 85(1) of the *Classification (Publications, Films and Computer Games) Act 1995*, I am pleased to submit the report on the management of the administrative affairs of the Classification Review Board for the period 1 July 2003 to 30 June 2004.

Yours sincerely



Maureen Shelley
Convenor
20 September 2004



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INTRODUCTION

This report includes an overview of the Classification Review Board's (Review Board) activities during 2003-2004, profiles of Review Board members, a table of Review Board decisions made during the reporting period and a table of Review Board member attendance at Review Board meetings during the reporting period.

The Review Board has no control over, or input into, the funding of itself or funding or administration of the secretariat that provides its registry function.

Accordingly, financial reporting requirements and reporting against relevant outputs and outcomes are unable to be separated from those of the Classification Board (the Board). Reference should be made to the report of the Board in this regard.

CONVENOR'S OVERVIEW

Summary of activity

In contrast to last year, this year started with a flurry of activity that at times stretched the resources of the Review Board. For the three months from November 2003 to January 2004 the Review Board considered six applications for review – in 2002-2003 it considered eight applications during the whole year. The Review Board then received four further applications, during the balance of the year.

In keeping with past years' experience of one product a year "pushing the boundaries" of classification, one product *The Sexualisation of Girl Children and Adolescents on the Internet* was refused classification, although this year the refusal was uncontroversial. This year's controversies surrounded the French film *Irreversible*, which was classified R and *Harry Potter and the Prisoner of Azkaban*, which was reduced in classification from M to PG.

The year has been an unusual one in that the Review Board has applied a lower classification to all products that it has reviewed than that granted by the Classification Board. One exception was *The Sexualisation of Girl Children and Adolescents on the Internet* – which was refused classification by both the Board and the Review Board. The other exception was *Irreversible*.

In addition to the Review Board's decision-making role, it participated in the International Ratings Conference held in Sydney in September 2003 and received international delegations from Singapore and Mauritius in September 2003, Korea in November 2003 and New Zealand in June 2004. The Singaporean delegation advised the Review Board that, having examined review mechanisms internationally, it considered the Review Board's processes to be best practice.

The other major work of the Review Board for the year has been the development of a procedures manual for use of the Review Board secretariat and members. This has required a significant commitment from the secretariat staff, such commitment is greatly appreciated. The development of the procedures manual has assisted the Review Board in its work to achieve best practice standards and, as the manual is designed to be progressively updated, will continue to do so.

Issues raised by the film *Sexualisation of Girl Children and Adolescents on the Internet*

The film was refused classification on the basis that the Review Board (and the Classification Board) considered it to be child pornography.

Enquiries to the Review Board have been made by the media as to the outcome of any action taken in regard to this film, however, this is something of which the Review Board has no knowledge.



Maureen Shelley, Convenor
Classification Review Board

Issues raised by the film *Irreversible*

The film *Irreversible*, which contains some fleeting scenes of actual sex, was the subject of media coverage in March and June. The Australian Family Association (AFA), a community-based organisation, applied for a review of the film in March – their application was ruled to have been lodged “out of time”. Applications for review need to be lodged within 30 days of the applicant having received notification of the classification.

The South Australian Attorney-General then requested that the Australian Attorney-General apply for a review of the decision. When so requested, the Australian Attorney-General is required to do so under the Classification Act. The 30-day rule does not apply to applications by the Australian Attorney-General. This application was heard on 30 June and the AFA sought leave to appear as an interested party.

The AFA submitted that the second review panel should not have included any members of the original panel. This submission was rejected and the second panel included a majority of the members of the Review Board including the three original panel members.

In July 2004 (outside this reporting period) the AFA then lodged an application for review of the DVD release of *Irreversible*, which contained extra material to the public exhibition version of the film. If this application had proceeded (it was withdrawn) only one member of the Review Board would have been available who had not participated in one of the two previous panels.

If Review Board members were unable to participate in panels in which they had considered preliminary material, then it could require temporary members to be appointed to consider matters.

Issues raised by the film *Harry Potter and the Prisoner of Azkaban*

The third film in the Harry Potter series received an M classification from the Board. The distributors sought a review of this decision and the Review Board, after consideration of the evidence, applied a PG classification to the film.

Anecdotally, it appears that some members of the public believe that the Review Board “caved in” to pressure from the distributors rather than considering the film on its merits and that the film should have been given an M classification. Correspondence was received to this effect from members of the public. It is unfortunate that some members of the public should form such a view, particularly given the high regard the public has for the classification system generally and the length to which the Review Board goes to ensure that decisions are impartial and evidence-based.

Community education of the work and function of the Review Board remains an integral requirement for public understanding of and confidence in the classification system.

Issues raised by dissatisfaction with other “family film” classifications

After some three years as Convenor, I have noted that each year there is dissatisfaction with the rating given to at least one family film. For the most part these have been films classified G, which some members of the public consider

should be rated PG. Such films in the past have included *Scooby Doo* and in this year *The Cat in the Hat*.

It is part of the Australian classification system that a review for a film cannot proceed unless an application from a “person aggrieved” has been received. Letters of protest from parents will not trigger a review of a film’s classification. It requires the action of a body that could meet the requirements of “person aggrieved” to formally lodge an application for review. Depending on the length of the film, such an application could cost between \$1,500 and \$3,000, in addition to the cost of preparing a suitable submission.

Changes to the Classification Act widened the definition of “person aggrieved” to include community-based organisations – as I reported in 2001–2002. However, this legal definition has only been tested once and the definition may not cover situations where significant numbers of parents are concerned but do not have the support of an organisation that could meet the definitional requirements.

Bodies such as the AFA and the Festival of Light have taken action regarding films containing actual sex but little focus has been given to family-type films. Even if organisations such as these did lodge applications for review, their standing would need to be determined based on the controversial aspects of the themes of each film.

Independence of the Review Board

It has been the view of the Review Board for some years that it should be able to operate with greater transparency and independence than it currently enjoys. Both the previous Convenor and I have adverted to the need for greater transparency and independence for the work of the Review Board in previous annual reports. This remains a goal of the Review Board and further efforts will be made during the next financial year to this end.

Conclusion

The work of the Review Board continues to be challenging and rewarding. I would like to thank the members of the Review Board for their contribution this year, in particular that of the past Deputy Convenor Mr Jonathon O’Dea and the current Deputy Convenor the Honourable Trevor Griffin. I welcome Mr Griffin and Mr Rob Shilkin to the Review Board this year and trust they will find the work rewarding. Valuable assistance continues to be provided by the Australian Government Solicitor’s Sydney office. The advice and support is appreciated. I would like to thank the Review Board secretariat for its continual support.

Maureen Shelley

Convenor



CLASSIFICATION REVIEW
BOARD MEMBER PROFILES

**MAUREEN SHELLEY**

CONVENOR

Appointed 11 October 2001
Appointment Expires 10 October 2005

Maureen Shelley, 48, is married with adult and school-aged children. She holds a Bachelor of Arts majoring in English from Curtin University, a Graduate Diploma and a Masters in Equity and Social Administration from the University of New South Wales and is studying a Masters in Intellectual Property Law at Monash University. She has authored and published many government reports, seminar papers and articles including for the United Nations and the Australian and New South Wales governments. She has addressed forums in Australia, Canada, the US and the UK.

Employed as a journalist with News Limited, Maureen has a distinguished record of professional and community service, including as the current Deputy Mayor at Kuring-Gai Council. She was a member of the NSW International Year of the Family advisory committee, the NSW Disability Council and a member of the National Small Business Forum. She served on the board of the Institute for Family Advocacy and Leadership Development, on committees for the Family Support Services Association, was the convenor of the NSW Disability Discrimination Legal Centre and is a former chief executive officer of the Australian Council of Businesswomen. Maureen has been a patron of Museums Australia (NSW) since 1997 and is Patron of the Lindfield Soccer Club, the largest in Australia. Having spent most of her life in Western Australia, Maureen now lives in Sydney.

**TREVOR GRIFFIN**

DEPUTY CONVENOR

Appointed 22 April 2004
Appointment Expires 21 April 2007

The Hon K Trevor Griffin, 63, is married with two adult children and holds a Master of Laws from the University of Adelaide.

Admitted as a barrister and solicitor in 1963, Trevor retired from the South Australian Parliament in 2002, following almost 24 years as a member of the Legislative Council. For a considerable period of that time, Trevor was the State Attorney-General, and also held a number of other ministerial offices.

Trevor lives in South Australia.

**DAWN GRASSICK**

REVIEW BOARD MEMBER

Appointed 18 June 2001
Appointment Expires 17 June 2004

Dawn Grassick, 42, is interested in communication; in particular how complex technical and scientific ideas can be communicated to the general public effectively. She has designed and delivered adult education classes in public speaking and written occupational training courses.

Dawn currently works as a regulatory affairs professional in the pharmaceutical

industry. She holds a Bachelor of Science (Microbiology) from the University of Queensland and has postgraduate qualifications in Sciences Communication and Management from the University of Central Queensland.

Dawn is a member of the Chiropractors' Board of Queensland. She lives in Brisbane.

ROBIN HARVEY

REVIEW BOARD MEMBER

Appointed	18 December 1997
Appointment Expires	17 June 2004



Robin Harvey, 45, a registered psychologist, has two children who both attend school in Western Australia. She has worked extensively with young children who encounter learning problems and display emotional and behavioural difficulties. She is currently a lecturer, researcher and clinician at the Child Study Centre Clinic which is part of the Department of Psychology at the University of Western Australia. This clinic aims to provide expert psychological services to children and families, and directly link current research with best practice.

Her current area of research and clinical interest is the development of effective early intervention strategies for pre-school children displaying behavioural problems and the link between language and behavioural disorders. She is currently engaged in writing a parenting guide for parents of children with specific language disorders. Robin is involved in the training of both clinical and educational and developmental psychologists, and plays an active role in ensuring that students become good practitioners after graduation. She also plays an active role in the community and has worked with a number of government and community organisations to further support children and families.

ROB SHILKIN

REVIEW BOARD MEMBER

Appointed	6 November 2003
Appointment Expires	5 November 2006



Rob Shilkin, 28, is a senior associate in a leading Australian law firm. He advises primarily on the application of the consumer protection and competition law provisions of the *Trade Practices Act 1974*. He also lectures in competition law at the University of Sydney.

Rob completed degrees in economics and law (with Honours) at the University of Western Australia in 1997 and is admitted to practise in the Supreme Courts of Western Australia, Victoria and New South Wales. He has published a number of legal articles, papers and Opinion-Editorial columns in a variety of publications including both academic journals and newspapers.

Rob has previously been an office holder of numerous community associations including the Law Society of Western Australia and the UWA Guild of Undergraduates.

He lives in Sydney.

**KATHRYN SMITH**REVIEW BOARD MEMBER

Appointed 18 June 2001
Appointment Expires 17 June 2004

Kathryn Smith, 48, a mother of three and former member of the Board, has lived in Tasmania for most of her life. She has had wide community contact, having worked as a social worker, TAFE teacher and Employee Assistance Counsellor. She has also been involved in volunteer and community activities as a telephone counsellor for the Samaritans Inc and as a committee member of the Launceston Family Day Care and Launceston Creche Inc. Kathryn is currently at home caring for her family and studies part time for a Graduate Diploma of Counselling. Kathryn now lives in Sydney.

**JAN TAYLOR**REVIEW BOARD MEMBER

Appointed 18 June 2001
Appointment Expires 17 June 2004

Jan Taylor, 54, has extensive experience in the public and private sectors, both in Australia and overseas. Formerly Queensland's Commissioner for Consumer Affairs, Jan is now the Managing Director of a business operating in three states and specialising in community consultation and stakeholder management.

