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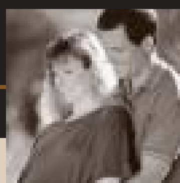
AUDITOR-GENERAL'S REPORT


INDEPENDENT AUDIT REPORT

To the Minister for Family and Community Services

Scope

I have audited the financial statements of the Australian Institute of Family Studies for the year ended 30 June 2003. The financial statements comprise:

- Statement by Directors;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies; and
- Notes to and forming part of the Financial Statements.

The members of the Board are responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Institute's financial position, its financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial statements:

(1) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*; and

(2) give a true and fair view, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Finance Minister's Orders, of the financial position the Australian Institute of Family Studies as at 30 June 2003, and its financial performance and cash flows for the year then ended.

Australian National Audit Office

Allan M. Thompson
Executive Director
Delegate of the Auditor-General

Canberra
15 September 2003

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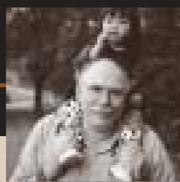
FINANCIAL STATEMENTS





AUSTRALIAN INSTITUTE OF FAMILY STUDIES
STATEMENT BY DIRECTORS

In our opinion, the attached financial statements for the year ended 30 June 2003 give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*.

In our opinion at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

Alan Hayes
Member, Board of Management
Australian Institute of Family Studies
3 September 2003

Ann Sanson
Acting Executive Director
Australian Institute of Family Studies
3 September 2003

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

	Note	**2003** $	2002 $
ASSETS			
Financial assets			
Cash	(9a)	**200,971**	(24,816)
Receivables	(9b)	**1,374,868**	860,755
Investments	(9c)	**2,331,907**	1,217,571
Total financial assets		**3,907,746**	2,053,510
Non-financial assets			
Inventories	(10a)	**18,682**	26,754
Infrastructure, plant & equipment	(10b)	**378,912**	229,112
Intangibles	(10b)	**86,155**	105,714
Other	(10c)	**61,489**	83,107
Total non-financial assets		**545,238**	444,687
Total assets		**4,452,984**	2,498,197
LIABILITIES			
Provisions			
Capital use charge		**293,667**	153,589
Employees	(12a)	**831,415**	736,640
Total provisions		**1,125,082**	890,229
Payables			
Suppliers	(12b)	**685,769**	281,321
Other	(1.15)	**1,234,354**	83,970
Total payables		**1,920,123**	365,291
Total liabilities		**3,045,205**	1,255,520
NET ASSETS		**1,407,779**	1,242,677
EQUITY			
Capital		**613,295**	613,295
Accumulated surplus	(11)	**794,484**	629,382
Total parent equity interest		**1,407,779**	1,242,677
Total equity		**1,407,779**	1,242,677
Current assets		**3,987,917**	2,163,371
Non-current assets		**465,067**	334,826
Current liabilities		**2,859,700**	1,118,040
Non-current liabilities		**185,505**	137,480

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2003

	Note	2003 $	2002 $
REVENUE			
Revenues from Ordinary Activities			
Revenues from Government	(8a)	**3,701,000**	3,709,000
Sales of goods and services	(8c)	**3,021,305**	1,650,102
Interest	(8b)	**74,975**	53,434
Revenue from sale of assets	(8d)	**-**	66
Other	(8e)	**32,722**	18,562
Total revenues from ordinary activities		**6,830,002**	5,431,164
EXPENSE			
Expenses from Ordinary Activities			
Employees	(6a)	**3,848,256**	2,875,755
Suppliers	(6b)	**2,473,056**	1,477,539
Depreciation and amortisation	(6c)	**129,970**	82,511
Write-down of assets	(6d)	**65,337**	76,211
Value of assets sold	(8d)	**8,203**	6,011
Total expenses from ordinary activities		**6,524,822**	4,518,027
Net operating surplus from ordinary activities		**305,180**	913,137
Net surplus		**305,180**	913,137
Total revenues, expenses and valuation adjustments recognised directly in equity	(1.18)	**(140,078)**	(153,589)
Total changes in equity other than those resulting from transactions with owners as owners		**165,102**	759,548

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2003

	Note	2003 $	2002 $
OPERATING ACTIVITIES			
Cash received			
Appropriations		**3,701,000**	3,709,000
Sales of goods and services		**4,147,634**	1,176,285
Interest		**72,547**	54,398
GST recovered from taxation authority		**31,278**	9,301
Other		**21,496**	17,395
Total cash received		**7,973,955**	4,966,379
Cash used			
Employees		**3,632,303**	2,811,535
Suppliers		**2,734,000**	1,637,925
Total cash used		**6,366,303**	4,449,460
Net cash from operating activities	(4)	**1,607,652**	516,919
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		**-**	546
Bills of exchange and term deposits		**-**	-
Total cash received		**-**	546
Cash used			
Purchase of plant and equipment		**267,530**	168,529
Bills of exchange and term deposits		**1,114,335**	443,093
Total cash used		**1,381,865**	611,622
Net cash (used by) investing activities		**(1,381,865)**	(611,076)
FINANCING ACTIVITIES			
Cash used			
Capital usage charge paid		**-**	65,881
Total cash used		**-**	65,881
Net cash (used by) financing activities		**-**	(65,881)
Net increase (decrease) in cash held		**225,787**	(160,038)
Cash at the beginning of reporting period		**(24,816)**	135,222
Cash at the end of reporting period	(4) (9a)	**200,971**	(24,816)

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

SCHEDULE OF COMMITMENTS as at 30 June 2003

	Note	2003 $	2002 $
By Type			
Capital commitments			
Infrastructure plant and equipment		**-**	-
Total capital commitments		**-**	-
Other commitments			
Operating leases		**1,306,475**	1,529,454
Project commitments		**8,789,805**	10,006,370
Other commitments		**-**	-
Total other commitments		**10,096,280**	11,535,824
Total commitments payable		**10,096,280**	11,535,824
Commitments receivable		**(9,723,546)**	(10,958,995)
Net commitments		**372,734**	576,829
By Maturity			
All net commitments			
One year or less		**(344,061)**	(252,173)
From one to five years		**716,795**	974,641
Over five years		**-**	(145,639)
Net commitments		**372,734**	576,829
Operating lease commitments			
One year or less		**364,937**	346,339
From one to five years		**941,538**	1,183,115
Over five years		**-**	-
Net operating lease commitments		**1,306,475**	1,529,454

NB: All commitments are GST inclusive where relevant.

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

Notes to Schedule of Commitments

The Institute is engaged in a tenancy agreement at 300 Queen Street Melbourne, which runs to 28 February 2007. The property rental on the building and car park were reviewed during the year with a revised monthly rate of $25