She is a Director of the Royal Automobile Club of Queensland, Chairman of Tdec International, National Ombudsman for the Financial Co-operative Dispute Resolution Scheme, National Vice-President of Epilepsy Australia, and Australian representative on the Commonwealth Businesswomen's Network.

Jan is a Trustee of the Committee for Economic Development of Australia (CEDA), a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management, and a member of the Queensland Advisory Committee of CEDA. She is an Arts Graduate of the University of Queensland (Economics and Government) and a Law Graduate of the Queensland University of Technology. She lives in Brisbane.

Legislative base

The Review Board is established under the Classification Act, which commenced operation on 1 January 1996.

The Classification Act provides that the Review Board is to consist of a Convenor, a Deputy Convenor and at least three, but no more than eight, other members.

The Governor-General appoints members to the Review Board on the recommendation of the Attorney-General who is required by the Classification Act to have consulted with State and Territory Censorship Ministers about the appointments. The Classification Act also requires that the Governor-General must have regard to the desirability of ensuring that membership of the Review Board is broadly representative of the Australian community.



The Review Board met to consider applications for review on ten occasions during the reporting period.

Legislative changes in the reporting period

The *Classification (Publications, Films and Computer Games) Amendment Act 2004* was passed on 26 May 2004. The nature of these amendments is discussed in the Report on the activities of the Board and OFLC.

No other changes affecting the procedures of the Review Board were made to the Classification Act during the reporting period.

Decisions of the Classification Review Board in 2003-2004

The Review Board received 10 applications for review and reviewed eight titles during the reporting period.

Of the eight reviews undertaken, the Review Board lowered the classification of that reached by the Board on six occasions. On two occasions the Review Board made the same classification decision as the Board. On five occasions, the Review Board determined different consumer advice to the Board.

TABLE 20: Review Board decisions

Title	Media	Original classification	Classification changed	Review classification
<i>Thirteen</i>	Film	R Adult themes, drug use	Yes	MA Adult themes, drug use
<i>Silverball Product Version 8</i>	Computer Game	RC	Yes	M Contains some nudity
<i>One Perfect Day</i>	Film	MA Adult themes, drug use	Yes	M Drug and death themes
<i>The Sexualisation of Girl Children and Adolescents on the Internet</i>	Film	RC	No	RC
<i>The Haunted Mansion</i>	Film	M Supernatural Themes	Yes	PG Some scenes may scare young children
<i>Troy</i>	Film	MA Medium Level Violence	Yes	M Moderate violence
<i>Harry Potter and the Prisoner of Azkaban</i>	Film	M Horror Elements	Yes	PG Fantasy scenes may frighten young children
<i>Irreversible</i>	Film	R Strong sexual violence, graphic violence, sexual activity	No	R High-level sexual violence, graphic violence, sexual activity

Full reports of Review Board decisions are available on the OFLC website shortly after they are finalised.

Applications not heard

As mentioned above, the Review Board met in relation to the film *Irreversible* on two occasions. In respect of the AFA's application for review of *Irreversible*, the Review Board was required to determine the issue of whether the application was made within the time period specified by the Classification Act before assessing the merits of the application. The Review Board exercised its discretion not to hear the AFA's application as it was made out of time.

The Review Board also met in relation to the film *McLeod's Daughters – A Dry Spell/Three's A Crowd/The Bridle Waltz/To Have And To Hold/Home Is Where the Heart Is (said to be series 2, episodes 28-32)*. The Review Board exercised its discretion not to hear the Nine Network Australia's application for review of the Board's decision, as it was made out of time.

Attendance at meetings of the Classification Review Board in 2003-2004

The Review Board met to consider applications for review on ten occasions during the reporting period. The attendance records of members, in comparison with the previous reporting period follows:

TABLE 21: Attendance at meetings

Review Board member	2003–2004	2002–2003
(MS) Maureen Shelley, Convenor, NSW	7	6
(TG) Trevor Griffin, Deputy Convenor, SA (appointed 22 April 2004)	3	n/a
(JOD) Jonathon O’Dea, former Deputy Convenor, NSW	4	5
(DG) Dawn Grassick, member, QLD	3	2
(RH) Robin Harvey, member, WA	3	3
(RS) Rob Shilkin, member, NSW (appointed 6 November 2003)	4	n/a
(KS) Kathryn Smith, member, NSW	8	6
(JT) Jan Taylor, member, QLD	4	5

TABLE 22: Composition of panels 2003–2004

Title	Panel members
<i>Thirteen</i>	JOD, RH, KS
<i>Silverball Product Version 8</i>	MS, DG, JT
<i>McLeod’s Daughters – A Dry Spell/Three’s A Crowd/The Bridle Waltz/To Have and To Hold/Home Is Where the Heart Is (said to be series 2, episodes 28-32) – directions</i>	MS, JOD, RH, KS
<i>One Perfect Day</i>	MS, JOD, RH, KS
<i>The Sexualisation of Girl Children and Adolescents on the Internet</i>	MS, JOD, RS, KS, JT
<i>The Haunted Mansion</i>	JOD, DG, RS
<i>Irreversible – directions</i>	MS, RS, KS
<i>Troy*</i>	MS, TG, KS
<i>Harry Potter and the Prisoner of Azkaban</i>	TG, RS, KS, JT
<i>Irreversible*</i>	MS, TG, DG, KS, RS, JT

* indicates a majority decision

TABLE 23: Composition of panels 2002–2003

Title	Panel members
<i>Great Moments in Science</i>	JOD, KS, JT
<i>Legacy of the Silver Shadow (Episodes 1-5)</i>	MS, KS, JT
<i>Phone Booth</i>	JOD, RH, JT
<i>City of God</i>	MS, DG, KS
<i>Ned Kelly</i>	MS, JOD, KS, RH, JT
<i>Basic</i>	MS, RH, DG
<i>Ken Park – directions</i>	MS, JOD, KS, JT
<i>Ken Park*</i>	MS, JOD, KS

* indicates a majority decision

Complaints

The OFLC received three complaints which specifically addressed the Review Board's R decision for the film *Irreversible*, with an additional four complaints objecting to the review of the film's classification. The OFLC received another 33 complaints about *Irreversible*, many of which addressed the decisions of both the Board and the Review Board.

Complaints were also received about the Review Board's PG decision for the films *Harry Potter and Prisoner of Azkaban* (7 complaints) and *The Haunted Mansion* (4 complaints).

Further information about complaints received by the OFLC is available in Objective One of the Report on the activities of the Board and the OFLC.



APPENDICES

APPENDIX ONE

OUTCOMES AND OUTPUTS PERFORMANCE

Outcome 1

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.

Effectiveness – overall achievement of the outcome

Effectiveness Indicator	Performance Measure	Total
Ongoing operation of the national classification scheme	Classifications issued for publications, films and computer games submitted	7,007

Performance information for administered items

There are no specific performance requirements associated with the administered payments made to the States and Territories for their part in the national classification scheme.

Performance information for Outputs 1.1 and 1.2

OUTPUT GROUP 1.1	Performance Measure	Total		
Operation of national classification scheme	OFLC maintains capacity to meet all demand for decisions	7,483		
	Classification decisions are made within 20 business days of receiving a valid application	99.65%		
	Classification decisions made	7,007		
	Advices to Australian Customs Service	27		
	Film festivals	147		
	Fee waiver decisions	31		
	Classification education activities conducted (including Board, Review Board, and authorised assessors)	18		
OUTPUT GROUP 1.2	Performance Measure	Total		
			Provision of services ancillary to the operation of the national classification scheme including research, the Community Liaison Scheme, policy development and ministerial support.	Deadlines met in most cases
			Correspondence, briefs, submissions and papers completed within required deadlines	
			Number of briefs, submissions and papers prepared	48
			Community Liaison Scheme – number of classification compliance advices	2,085
			Number of site visits	1,509
Classification education activities conducted (including Australian Customs Service)	21			

APPENDIX TWO

SUMMARY RESOURCE TABLE BY OUTCOME

	(1) Budget 2003-2004 \$'000	(2) Actual expenses 2003-2004 \$'000	Variation (column 2 minus column 1) \$'000	Budget 2004-2005 \$'000
ADMINISTERED EXPENSES (including third party outputs)	766	763	(3)	735
Total Administered Expenses	766	763	(3)	735
PRICE OF DEPARTMENTAL OUTPUTS				
Output 1.1 Operation of the National Classification Scheme	3,351	3,351	-	4,190
Output 1.2 Provision of services ancillary to the operation of the national classification scheme including research, the Community Liaison Officer Scheme, policy development and ministerial support	2,192	2,192	-	2,095
Revenue from Government (Appropriation) for Departmental Outputs	5,543	5,543	-	6,285
Revenue from other sources	738	1,141	403	750
Total Price of Outputs	6,281	6,684	403	7,035
TOTAL FOR OUTCOME 1	7,047	7,447	400	7,770
[Total Price of Outputs and Administered Expenses]				
	2003-2004	2004-2005		
Average Staffing Level	54.8	48		

APPENDIX THREE

SUMMARY OF CLASSIFICATION BOARD WORKLOAD

TABLE 24: Commercial and other applications finalised by format/source

Format/source	Applications finalised	Decisions ¹	Classification decisions
Commercial film (public exhibition)	482	473	473
Commercial film (sale or hire)	4,084	3,992	3,961
Commercial computer games	663	655	654
Commercial publications	1,735	1,727	1,727
Certificates of Exemption for advertising eligible films ²	106	106	n/a
Certificates of Approval for advertisements	26	12	n/a
Internet content ³	21	21	n/a
Enforcement ⁴	458	192	192
Advice to Australian Customs Service	27	27	n/a
Approvals to exempt classification of films for festivals/events ⁵	247	247	n/a
Fee waiver applications	31	31	n/a
Total	7,880	7,483	7,007

TABLE 25: Classification decisions by format/source

Format/source	Classification decisions
Commercial film (public exhibition)	473
Commercial film (sale or hire)	3,961
Commercial computer games	654
Commercial publications	1,727
Enforcement	192
Total	7,007

1 This includes all applications except withdrawn applications

2 The number of certificates of exemption issued, not the number of eligible films.

3 Decisions about Internet content are made under the Broadcasting Services Act 1992, not the Classification Act.

4 Enforcement applications finalised include requests for evidentiary certificates, which are granted under section 87 of the Classification Act. These certificates do not constitute a decision by the Board.

5 This includes the number of film festivals exempted, not the number of films.

APPENDIX THREE

SUMMARY OF CLASSIFICATION BOARD WORKLOAD

TABLE 26: Timeliness of decisions on commercial applications by application type

Application type	No. under 20 business days	No. over 20 business days
Commercial film (public exhibition)	471	2
Commercial film (sale or hire)	3,973	19
Commercial computer games	655	0
Commercial publications	1,724	3
Commercial approval of advertisements	12	0
Total	6,835	24
Percentage of total	99.65 %	0.35 %

TABLE 27: Overdue applications by reason for delay

Reason	No.
Consideration by full Board	6
Workflow delay	18
Total	24

Films – public exhibition

TABLE 28: Commercial films (public exhibition) applications finalised by classification

Classification	No.	Classification decisions
G	48	48
PG	109	109
M	210	210
MA	92	92
R	14	14
RC	0	0
Withdrawn	9	n/a
Decline to deal	0	n/a
Total	482	473

APPENDIX THREE

SUMMARY OF CLASSIFICATION BOARD WORKLOAD

Advertising exemptions

Films that have not been classified by the Board cannot generally be advertised. However, the Advertising Exemption Scheme allows applicants to advertise a limited number of 'eligible films' each calendar year.

Section 33 of the Classification Act and the Classification (Eligible Films) Determination 2001 provides for certificates of exemption for advertising purposes to be granted to 100 eligible films in a calendar year. During the 2003 calendar year, certificates of exemption were granted in relation to 100 films.

In the reporting period 1 July 2003 – 30 June 2004, 102 eligible films were granted exemption and 106 certificates of exemption were issued in relation to those films. In some cases, an eligible film may be granted more than one certificate. The year for exemption is the calendar year and not the reporting year, hence the apparent discrepancy in numbers.

Advertisements

In accordance with section 29 of the Classification Act, 12 certificates of approval for advertisements were granted.

Films – sale or hire

TABLE 29: Commercial films (sale or hire) applications finalised by classification

Classification	No.	Classification decisions
G	636	636
PG	772	772
M	1,268	1,268
MA	450	450
R	183	183
X	640	640
RC	12	12
Withdrawn	92	n/a
Decline to deal	31	n/a
Total	4,084	3,961

TABLE 30: Commercial films (sale or hire) applications refused classification by reason

Reason	No.
Child pornography	2
Offensive fantasy	1
Non-consent & coercion	2
Sexual violence	1
Violence	6
Total	12

APPENDIX THREE

SUMMARY OF CLASSIFICATION BOARD WORKLOAD

Computer games

TABLE 31: Commercial computer games applications finalised by classification

Classification	No.	Classification decisions
G	275	275
G(8+)	181	181
M(15+)	136	136
MA(15+)	59	59
RC	3	3
Withdrawn	8	n/a
Decline to deal	1	n/a
Total	663	654

TABLE 32: Commercial computer games applications refused classification by reason

Reason	No.
Nudity & drug use	1
Nudity	2
Total	3

Publications

TABLE 33: Commercial publications applications finalised by classification

Classification	No.	Classification decisions
Unrestricted	253	253
Category 1 restricted	1,167	1,167
Category 2 restricted	285	285
RC	22	22
Withdrawn	8	n/a
Total	1,735	1,727

TABLE 34: Commercial publications applications refused classification by reason

Reason	No.
Incest fantasy & incest fantasy/ offensive fetish	2
Minors	8
Minors & incest fantasy	1
Non-consent	1
Offensive fantasy	7
Offensive fetish	3
Total	22

APPENDIX THREE

SUMMARY OF CLASSIFICATION BOARD WORKLOAD

Fee waivers

TABLE 35: Fee waiver applications finalised

Type	No.
Full fee waiver approved, public exhibition film ¹	16
50% fee payable, public exhibition film	0
75% fee payable, public exhibition film	1
Fee waiver application refused, public exhibition film	0
Full fee waiver approved, sale or hire film	14
50% fee payable, sale or hire film	0
75% fee payable, sale or hire film	0
Fee waiver application refused, sale or hire film	0
Applications withdrawn	0
Total	31

Internet content

TABLE 36: Internet content finalised by classification²

Classification	No.
G	3
PG	2
M	4
MA	1
R	3
X	4
Refused classification	4
Withdrawn	0
Total	21

TABLE 37: Internet content refused classification by reason

Reason	No.
Offensive fetish	2
Child pornography	2
Total	4

¹ Includes three dual applications for public exhibition and sale or hire.

² Decisions about Internet content are made under the Broadcasting Services Act 1992, not under the Classification Act.

APPENDIX THREE

SUMMARY OF CLASIFICATION BOARD WORKLOAD

Australian Customs Service

TABLE 38: Advice to Australian Customs Service by format

Format	No.
Films	10
Publications	16
Computer games	0
Other	1
Withdrawn	0
Total	27

Enforcement

TABLE 39: Enforcement applications finalised by agency

Enforcement agency	Publications	Films sale/hire	Films public exhibition	Computer games	Section 87 Certificates	Total
Australian Federal Police	0	0	0	0	2	2
ACT Office of Fair Trading	0	10	0	0	21	31
NSW Police	15	61	0	0	87	163
NT Police	0	74	0	0	73	147
Qld Office of Fair Trading	1	7	0	0	10	18
Victoria Police	1	0	0	0	13	14
SA Police	6	16	0	0	50	72
Tasmania Police	0	1	0	0	3	4
WA Police	0	0	0	0	1	1
Withdrawn	0	3	0	0	3	6
Total	23	172	0	0	263	458

Film festivals

During 2003-2004, the Director approved 247 film festivals, which included 4,437 unclassified films, for exemption from State and Territory classification enforcement provisions. South Australia and Queensland have their own arrangements for granting exemptions to films festivals. Classification certificates are not issued for the Director's approval of film festival exemptions.

APPENDIX FOUR

EXTERNAL SCRUTINY

Freedom of information

In accordance with section 8 of the *Freedom of Information Act 1982* (FOI Act), this section of the report contains information about FOI procedures and access to documents.

FOI procedures and initial contact points for enquiries

Applicants seeking access to documents under the FOI Act should forward a \$30 application fee and apply in writing to:

The FOI Coordinator
Office of Film and Literature Classification
Locked Bag 3
HAYMARKET NSW 1240

The FOI Coordinator is available during business hours and can be contacted by telephone on (02) 9289 7100 or by fax on (02) 9289 7101.

The FOI Coordinator can assist applicants to identify the particular documents they seek. If a request is to be refused on a ground appearing in subsection 15(2) or subsection 24(1) of the FOI Act (insufficient information or unreasonable diversion of resources), applicants are notified and given an opportunity for consultation.

If applicants are dissatisfied with a decision made under the FOI Act, they may apply for an internal review, which is subject to a \$40 application fee. Once the fee is received, an officer who is at least one level above that of the initial decision maker will conduct the review.

Facilities for access

The OFLC, if it approves access, will provide copies of documents after receiving payment of any charges that apply.

Alternatively, applicants may arrange to inspect documents at the OFLC, if the documents lend themselves to this form of access. Information about the facilities available to assist people with disabilities to obtain access to documents can be obtained from the FOI Coordinator. If necessary, special arrangements can be made to overcome any difficulties in physical access. If an applicant resides some distance from any point at which access is normally provided, consideration will be given to alternative arrangements with a view to reducing inconvenience to the applicant. See pages 110-11 for details on the OFLC's disability strategy.

Categories of documents that are maintained by the OFLC

The OFLC maintains the following categories of documents:

- applications under the Classification Act
- documents relating to decisions of the Board
- documents relating to OFLC policy
- documents relating to OFLC administration.

APPENDIX FOUR

EXTERNAL SCRUTINY

The Review Board maintains the following categories of documents:

- applications for review
- copies of decisions on review
- correspondence with applicants on review of Board decisions
- policy documents.

For the reporting period, reasons for decisions have been produced for each Review Board decision and these have been made available on the OFLC website.

The following categories of documents are available (other than under the FOI Act) free of charge upon request, and are also on the OFLC website:

- *Guidelines for the Classification of Publications, Guidelines for the Classification of Films and Computer Games 2003*
- publications, including the results of research projects
- annual reports (some years are out of print)
- application forms for classification and review
- information on how to apply and classification fee schedules.

FOI requests during 2003-2004

One request was received and finalised under the FOI Act. This request related to OFLC and third party documents.

The OFLC also provided documents as part of an FOI request that was made to another Commonwealth agency.

Privacy

As required by the Commonwealth *Privacy Act 1998*, the OFLC maintains a written record of the classes of personal information that it holds and submits a copy of that record to the Office of the Federal Privacy Commissioner for publication in the annual *Personal Information Digest*. The digest is available from the Office of the Federal Privacy Commissioner. Information about records held by the OFLC can be obtained by writing to:

The Privacy Contact Officer
Office of Film and Literature Classification
Locked Bag 3
HAYMARKET NSW 1240

Judicial decisions

No matters were dealt with in the Federal or High Court in connection with the OFLC, the Board or the Review Board in the period from 1 July 2003 to 30 June 2004.

APPENDIX FOUR

EXTERNAL SCRUTINY

Decisions by administrative tribunals

During the reporting period, no applications were made to the Administrative Appeals Tribunal (AAT) concerning the Director's decision to waive fees under section 91 of the Classification Act or exemption decisions under section 50 of the *Customs Act 1901* (the Customs Act).

Two cases were finalised from previous reporting periods: 2001-2002 and 2002-2003. These involved an application to the AAT for review of the Director's decision to refuse importation of a prohibited import under Regulation 4A of the Prohibited Imports Regulations.

In the matter of "WAX" and *Director of the Classification Board* [2003] No.W2001/1149, the ACS had seized two publications that the applicant had attempted to import in the post. On 23 November 2001 the Director, having regard to criteria at regulation 4A(2AA), refused to grant permission to import the two publications, which would otherwise be prohibited goods under regulation 4A(1A) and the Customs Act. On 14 November 2003 the AAT affirmed the Director's decision to refuse to grant permission to import the two publications.

Another matter was *Huseyin and Director of the Classification Board* [2003] No.V03/108. On 16 December 2002 the applicant sought permission to import a number of DVDs in advance of making arrangements to do so. On 31 December 2002 the Director, having regard to criteria at regulation 4A(2AA), refused to grant permission to import the DVDs on the basis that they may be prohibited goods under regulation 4A(1A) and the Customs Act. On 11 September 2003 the AAT affirmed the Director's decision to refuse to grant permission to import the DVDs.

A further application to the AAT, *Llewellyn and the Office of Film and Literature Classification*, commenced in August 2003. This was withdrawn by the applicant in March 2004.

Reports by the Auditor-General

There were no reports on the operation of the OFLC, the Board or the Review Board by the Auditor-General in the reporting period.

Reports by parliamentary committees

The OFLC did not make any submissions to any parliamentary committee inquiries. There were no parliamentary committee reports dealing directly with OFLC classification issues.

Appearances before parliamentary committees

The Director and Deputy Director appeared before the Senate Legal and Constitutional Legislation Committee on 3 November 2003 for a Budget Estimates Supplementary Hearing. These officers and the Business Manager also appeared before the committee on 24-25 May 2004. At each hearing, the officers answered questions by members of the committee. Responses to some questions were taken on notice and subsequently responded to in writing.

APPENDIX FOUR

EXTERNAL SCRUTINY

Commonwealth Ombudsman

One matter involving the OFLC, the Board and the Review Board was dealt with by the Commonwealth Ombudsman during 2003-2004. In this matter, the complainant had advised the OFLC of suspected breaches of the NSW *Classification (Publications, Films and Computer Games) Enforcement Act 1995*.

In March 2004, the complainant contacted the Commonwealth Ombudsman claiming that the CLS officers of the OFLC had not taken appropriate action in response to his advice. On 7 April 2004 the OFLC submitted to the Commonwealth Ombudsman that the aim of the CLS is to educate businesses about the national classification scheme and to encourage compliance. Although it may identify and refer breaches to enforcement authorities, the CLS has no enforcement powers. Enforcement is a matter for enforcement agencies of the States and Territories, such as the police. On 7 April 2004 the Commonwealth Ombudsman determined that an error had not been made with regard to the OFLC's response to the complainant's concerns.

APPENDIX FIVE

STAFFING MATTERS

Overview

48.5 individuals (full-time equivalent basis) were engaged as at 30 June 2004. This includes 11.1 Board members and 37.4 OFLC employees under the *Public Service Act 1999* (the PSA). Tables showing a detailed breakdown of these numbers by classification and gender are presented. The tables also show staffing details at 30 June 2003 for comparison.

In relation to the method of reporting:

- the tables include persons employed under the PSA and appointed to the Board under the Classification Act (Board members). Review Board members are not included in the figures. Review Board members are identified on page 86
- Australian Public Service (APS) staff include ongoing and non-ongoing staff (including APS staff on temporary movement from other agencies), casual and part-time staff
- Board members include those appointed under section 48 of the Classification Act (who are recorded as ongoing staff), and temporary and acting appointments under sections 50 and 66 (who are recorded as non-ongoing)
- part-time APS staff and Board members are shown as full-time equivalents other than in the part-time staff and non-ongoing staff rows, and in the equal employment opportunity table, which reflect actual numbers.

Staffing

TABLE 40: Staff numbers at 30 June 2003 and 30 June 2004 (includes APS staff and Board members)

	As at 30 June 2003									As at 30 June 2004								
	Board Members		SES		EL 1-2		APS 1-6		Total	Board Members		SES		EL 1-2		APS 1-6		Total
	M	F	M	F	M	F	M	F		M	F	M	F	M	F			
Operative and paid inoperative staff	5.8	5.6	0	1	5	6	13	14	50.4	6.0	5.1	0	1	5	5	10	15.4	47.5
Unpaid inoperative staff	0	0.6	0	0	0	0.6	0	1	2.2	0	0	0	0	0	0	1	0	1.0
Part-time staff	1	2	0	0	0	3	0	0	6	0	2	0	0	0	2	0	1	5
Non-ongoing staff	1	0	0	0	1	1	1	1	5	1	1	0	0	1	0	1	1	5

Operative and paid inoperative staff

This row in the above table shows all staff and Board members on duty or on paid leave at 30 June 2004. The row reports actual occupancy, so if an employee or Board member was on paid leave as at 30 June and another temporarily assigned that person's normal duties, then two people are recorded against the set of duties.

APPENDIX FIVE

STAFFING MATTERS

Unpaid inoperative staff

This row shows all APS staff and Board members, on long term leave without pay at 30 June 2004.

Part-time staff

This row is a breakdown of part-time APS staff and Board members at 30 June 2004. It includes paid inoperatives and those temporarily assigned to higher duties.

Non-ongoing staff

This row is a breakdown of non-ongoing APS staff and Board members at 30 June 2004. It includes paid inoperatives and those temporarily assigned to higher duties. It also includes ongoing APS staff on temporary movement from other APS agencies.

TABLE 41: Representation of equal opportunity groups within salary levels at 30 June 2004

Salary Range \$	Total No. of staff	Women	People of non-English speaking background (1st generation)	People of non-English speaking background (2nd generation)	Aboriginal and Torres Strait Islander people	People with disabilities	Staff with EEO data
34,858–42,853	4	3 75%	2 67%	1 33%			3 75%
44,251–48,048	7	4 57%	2 29%				7 100%
49,358–52,338	6	5 83%					6 100%
53,309–61,236	10	4 40%		1 10%		1 10%	10 100%
68,175–73,630	6	4 67%	1 17%				6 100%
73,440	8	4 50%					8 100%
78,573–92,101	5	2 40%					5 100%
93,120	2	2 100%					2 100%
100,000–110,000	1	1 100%					1 100%
126,280	1						1 100%
153,990	1						1 100%
Total	51¹	29 57%	5 10%	2 4%	0 0%	1 2%	50 98%

These figures relate to ongoing and specified term employees of the APS and all Board members, include all inoperatives, and are based on actual classification. Percentages are shown as whole numbers. Percentages for women and staff with equal employment opportunity (EEO) data are based on total staff. Percentages for other groups are based on staff for whom EEO data was available.

1 This figure reflects actual numbers and is different from the full-time equivalent figure.

APPENDIX FIVE

STAFFING MATTERS

Board membership

Appointments to the Board are made by the Governor-General on the recommendation of the Australian Attorney-General. Terms are generally for three years although members may be appointed for further terms. Under the Classification Act, appointments to the Board may not exceed seven years. These appointments are subject to prior consultation with State and Territory Ministers responsible for censorship, in accordance with subsection 48(3) of the Classification Act.

Under section 66 of the Classification Act, the Attorney-General may appoint a person to act as a member of the Board during a vacancy in the office and, under section 50, temporary members may be appointed to ensure the efficient dispatch of the Board's business. These powers of the Attorney-General have been delegated to the Director.

Board movements

Des Clark was appointed for a further term as Director from 17 April 2004.

Wendy Banfield and Marie-Louise Carroll were appointed as Senior Classifiers from 19 February 2004.

Remuneration of senior executives

The OFLC has only one Senior Executive Service (SES) employee, the Senior Executive, Strategy and Communication, SES Band 1. Remuneration and other conditions of employment are established by an Australian Workplace Agreement (AWA) for this employee, within the range of remuneration offered at that level within the APS.

As there is only one SES employee at the OFLC, including details of the remuneration package is not possible without revealing the specific terms of the AWA.

The Director and Deputy Director are statutory appointees equivalent to SES Band 3 and 2 respectively. Remuneration for these offices is established by the Remuneration Tribunal.

APPENDIX FIVE

STAFFING MATTERS

Performance pay

An aggregate amount of \$19,229.11 was paid to APS staff as performance pay during 2003-2004. A total of 6 APS staff members received performance pay. Given the small size of the APS staff in the OFLC, a greater disaggregation of performance pay is not possible without identifying payments to individuals.

Salary ranges

TABLE 42: Salary ranges for APS employees under OFLC agency agreements

Classification	OFLC Agency Agreement 2003-06 Salary from 10.6.03	OFLC Agency Agreement 2003-06 Salary from 10.6.04
Executive Level 2	88,389	92,101
	85,522	89,114
	79,564	82,906
	75,406	78,573
Executive Level 1	70,662	73,630
	68,045	70,903
	65,427	68,175
APS Level 6	58,768	61,236
	56,577	58,954
	53,869	56,132
	51,160	53,309
APS Level 5	50,229	52,338
	48,852	50,904
	47,368	49,358
APS Level 4	46,112	48,048
	44,959	46,847
	43,818	45,659
	42,468	44,251
OFLC Broadband APS Level 2/3 APS Level 3	41,126	42,853
	40,088	41,772
	39,094	40,736
	38,104	39,704
OFLC Broadband APS Level 2/3 APS Level 2	37,097	38,655
	36,193	37,713
	34,375	35,818
	33,453	34,858
APS Level 1	32,671	34,043
	31,380	32,698
	30,552	31,836
at 21 years	29,560	30,801
20 years	26,900	28,030
19 years	23,944	24,950
18 years	20,692	22,467

APPENDIX SIX

COMMONWEALTH DISABILITY STRATEGY

The OFLC recognises its obligations to support the right of people with disabilities to participate in all aspects of the community. To meet its obligation, in the conduct of its activities the OFLC takes an inclusive approach towards people with disabilities.

The OFLC, although a small agency, may be seen within the framework of the Commonwealth Disability Strategy to have four roles – policy adviser, regulator, service provider and employer.

Policy Adviser

The OFLC has a policy advisory role in relation to the national classification scheme. This activity has very limited direct effect on people with disabilities. However, there is a need to ensure equal access for people with disabilities in relation to consultation on policy, legislation and guidelines changes. It is important that the Board reflects broad Australian community standards and, in this context, it is particularly important that all Australians are able to have input into the review of classification guidelines which inform classification decisions.

Public consultation on classification matters is undertaken primarily through written submissions.

Since December 2002, an improved and expanded OFLC website has been maintained. The website allows for the clearer presentation to the community of information, including that on consultation, in accessible electronic formats and plays an important role in the OFLC's interaction with clients and the community.

Regulator

The Board has a regulatory role in that it classifies material. Compliance under the national classification scheme is regulated by State and Territory classification enforcement legislation. Classification services are provided substantially to commercial producers, distributors or retailers. Information on regulations and compliance reporting is available on the OFLC's website in accessible electronic formats.

Service provider

The OFLC has a service provider role through, primarily, provision of classification services to commercial applicants for a fee. While provision of these services does not appear to have any greater impact on people with a disability than on the community generally, the OFLC website provides people with disabilities with improved access to information through accessible electronic formats.

The OFLC has a compliance handling procedure that include access to the Commonwealth Ombudsman.

APPENDIX SIX

COMMONWEALTH DISABILITY STRATEGY

Employer

As a relatively small employer, the OFLC is able to sustain a flexible and responsive approach to its obligations under the *Disability Discrimination Act 1982*.

The OFLC website includes an employment page providing recruitment information in accessible electronic formats, in accordance with Australian Government Information Management Office guidelines. Additionally, enquiries can be made, and applications lodged, electronically.

Provision continues to be made for any applicant with a disability to indicate the need for, and to discuss, any particular requirements for interview. The size of the OFLC allows all recruitment to be managed by the Human Resources section which is conversant with, and has information on, the principle of reasonable adjustment.

The OFLC's harassment policy provides support for employees with disabilities through guidelines on what may constitute inappropriate behaviour towards employees with disabilities and procedures to address such behaviour.

The OFLC's performance and development review scheme provides opportunities for all employees, including those with disabilities, to agree on development strategies to support their changing needs and ability to pursue a career path.

The individual needs of all staff are considered when providing them with training or referring them to external training providers. Most training and development is provided externally and, as appropriate, the content of external training is checked for information on disability issues when relevant to the program.

The handling of applications for review of employment actions within the OFLC includes provision for reference to external mechanisms.

APPENDIX SEVEN

OTHER INFORMATION

Competitive tendering and contracting

The OFLC uses competitive tendering and contracting to enable alternative service delivery while adhering to the objectives of value for money, effective competition, accountability and competitiveness, and support for other Australian Government policies.

Contracts entered into by the OFLC with a value exceeding \$2,000 are regularly published in the Australian Government gazette.

Contracts entered into by the OFLC but which have not been fully performed, or which have been entered into, and were provided for a consideration to the value of \$100,000 or more are listed, and updated 6 monthly, on the OFLC website in accordance with the Senate order.

Discretionary grants

The OFLC made no discretionary grants in 2003-2004.

Environmental performance

The OFLC supports the Australian Government's commitment to ecologically sustainable development, and attempts as far as possible to minimise environmental impact.

The OFLC has established a green committee to recommend cost effective improvements in OFLC policies and procedures to meet the Australian Government's policy.

When commercially viable, the OFLC uses recycled products and recycles as much waste as possible. Information is disseminated and decisions stored electronically throughout the office. The OFLC occupies modern premises incorporating a range of energy efficient technologies.

Purchasing

The OFLC's procurement procedures are in accordance with the policies and principles set out in the Commonwealth Procurement Guidelines.

Advertising and market research

The OFLC engaged HMA Blaze Pty Ltd to coordinate press advertising for submissions to the Operational Review and for press advertising for recruitment. The total cost of these two consultancies was \$15,889.

APPENDIX SEVEN

OTHER INFORMATION

Consultancies

In 2003-2004 the OFLC entered into four contracts for consultancy services. Total expenditure on consultants for 2003-2004 was \$227,809.

TABLE 43: Consultancies

Name of consultant	Purpose of the consultancy	Contract amount	Selection process used	Reasons for engagement
Results Consulting Australia	Review and redesign PDR scheme and alignment with Annual Plan and governance	\$55,804	Select tender	Independent analysis
Simply Blue	Workflow analysis	\$19,800	Select tender	Independent analysis
UrbisJHD	Community Assessment Panel research	\$122,505	Select tender	Independent analysis
Australian Government Solicitor	Classification Review Board advice	\$29,700	OFLC solicitor	Specific legal advice

The OFLC applies the principles and policies of the Commonwealth Procurement Guidelines when engaging consultants. The OFLC engages consultants using a tender process except when particular skills are required.



To increase efficiencies, the OFLC is proposing to establish panels of expertise.

Corrections to 2002-2003 Annual Report

There are no material errors to report.

APPENDIX EIGHT

FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT

To the Attorney-General

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial Statements of the Office of Film and Literature Classification for the year ended 30 June 2004 included on the Office's web site. The Director is responsible for the integrity of the Office's web site.

The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If the users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

The financial statements comprise:

- Statement by the Director and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Office of Film and Literature Classification for the year ended 30 June 2004.

The Director is responsible for the preparation and true and fair presentation of the financial statements in accordance with the Finance Minister's Orders. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of

PO Box A456 Sydney South NSW 1235
130 Elizabeth Street
SYDNEY NSW
Phone (02) 9367 7100 Fax (02) 9367 7102

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FINANCIAL STATEMENTS

internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

Procedures were performed to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the OFLC's financial position, and of its performance as represented by the Statements of Financial Performance and Cash Flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Director.

Independence

In conducting the audit, I have followed the independence requirements of the ANAO, which incorporate Australian professional ethical pronouncements.

Audit Opinion

In my opinion, the financial statements:

- i. have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997* and applicable Accounting Standards; and
- ii. give a true and fair view, of the matters required by applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the Finance Minister's Orders, of the financial position of the Office of Film and Literature Classification as at 30 June 2004, and its financial performance and cash flows for the year then ended.

Australian National Audit Office



P Hinchey
Senior Director
Delegate of the Auditor-General
Sydney
25 August 2004

APPENDIX EIGHT

FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION

STATEMENT BY THE DIRECTOR AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2004 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.



Des Clark
Director

23 August 2004



John Robinson
Chief Finance Officer

23 August 2004

APPENDIX EIGHT

FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2004

	Notes	2004 \$	2003 \$
Revenues from ordinary activities			
Revenues from government	5A	5,570,000	5,594,000
Sales of services	5B	1,113,603	759,608
Interest	5C	466	4,585
Revenue from sale of assets	6E	182	1,500
Revenues from ordinary activities		6,684,251	6,359,691
Expenses from ordinary activities			
Employees	6A	4,206,920	3,845,956
Suppliers	6B	2,005,196	1,760,835
Depreciation and amortisation	6C	624,623	642,763
Write-down of assets	6D	40,205	24,219
Value of assets sold	6E	1,080	3,793
Expenses from ordinary activities		6,878,024	6,277,566
Net surplus / (deficit)		(193,773)	82,125
Total revenues, expenses and valuation adjustments recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with the Australian Government as owner		(193,773)	82,125

The above statement should be read in conjunction with the accompanying notes.

APPENDIX EIGHT

FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION STATEMENT OF FINANCIAL POSITION

as at 30 June 2004

	Notes	2004 \$	2003 \$
ASSETS			
Financial assets			
Cash		1,206,361	534,579
Receivables	7A	498,035	501,960
Total financial assets		1,704,396	1,036,539
Non-financial assets			
Land and buildings	8A	1,045,791	1,262,161
Infrastructure, plant and equipment	8B	243,995	398,467
Intangibles	8C	116,022	374,028
Other	8E	79,300	74,609
Total non-financial assets		1,485,108	2,109,265
Total Assets		3,189,504	3,145,804
LIABILITIES			
Provisions			
Employees	9A	1,071,454	927,410
Total provisions		1,071,454	927,410
Payables			
Suppliers	10A	251,214	149,579
Other	10B	13,592	28,798
Total payables		264,806	178,377
Total Liabilities		1,336,260	1,105,787
NET ASSETS		1,853,244	2,040,017
EQUITY			
Contributed equity		315,000	308,000
Reserves		217,468	239,112
Retained surpluses		1,320,776	1,492,905
TOTAL EQUITY	11A	1,853,244	2,040,017
Current assets		1,783,696	1,111,148
Non-current assets		1,405,808	2,034,656
Current liabilities		1,002,104	779,387
Non-current liabilities		334,156	326,400

The above statement should be read in conjunction with the accompanying notes.

APPENDIX EIGHT

FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION STATEMENT OF CASH FLOWS

for the year ended 30 June 2004

	Notes	2004 \$	2003 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		5,543,000	5,570,000
Sales of services		1,181,449	840,962
Interest		461	9,528
Net GST received from ATO		49,547	59,240
Other		3,360	25,326
Total cash received		6,777,817	6,505,056
Cash used			
Employees		(4,070,564)	(3,809,042)
Suppliers		(2,009,593)	(1,862,170)
Cash transferred to the OPA		-	(472,000)
Other		-	(70,090)
Total cash used		(6,080,157)	(6,213,302)
Net cash from operating activities	12	697,660	291,754
INVESTING OPPORTUNITIES			
Cash received			
Proceeds from sale of property, plant and Equipment		182	1,500
Total cash received		182	1,500
Cash used			
Purchase of property, plant and equipment		(21,706)	(80,283)
Purchase of intangibles		(11,354)	(23,095)
Total cash used		(33,060)	(103,378)
Net cash used by investing activities		(32,878)	(101,878)
FINANCING ACTIVITIES			
Cash received			
Appropriations – contributed equity		7,000	-
Total cash received		7,000	-
Cash used			
Capital use charge paid	11B	-	(233,000)
Total cash used		-	(233,000)
Net cash from / (used by) financing activities		7,000	(233,000)
Net increase (decrease) in cash held		671,782	(43,124)
Cash at the beginning of the reporting period		534,579	577,703
Cash at the end of the reporting period		1,206,361	534,579

The above statement should be read in conjunction with the accompanying notes.

APPENDIX EIGHT

FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION SCHEDULE OF COMMITMENTS

as at 30 June 2004

	2004 \$	2003 \$
BY TYPE		
Other commitments		
Operating leases	<u>3,295,347</u>	<u>3,888,156</u>
Total other commitments	<u>3,295,347</u>	<u>3,888,156</u>
Commitments receivable	<u>(4,281)</u>	<u>(508)</u>
Net commitments	<u>3,291,066</u>	<u>3,887,648</u>
BY MATURITY		
Operating lease commitments		
One year or less	667,243	639,889
From one to five years	2,628,104	2,666,610
Over five years	-	581,657
Total operating lease commitments by maturity	<u>3,295,347</u>	<u>3,888,156</u>
Commitments Receivable		
One year or less	<u>(4,281)</u>	<u>(508)</u>
Net commitments by maturity	<u>3,291,066</u>	<u>3,887,648</u>

Commitments are GST inclusive where relevant.

Operating leases are effectively non-cancelable and comprise:

- lease for office accommodation
 - lease payments are subject to predetermined annual increase.
 - the initial period of lease is still current and may be renewed for five years at the OFLC's option, following a one-off rent adjustment to current market level.
- agreements for the provision of motor vehicles to senior executives
 - no contingent rentals exist, and no renewal or purchase option available.

SCHEDULE OF CONTINGENCIES

as at 30 June 2004

	2004 \$	2003 \$
Contingent liabilities		
Expected deficit in upcoming event	<u>-</u>	<u>109,224</u>

Details of contingent liabilities, including those not included above because they cannot be quantified or are considered remote, are disclosed in Note 26: Contingent Liabilities.

The above statement should be read in conjunction with the accompanying notes.

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FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION SCHEDULE OF ADMINISTERED ITEMS

	Notes	2004 \$	2003 \$
Revenues Administered on Behalf of Government <i>for the year ended 30 June 2004</i>			
Non-taxation revenue			
Services	18	<u>3,577,928</u>	<u>2,869,822</u>
Total Revenues Administered on Behalf of Government		<u>3,577,928</u>	<u>2,869,822</u>
Expenses Administered on Behalf of Government <i>for the year ended 30 June 2004</i>			
Grants	19	<u>763,087</u>	<u>633,314</u>
Total Expenses Administered on Behalf of Government		<u>763,087</u>	<u>633,314</u>
Assets Administered on Behalf of Government <i>as at 30 June 2004</i>			
Assets		<u>-</u>	<u>-</u>
Total Assets Administered on Behalf of Government		<u>-</u>	<u>-</u>
Liabilities Administered on Behalf of Government <i>as at 30 June 2004</i>			
Payables			
Other payables	20	<u>349,532</u>	<u>307,503</u>
Total Liabilities Administered on Behalf of Government		<u>349,532</u>	<u>307,503</u>
Net Assets Administered on Behalf of Government		<u>(349,532)</u>	<u>(307,503)</u>
Current assets		-	-
Non-current assets		-	-
Current liabilities		349,532	307,503
Non-current liabilities		-	-

The above statement should be read in conjunction with the accompanying notes.

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FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION SCHEDULE OF ADMINISTERED ITEMS (continued)

	2004 \$	2003 \$
Administered Cash Flows		
<i>for the year ended 30 June 2004</i>		
Operating Activities		
Cash received		
Cash from Official Public Account	763,087	662,000
Other non-taxation revenues	<u>3,619,957</u>	<u>2,977,062</u>
Total cash received	<u>4,383,044</u>	<u>3,639,062</u>
Cash used		
Grants	(763,087)	(662,000)
Cash to official Public Account	<u>(3,619,957)</u>	<u>(2,977,062)</u>
Total cash used	<u>(4,383,044)</u>	<u>(3,639,062)</u>
Net cash from (used by) operating activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash held	-	-
Cash at the beginning of the reporting period	<u>-</u>	<u>-</u>
Cash at the end of the reporting period	<u>-</u>	<u>-</u>

Statement of Activities Administered on Behalf of Government

The major administered activities of the OFLC are directed towards achieving the outcome described in Note 24 to the Financial Statements. The major financial activities are the collection of classification fees and the administration of grants to the States and Territories. Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for the 2003-2004 which have been tabled in the Parliament.

The above statement should be read in conjunction with the accompanying notes.

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FINANCIAL STATEMENTS

OFFICE OF FILM AND LITERATURE CLASSIFICATION NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2004

Note	Description
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- | | |
|----|---|
| 1 | Agency Objectives |
| 2 | Classification Board and Classification Review Board |
| 3 | Summary of Significant Accounting Policies |
| 4 | Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006. |
| 5 | Operating Revenues |
| 6 | Operating Expenses |
| 7 | Financial Assets |
| 8 | Non-Financial Assets |
| 9 | Provisions |
| 10 | Payables |
| 11 | Equity |
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| 16 | Act of Grace Payments and Waivers |
| 17 | Financial Instruments |
| 18 | Revenues Administered on Behalf of Government |
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| 21 | Administered Reconciliation Table |
| 22 | Administered Financial Instruments |
| 23 | Appropriations |
| 24 | Reporting of Outcomes |
| 25 | Events Occurring after Balance Date |
| 26 | Contingent Liabilities |

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FINANCIAL STATEMENTS

Note 1 – Agency Objectives

The Classification Board and the Classification Review Board are established by sections 45 and 72 of the *Classification (Publications, Films and Computer Games) Act 1995* (the Act) respectively.

Section 54 of the Act establishes the Office of Film and Literature Classification (OFLC) and regulations made under the *Financial Management and Accountability Act 1997* defines the OFLC as a Prescribed Agency.

The objectives of the Office of Film and Literature Classification are:

- To manage the classification system to time, cost and quality standards.
- To enhance confidence in, and utilisation of, OFLC classification systems among existing and potential clients.
- To enhance community understanding of, and confidence in, classification systems and outcomes.
- To provide access to information that clearly sets out roles and responsibilities, work processes, bases for classification decisions, and emerging issues.
- To provide OFLC people with the skills and support to maximise their contribution to the agency.

Note 2 – Classification Board and Classification Review Board

For financial reporting purposes, the financial activities of the Classification Board and the Classification Review Board for the year ended 30 June 2004 are included in the financial statements of the Office of Film and Literature Classification.

The Classification Board and the Classification Review Board are administered by the OFLC and have no statutory power to enter into contracts in their own right. Running costs for the Boards are met by appropriations made direct to the OFLC.

Note 3 – Summary of Significant Accounting Policies

3.1 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

- Finance Minister's Orders (or FMOs, being the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2004)*);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and
- Consensus Views of the Urgent Issues Group.

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FINANCIAL STATEMENTS

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported in Note 26).

Revenues and expenses are recognised in the Statement of Financial Performance when, and only when, the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of the Agency in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for the Agency's administration and programs.

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Agency items, except where otherwise stated at Note 3.16.

3.2 Changes in Accounting Policy

The accounting policies used in the preparation of these financial statements are consistent with those used in 2002-2003.

Property plant and equipment assets are being revalued progressively as explained in Note 3.10. Revaluations up to 30 June 2002 were done on a 'deprival' basis. Since that date, revaluations are required at fair value. No revaluations since 30 June 2002 have been made.

In 2002-2003, the Finance Minister's Orders introduced an impairment test for non-current assets which were carried at cost and not subject to AAS10 *Recoverable Amount of Non-current Assets*.

In 2003-2004, the impairment test provisions of the FMOs have been extended to cover non-current assets carried at deprival values. There were no indications of impairment for these assets.

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FINANCIAL STATEMENTS

3.3 Revenue

(a) Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings and reductions) are recognised as revenue.

Savings are amounts offered up in Portfolio Additional Estimates Statements. Reductions are amounts by which appropriations have been legally reduced by the Finance Minister under Appropriation Act No. 3 of 2003-2004.

(b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

(c) Other Revenue

Revenue from the rendering of a service is recognised by reference to the stage of completion of contracts or other agreements to provide services.

Receivables for goods and services are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collectability of the debt is judged to be less rather than more likely.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

3.4 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up in Portfolio Additional Estimates Statements) are recognised directly in Contributed Equity in that year.

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FINANCIAL STATEMENTS

3.5 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for wages and salaries (including non-monetary benefits), annual leave and sick leave are measured at their nominal amounts. Other employee benefits expected to be settled within 12 months of the reporting date are also measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(a) Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the OFLC is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration, including the OFLC's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2004. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

(b) Separation and Redundancy

Provision is made for any separation and redundancy benefit payments. The OFLC has informed those employees affected that it will carry out the terminations.

(c) Superannuation

Staff of the OFLC are members of the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, and the Australian Government Employees Superannuation Trust. The liability for their superannuation benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course.

The OFLC makes employer contributions to the Australian Government at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of the OFLC's employees.

As at 30 June 2004, the OFLC had no outstanding contribution for superannuation liability.

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FINANCIAL STATEMENTS

3.6 Leases

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The OFLC has no finance leases.

3.7 Cash

Cash means notes and coins held and any deposits held at call with a bank. Cash is recognised at its nominal amount.

3.8 Other Financial instruments

Suppliers and other payables

Suppliers and other payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

Contingent Liabilities and Contingent Assets

Contingent liabilities/assets are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability/asset, or represent an existing liability/asset in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable when its existence is confirmed by a future event, measurement becomes possible and the liability/asset is recognised.

3.9 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

3.10 Property, Plant and Equipment

(a) Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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FINANCIAL STATEMENTS

(b) Revaluations

(i) Basis

Leasehold improvements, plant and equipment are carried at valuation. Any purchases made after valuation are carried at cost until the next date in the revaluation cycle. Revaluations undertaken up to 30 June 2002 were done on a deprival basis. Revaluations since that date are required to be at fair value. No revaluations since 30 June 2002 have been made. Valuations undertaken in any year are as at 30 June.

Under deprival value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2004, the OFLC had no assets in this situation.

(ii) Frequency

Leasehold improvements, plant and equipment are revalued progressively in successive three-year cycles. The current cycle commenced on 1 July 2003.

In the move to adopt the Australian Equivalents to International Financial Reporting Standards, the OFLC will revalue all its assets as at 1 July 2004.

(iii) Conduct

All valuations are conducted by an independent qualified valuer.

(c) Depreciation and Amortisation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives, using, in all cases, the straight line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2004	2003
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 40 years	3 to 40 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 6C.

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FINANCIAL STATEMENTS

3.11 Impairment of Non-Current Assets

Non-current assets carried at cost or deprival value, and held to generate net cash inflows, have been tested for their recoverable amounts at the reporting date. The test compared the carrying amounts against the net present value of future net cash inflows. No write-down to recoverable amount was required (2002-2003: nil)

3.12 Intangibles

Intangibles comprise purchased software. These assets are carried at cost.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the OFLC's software is 3 to 5 years. (2002-2003: 3 to 5 years)

All software assets were assessed for indications of impairment as at 30 June 2004. None were found to be impaired.

3.13 Taxation

The OFLC is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

3.14 Insurance

The OFLC has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

3.15 Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

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FINANCIAL STATEMENTS

3.16 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Agency items, including the application of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the OFLC for use by the Government rather than the Agency is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriations on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Agency on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 21. Thus the Schedule of Administered Items largely reflects the Government's transactions, through the Agency, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the core operating activities performed by the OFLC on behalf of the Commonwealth.

Fees are charged for the provision of classification services. Administered fee revenue is recognised when application fees are received.

Note 4 – Adoption of AASB Equivalents to International Financial Reporting Standards from 2005-2006

The Australian Accounting Standards Board (AASB) has issued replacement Australian Accounting Standards to apply from 2005-2006. The new standards are the Australian Equivalents to International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board. The new standards cannot be adopted early.

It is expected that the Finance Minister will continue to require compliance with the Accounting Standards issued by the AASB, including the Australian Equivalents to IFRSs, in his Orders for the Preparation of Agency financial statements for 2005-2006 and beyond.

The Australian Equivalents contain certain additional provisions which will apply to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRSs and therefore the OFLC will only be able to assert compliance with the Australian Equivalents to the IFRSs.

Existing Australian standards that have no IFRS equivalent will continue to apply, including in particular AAS29 *Financial Reporting by Government Departments*.

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Accounting Standard AASB 1041 *Disclosing the impact of Adopting Australian Equivalents to IFRSs* requires that the financial statements for 2003-2004 disclose:

- an explanation of how the transition to the Australian Equivalents is being managed, and
- a narrative explanation of the key differences in accounting policies arising from the transition.

Management of the transition to Australian Equivalents to IFRSs

The OFLC has taken the following steps for the preparation towards the implementation of Australian Equivalents:

- The OFLC's Audit Committee is tasked with oversight of the transition to and implementation of the Australian Equivalents to IFRSs. The Chief Finance Officer is formally responsible for the project and will report regularly to the Audit Committee on progress against the formal plan approved by the Committee.
- The plan requires the following key steps to be undertaken and will set deadlines for their achievement:
 - Identification of all major accounting policy differences between current Australian standards and the AASB Equivalents to IFRSs progressively to 30 June 2004.
 - Identification of systems changes necessary to be able to report under the Australian Equivalents, including those necessary to enable capture of data under both sets of rules for 2004-2005, and the testing and implementation of those changes.
 - Preparation of a transitional balance sheet as at 1 July 2004, under Australian Equivalents, within three months of 30 June 2004, if required.
 - Preparation of an Australian Equivalent balance sheet at the same time as the 30 June 2005 statements are prepared.
 - Meeting reporting deadlines set by Department of Finance and Administration for 2005-2006 balance sheet under Australian Equivalent Standards.
- The plan also addresses the risks to successful achievement of the above objectives and includes strategies to keep implementation on track to meet deadlines.

Major changes in accounting policy

Changes in accounting policies under Australian Equivalents are applied retrospectively i.e. as if the new policy had always applied. This rule means that a balance sheet prepared under the Australian Equivalents must be made as at 1 July 2004, except as permitted in particular circumstances by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. This will enable the 2005-2006 financial statements to report comparatives under the Australian Equivalents also.

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Changes to major accounting policies are discussed in the following paragraphs.

Property plant and equipment

It is expected that the Finance Minister's Orders will require property plant and equipment assets carried at valuation in 2003-2004 to be measured at up-to-date fair value from 2005-2006. This differs from the accounting policies currently in place for these assets which, up to and including 2003-2004, have been revalued progressively over a 3-year cycle and which currently include assets at cost (for purchases since the commencement of a cycle) and at deprival value (which will differ from their fair value to the extent that they have been measured at depreciated replacement cost when a relevant market selling price is not available.)

However, it is important to note that the Finance Minister requires these assets to be measured at up-to-date fair values as at 30 June 2005. Further, the transitional provisions in AASB 1 will mean that the values at which assets are carried as at 30 June 2004 under existing standards will stand in the transitional balance sheet as at 1 July 2004.

Impairment of Non-current Assets

The OFLC's policy on impairment of non-current assets is at note 3.11.

Under the new AASB Equivalent Standard, these assets will be subject to assessment for impairment and, if there are indications of impairment, measurement of any impairment. (impairment measurement must also be done, irrespective of any indications of impairment, for intangible assets not yet available for use). The impairment test is that the carrying amount of an asset must not exceed the greater of its fair value less costs to sell.

The most significant changes are that, for OFLC's assets carried at up-to-date fair value, they may be required to be written down if costs to sell are significant.

Employee Benefits

The provision for long service leave is measured at the present value of estimated future cash outflows using market yields as at the reporting date on national government bonds.

Under the new AASB Equivalent standard, the same discount rate will be used unless there is a deep market in high quality corporate bonds, in which case the market yield on such bonds must be used.

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Note 5 – Operating Revenues

	2004	2003
	\$	\$
<u>Note 5A – Revenues from Government</u>		
Appropriations for outputs	5,543,000	5,570,000
Resources received free of charge	27,000	24,000
Total revenues from government	5,570,000	5,594,000
 <u>Note 5B – Sales of services</u>		
Services	1,113,603	759,608
Rendering of services to:		
Related entities	12,150	31,830
External entities	1,101,453	727,778
Total rendering of services	1,113,603	759,608
 <u>Note 5C – Interest</u>		
Interest from bank	466	4,583

Note 6 – Operating Expenses

<u>Note 6A – Employee Expenses</u>		
Salaries and wages	3,267,826	3,095,299
Superannuation	521,471	448,669
Leave and other benefits	285,616	265,127
Separation and redundancies	29,934	-
Contribution to Attorney-General's Department	60,000	-
Other employee expenses	6,556	17,728
Total employee benefits expense	4,171,403	3,826,823
Worker compensation premiums	35,517	19,133
Total employee expenses	4,206,920	3,845,956
 <u>Note 6B – Suppliers Expenses</u>		
Services from related entities	386,255	283,780
Services from external entities	985,120	854,151
Operating lease rentals	633,821	622,904
Total suppliers expenses	2,005,196	1,760,835

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	2004	2003
<u>Note 6C – Depreciation and Amortisation</u>	\$	\$
<i>Depreciation</i>		
Leasehold improvements	216,370	210,258
Plant and equipment	139,612	160,439
<i>Total depreciation</i>	<u>355,982</u>	<u>370,697</u>
<i>Amortisation</i>		
Intangibles – computer software	268,641	272,066
<i>Total depreciation and amortisation</i>	<u><u>624,623</u></u>	<u><u>642,763</u></u>

No depreciation or amortisation was allocated to the carrying amounts of other assets.

Note 6D – Write-down of Assets

Plant and equipment – write-off on disposal	40,205	24,219
<i>Total write-down of assets</i>	<u><u>40,205</u></u>	<u><u>24,219</u></u>

Note 6E – Net losses from sale of assets

Infrastructure, plant and equipment:		
Proceeds from sale	(182)	(1,500)
Net book value at sale	1,080	3,793
<i>Total net losses from sale of assets</i>	<u><u>898</u></u>	<u><u>2,293</u></u>

Note 7 – Financial Assets

Note 7A – Receivables

Department of Finance and Administration	472,000	472,000
GST receivable from the ATO	23,108	22,038
Other	2,927	7,922
<i>Total receivables</i>	<u><u>498,035</u></u>	<u><u>501,960</u></u>

All receivables are current assets.

All receivables are with entities that are both internal and external to the Commonwealth. Credit terms vary by type of receivables. The majority of the receivables are at call.

Receivables are aged as follows:

Not overdue	<u><u>498,035</u></u>	<u><u>501,960</u></u>
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Note 8 – Non-Financial Assets

	2004	2003
	\$	\$
<u>Note 8A – Land and Buildings</u>		
Leasehold improvements		
– at valuation (deprival) 30 June 2002	2,078,612	2,078,612
– Accumulated amortisation	(1,032,821)	(816,451)
Total leasehold improvements	1,045,791	1,262,161
Total land and buildings (non-current)	1,045,791	1,262,161
<u>Note 8B – Infrastructure, Plant and Equipment</u>		
Plant and equipment		
– at cost	101,989	80,283
– Accumulated depreciation	(41,120)	(12,587)
	60,869	67,696
– at valuation (deprival) 30 June 2002	1,106,264	1,180,287
– Accumulated depreciation	(923,138)	(849,516)
Total plant and equipment	183,126	330,771
Total Infrastructure, Plant and Equipment (non-current)	243,995	398,467
<u>Note 8C – Intangibles</u>		
Purchased computer software – at cost	1,250,869	1,249,215
Accumulated amortisation	(1,134,847)	(875,187)
Total Intangibles	116,022	374,028

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FINANCIAL STATEMENTS

Note 8D – Analysis of Property, Plant and Equipment and Intangibles

TABLE A – Reconciliation of total opening and closing balances of property, plant and equipment and intangibles

Item	Land and buildings \$	Plant and equipment \$	Computer software \$	TOTAL \$
As at 1 July 2003				
Gross book value	2,078,612	1,260,570	1,249,215	4,588,397
Accumulated depreciation/ amortisation	(816,451)	(862,103)	(875,187)	(2,553,741)
Net book value	1,262,161	398,467	374,028	2,034,656
Additions by purchase	–	21,706	15,354	37,060
Depreciation/amortisation expense	(216,370)	(139,612)	(268,641)	(624,623)
Disposals	–	(36,566)	(4,719)	(41,285)
As at 30 June 2004				
Gross book value	2,078,612	1,208,253	1,250,869	4,537,734
Accumulated depreciation/ amortisation	(1,032,821)	(964,258)	(1,134,847)	(3,131,926)
Net book value	1,045,791	243,995	116,022	1,405,808

TABLE B – Assets at valuation

Item	Land and buildings \$	Plant and equipment \$	TOTAL \$
As at 30 June 2004			
Gross value	2,078,612	1,106,264	3,184,876
Accumulated depreciation/amortisation	(1,032,821)	(923,138)	(1,955,959)
Net book value	1,045,791	183,126	1,228,917
As at 30 June 2003			
Gross value	2,078,612	1,180,287	3,258,899
Accumulated depreciation	(816,451)	(849,516)	(1,665,967)
Net book value	1,262,161	330,771	1,592,932

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	2004	2003
<u>Note 8E – Other Non-Financial Assets</u>	\$	\$
Prepayments for:		
Rent	53,736	52,683
Other	25,564	21,926
Total prepayments	79,300	74,609

All other non-financial assets are current assets.

Note 9 – Provisions

Note 9A – Employee Provisions

Salaries and Wages	216,504	113,719
Leave	825,016	796,768
Superannuation	–	16,923
Separation and redundancies	29,934	–
Aggregate employee benefit liability	1,071,454	927,410
Current	737,298	601,010
Non-current	334,156	326,400

Note 10 – Payables

Note 10A – Supplier Payables

Trade Creditors	251,214	149,579
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All supplier payables are current liabilities.
Settlement is usually 20th of the following month.

Note 10B – Other Payables

Prepayments received	13,592	28,798
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All other payables are current liabilities.

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Note 11 – Equity

Note 11A – Analysis of Equity

Item	Accumulated results		Asset revaluation reserve		Contributed equity		TOTAL EQUITY	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Opening balance as at 1 July	1,492,905	1,630,148	239,112	241,744	308,000	308,000	2,040,017	2,179,892
Net surplus/ (deficit)	(193,773)	82,125	-	-	-	-	(193,773)	82,125
Transfer within equity – asset disposal	21,644	2,632	(21,644)	(2,632)	-	-	-	-
Transactions with owner:								
Equity injections	-	-	-	-	7,000	-	7,000	-
Capital Use Charge	-	(222,000)	-	-	-	-	-	(222,000)
Closing balance as at 30 June	1,320,776	1,492,905	217,468	239,112	315,000	308,000	1,853,244	2,040,017

Note 11B – Capital Use Charge

The capital use charge ceased on 30 June 2003.

Note 12 – Cash Flow Reconciliation

Reconciliation of net surplus to net cash from operating activities:

	2004 \$	2003 \$
Net surplus / (deficit)	(193,773)	82,125
Depreciation/Amortisation	624,623	642,763
Write down of assets	40,205	24,219
Loss on sale of non-current assets	898	2,293
(Increase) / Decrease in prepayments paid	(4,691)	(2,044)
(Increase) / Decrease in net receivables	3,925	(450,255)
Increase / (Decrease) in employee provisions	144,044	20,605
Increase / (Decrease) in supplier payables	101,635	(49,550)
Increase / (Decrease) in other payables	(15,206)	21,598
Asset accrual	(4,000)	-
Net cash from operating activities	697,660	291,754

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Note 13 – Executive Remuneration

	2004	2003
The number of executives who received or were due to receive total remuneration of \$100,000 or more:		
\$160,000 to \$169,999	1	1
\$180,000 to \$189,999	-	1
\$200,000 to \$209,999	1	-
\$210,000 to \$219,999	-	1
\$220,000 to \$229,999	1	-
The aggregate amount of total remuneration of executives shown above.	<u>\$589,658</u>	<u>\$560,997</u>

Note 14 – Remuneration of Auditors

Financial statement audit services are provided free of charge to the OFLC. The fair value of the services provided was:	<u>\$27,000</u>	<u>\$24,000</u>
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No other services were provided by the Auditor-General.

Note 15 – Average Staffing Level

The average staffing levels for the OFLC during the year were:	<u>54.8</u>	<u>48</u>
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Note 16 – Act of Grace Payments and Waivers

	2004	2003
	\$	\$
No Act of Grace payments were made during the reporting period (2003: No payments made).	<u>-</u>	<u>-</u>
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2003: No waivers made).	<u>-</u>	<u>-</u>
30 waivers of amounts owing to the Commonwealth were made pursuant to subsection 91(1) of the <i>Classification (Publications, Films and Computer Games) Act 1995</i> (2003: 26 waivers made).	<u>25,273</u>	<u>21,220</u>

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Note 17 – Financial Instruments

Note 17A – Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
Financial Assets									
Cash	3.7	23,394	534,579	1,182,967	–	1,206,361	534,579	2.0	2.0
Receivables	7A	–	–	498,035	501,960	498,035	501,960	n/a	n/a
Total		23,394	534,579	1,681,002	501,960	1,704,396	1,036,539		
Total Assets						3,189,504	3,145,804		

Financial Liabilities									
Suppliers	10A	–	–	251,214	149,579	251,214	149,579	n/a	n/a
Other Payables	10B	–	–	13,592	28,798	13,592	28,798	n/a	n/a
Total		–	–	264,806	178,377	264,806	178,377		
Total Liabilities						1,336,260	1,105,787		

Note 17B – Net Fair Values of Financial Assets and Liabilities

(i) Financial assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

(ii) Financial liabilities

The net fair values of suppliers and other payables are approximated by their carrying amounts.

Note 17C – Credit Risk Exposures

OFLC's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

OFLC has no significant exposures to any concentration of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

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	2004 \$	2003 \$
Note 18 – Revenues Administered on Behalf of Government		
Services		
Fees for Classification Board services	3,554,718	2,851,312
Fees for Classification Review Board services	<u>23,210</u>	<u>18,510</u>
Total Revenues Administered on Behalf of Government	<u>3,577,928</u>	<u>2,869,822</u>

Note 19 – Expenses Administered on Behalf of Government		
Grants		
State and territory governments	<u>763,087</u>	<u>633,314</u>
Total Expenses Administered on Behalf of Government	<u>763,087</u>	<u>633,314</u>

Note 20 – Liabilities Administered on Behalf of Government		
Other payables		
Prepayments received	349,532	304,143
Other	<u>-</u>	<u>3,360</u>
Total Other payables	<u>349,532</u>	<u>307,503</u>
All liabilities are to entities that are not part of the Australian Government. Settlement is expected within 12 months of balance date.		
Total Liabilities Administered on Behalf of Government	<u>349,532</u>	<u>307,503</u>

Note 21 – Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July	(307,503)	(228,949)
Plus Administered revenues	3,577,928	2,869,822
Less Administered expenses	(763,087)	(633,314)
Administered transfers to/from Government		
Appropriation transfers from OPA	763,087	662,000
Transfers to OPA	<u>(3,619,957)</u>	<u>(2,977,062)</u>
Closing administered assets less administered liabilities as at 30 June	<u>(349,532)</u>	<u>(307,503)</u>

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Note 22 – Administered Financial Instruments

Note 22A – Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
		2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$	2004 %	2003 %
Total Assets						-	-		
Financial Liabilities									
Payables	21	-	-	349,532	307,503	349,532	307,503	n/a	n/a
Total		-	-	349,532	307,503	349,532	307,503		
Total Liabilities						349,532	307,503		

Note 22B – Net Fair Values of Administered Financial Assets and Liabilities

(i) Financial assets

The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

(ii) Financial liabilities

The net fair values of payables are approximated by their carrying amounts.

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FINANCIAL STATEMENTS

Note 23 – Appropriations

Note 23A – Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 1 and 3

Particulars	Departmental Outputs	Total
Year ended 30 June 2004	\$	\$
Balance carried from previous year	1,006,579	1,006,579
Appropriation Act (No.1) 2003-2004 – basic appropriation	5,446,000	5,446,000
Appropriation Act (No.3) 2003-2004 – basic appropriation	97,000	97,000
Appropriations to take account of recoverable GST (FMAA s30A)	128,145	128,145
Annotations to 'net appropriations' (FMAA s31)	1,113,854	1,106,854
Total Appropriations available for payments	7,791,578	7,784,578
Payments made (GST inclusive)	(6,113,217)	(6,113,217)
Balance carried to next year	1,678,361	1,671,361
<i>Represented by:</i>		
Cash	1,206,361	1,206,361
Receivable – Department of Finance and Administration	472,000	472,000
Total	1,678,361	1,671,361
<i>Reconciliation for Appropriation Acts (Nos. 1 and 3)</i>		
Paid to the entity from the OPA	5,543,000	5,543,000
Total Appropriation Acts	5,543,000	5,543,000

Note 23A – Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 1 and 3

Particulars	Departmental Outputs	Total
Year ended 30 June 2003	\$	\$
Balance carried from previous year	507,613	507,613
Total annual appropriation – basic appropriations	5,570,000	5,570,000
Adjustments and annotations to appropriations	936,556	936,556
Available for payments	7,014,169	7,014,169
Payments made during the year	(6,007,590)	(6,007,590)
Balance carried to next year	1,006,579	1,006,579
<i>Represented by:</i>		
Cash	534,579	534,579
Receivable – Department of Finance and Administration	472,000	472,000
Total	1,006,579	1,006,579

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Note 23B – Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (Appropriations) from Acts 2 and 4

Particulars	Administered Expenses Outcome 1	Non-operating Equity	Total
Year ended 30 June 2004	\$	\$	\$
Balance carried from previous year	-	-	-
Appropriation Act (No.2) 2003-2004	683,000	-	683,000
Appropriation Act (No.4) 2003-2004	83,000	7,000	90,000
Administered appropriation lapsed	(2,913)	-	(2,913)
Available for payments	763,087	7,000	770,087
Payments made	(763,087)	-	(763,087)
Balance carried to next year	-	7,000	7,000
<i>Represented by</i>			
Cash	-	7,000	7,000
Appropriation not drawn from the OPA	-	-	-
Total	-	7,000	7,000
<i>Reconciliation for Appropriation Acts (Nos. 2 and 4)</i>			
Paid to the entity from the OPA	763,087	7,000	770,087
Not drawn from the OPA	2,913	-	2,913
Total Appropriation Acts	766,000	7,000	773,000

Particulars	Administered Expenses Outcome 1	Non-operating Equity	Total
Year ended 30 June 2003			
Balance carried from previous year	-	-	-
Total annual appropriation – basic appropriations	662,000	-	662,000
Total Appropriation Acts			
Available for payments	662,000	-	662,000
Payments made during the year	(662,000)	-	(662,000)
Balance carried to next year	-	-	-

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Note 23C – Special Accounts

The OFLC, the Classification Board and the Classification Review Board each has an Other Trust Moneys Special Account and a Services for Other Governments and Non-Agency Bodies Special Account. These accounts were established under section 20 of the *Financial Management and Accountability Act 1997*. For the years ended 30 June 2004 and 30 June 2003, all accounts had nil balances and there were no transactions debited or credited to them.

The purpose of the *Other Trust Moneys Special Account* is for expenditure of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth. Any money held is thus special public money under section 16 of the FMA Act 1997.

The purpose of the *Services for Other Governments and Non-Agency Bodies Special Account* is for expenditure in connection with services performed on behalf of other Governments and bodies that are not Agencies under the *Financial Management and Accountability Act 1997*.

Note 24 – Reporting of Outcomes

The OFLC has one outcome:

Outcome 1 *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 for the OFLC's 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.*

The OFLC has changed the way it allocates revenues and expenses in 2003-2004. Where possible, revenues and expenses are allocated direct to outputs compared to a formula methodology used in previous years.

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Note 24A – Net Cost of Outcome Delivery

	Outcome 1	
	2004 \$	2003 \$
Administered expenses	763,087	633,314
Departmental expenses	6,878,024	6,277,566
Total expenses	7,641,111	6,910,880
<i>Costs recovered from provision of goods and services to the non-government sector</i>		
Administered	3,577,928	2,869,822
Departmental	1,101,453	727,778
Total costs recovered	4,679,381	3,597,600
<i>Other external revenues</i>		
Departmental		
Interest	466	4,583
Other	182	1,500
Goods and services revenue from related entities	12,150	31,830
<i>Total Departmental</i>	12,798	37,913
Total other external revenues	12,798	37,913
Net cost of outcome	2,948,932	3,275,367

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Departmental revenues and expenses are items that the OFLC controls. Administered revenues and expenses are those administered by the OFLC on behalf of the Government.

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Note 24B – Major Classes of Departmental Revenues and Expenses by Outputs

Outcome 1	Output 1.1		Output 1.2		Outcome 1 Total	
	2004 \$	2003 \$	2004 \$	2003 \$	2004 \$	2003 \$
Departmental expenses						
Employees	2,433,583	2,563,971	1,773,337	1,281,985	4,206,920	3,845,956
Suppliers	1,196,336	1,173,890	808,860	586,945	2,005,196	1,760,835
Depreciation and amortisation	505,506	486,176	119,117	156,587	624,623	642,763
Other	22,110	22,409	19,175	5,603	41,285	28,012
Total departmental expenses	4,157,535	4,246,446	2,720,489	2,031,120	6,878,024	6,277,566
Funded by:						
Revenues from government	3,280,810	3,729,333	2,289,190	1,864,667	5,570,000	5,594,000
Sale of services	762,192	552,845	351,411	206,763	1,113,603	759,608
Other non-taxation revenues	347	4,255	301	1,828	648	6,083
Total departmental revenues	4,043,349	4,286,433	2,640,902	2,073,258	6,684,251	6,359,691

Net costs shown include intra-government costs that are eliminated in calculating the actual Budget outcome.

Note 24C – Major Classes of Administered Revenues and Expenses by Outcome

All administered revenues and expenses as shown in the Schedule of Administered Items and Notes 18 and 19 belong to Outcome 1, which is the only Outcome of the OFLC.

Note 25 – Events Occurring after Balance Date

The OFLC is not aware of any significant events that have occurred since balance date which warrant disclosure in these financial statements.

Note 26 – Contingent Liabilities

Quantifiable Contingencies

The Schedule of Contingencies reports a contingent liability as at 30 June 2003 of \$109,224 for costs not covered by registrations for an international conference held in September 2003. The actual deficit of \$10,061 is included in the Statement of Financial Performance for the year ended 30 June 2004.

Unquantifiable Contingencies

The OFLC is presently in discussion with the ATO with regard to tax treatment on rental assistance paid to regional and interstate appointed Classification Board members. This is unquantifiable at this stage depending on the tax status.

GLOSSARY

Term/ abbreviation	Explanation
2003 Guidelines	<i>Guidelines for the Classification of Films and Computer Games 2003</i>
2004 Amendment Act	<i>Classification (Publications, Films and Computer Games) Amendment Act 2004 (Cwlth)</i>
ABA	Australian Broadcasting Authority
ACS	Australian Customs Service
Advertising Exemption Scheme	A scheme that allows for the advertising, under legal conditions, of certain films in advance of their classification
ANAO	Australian National Audit Office
AMRA	Australian Music Retailers' Association
APS	Australian Public Service
ARIA	Australian Record Industry Association
ARIA/AMRA Code, the	<i>The ARIA/AMRA Recorded Music Labelling Code of Practice</i>
Attorney-General	Australian Attorney-General and Minister responsible for censorship matters
Authorised assessor	A person authorised by the Director to make recommendations to the Board on the classification of computer games that are likely to be classified G, G(8+) or M(15+)
Board, the	Classification Board
Board member	A statutory appointee to the Classification Board established under the Classification Act
Business Online	An online applications system which allows business clients to track their applications for classification of films, computer games or publications
BSA	<i>Broadcasting Services Act 1992 (Cwlth)</i>
Censorship Ministers	Commonwealth, State and Territory Ministers responsible for censorship matters; meetings are held in conjunction with SCAG
Censorship officials	State and Territory officials meet prior to SCAG (Censorship) meetings and as required
Classification Act	<i>Classification (Publications, Films and Computer Games) Act 1995 (Cwlth)</i>
Classification Board (the Board)	Statutory body established under the Classification Act. The Classification Board classifies computer games, films (including videos and DVDs) and certain publications
Classification guidelines	Guidelines on the application of the National Classification Code, approved by Censorship Ministers. Separate guidelines exist for the classification of films and computer games and publications

Classification Review Board (the Review Board)	Statutory body established under the Classification Act. The Classification Review Board is a part-time statutory body convened, as required, to review decisions made by the Board
Code, the	The National Classification Code
CAPs	Community Assessment Panels
CTVA	Commercial Television Australia, now known as FreeTv
Community Liaison Scheme (CLS)	Formerly known as the Community Liaison Officer (CLO) scheme. A scheme that assists retailers and distributors of publications, films and computer games to comply with their legal obligations under the national classification scheme
Computer game classifications	
G	General
G(8+)	Suitable for children 8 years and over
M(15+)	Recommended for mature audiences 15 years and over
MA(15+)	Restrictions apply to persons under the age of 15
RC	Refused classification
Consumer advice	The Board and Review Board determine consumer advice for films, computer games and certain publications. Films classified PG, M, MA, R and X, and computer games classified G(8+), M(15+) and MA(15+) must be assigned a consumer advice line. Consumer advice gives the principal elements that contributed to the classification of the product and indicates the intensity and/or frequency of those elements. The Board and the Review Board may also apply consumer advice to films and computer games classified G, and publications classified Unrestricted
Convenor	Member of the Review Board who is responsible for the management of the Review Board's business
DCITA	Department of Communications, Information Technology and the Arts
Deputy Convenor	Member of the Review Board who may exercise some of the Convenor's powers in the Convenor's absence
Deputy Director	Full-time member of the Board who may exercise some of the Director's powers in the Director's absence
Determined markings	Classification symbols, descriptions and consumer advice lines, as determined by the Director as set out in the <i>Determination of Markings for Publications</i> , the <i>Determination of Markings for Computer Games</i> and the <i>Determination of Markings for Films</i>
Director	Full-time member of the Board who is responsible for the management of the Board and the OFLC. The Director is also the Chief Executive of the Review Board for the purpose of the FMA Act
EEO	Equal Employment Opportunity
Employee Assistance Program	A confidential counselling facility made available to Board members and APS staff at the OFLC, designed to assist in overcoming work and personal difficulties and enhance general wellbeing
Fee waiver	The waiving of classification application fees by the Director in specific circumstances, as provided by the Classification Act

Film (including video and DVD) classifications	
G	General
PG	Parental guidance recommended for persons under 15 years
M	Recommended for mature audiences 15 years and over
MA	Persons under the age of 15 must be accompanied by a parent or adult guardian
R	Restricted to adults 18 years and over
X	Restricted to adults 18 years and over
RC	Refused classification
Film festival exemption	An exemption granted in accordance with the Film Festival Exemption guidelines or relevant Ministerial direction to allow the screening of an unclassified film
Film Festival Exemption guidelines	Guidelines on the application of film festival exemptions, approved by Censorship Ministers
FMA Act	<i>Financial Management and Accountability Act 1997</i> (Cwlth)
FOI Act	<i>Freedom of Information Act 1982</i> (Cwlth)
FOI	Freedom of information
FreeTv	Formerly Commercial Television Australia (CTVA)
HR	Human resources
IT	Information technology
National classification scheme	A cooperative Commonwealth, State and Territory regulatory scheme for classification of publications, films and computer games
National Classification Code (the Code)	A code that sets out how films, computer games and publications are to be classified
Office of Film and Literature Classification (OFLC)	Commonwealth agency in the Attorney-General's portfolio that provides administrative support to the Board and the Review Board
OH&S	Occupational Health and Safety
Prohibited Exports Regulations	Customs (Prohibited Exports) Regulations 1958 (Cwlth)
Prohibited Imports Regulations	Customs (Prohibited Imports) Regulations 1956 made under section 50 of the <i>Customs Act 1901</i> (Cwlth); Regulation 4A relates to the importation of publications (including films and computer games and other goods)
PSA	<i>Public Service Act 1999</i> (Cwlth)
Publications classifications	
Unrestricted	Unrestricted
Category 1 – Restricted	Not available to persons under 18 years
Category 2 – Restricted	Not available to persons under 18 years
RC	Refused Classification
Review Board	Classification Review Board
Review Board member	Statutory appointee to the Review Board under the Classification Act
SCAG	Standing Committee of Attorneys-General

SCAG (Censorship)	Committee comprising Commonwealth, State and Territory Ministers responsible for censorship. In most jurisdictions this is the Attorney-General, except in WA (Minister for Police, Emergency Services and Justice) and QLD (Minister for Tourism, Fair Trading and Wine Industry Development)
Senior Classifier	Full-time senior member of the Classification Board
SES	Senior Executive Service
Staff development assistance program	Financial and leave assistance provided by the OFLC to staff undertaking formal study
Standing Committee of Attorneys-General (SCAG)	Committee comprising the Attorneys-General of the Commonwealth, States and Territories
Submittable publication	An unclassified publication that is unsuitable for a minor to see or read, and likely to cause offence to a reasonable adult to the extent that the publication should not be sold or displayed as an unrestricted publication

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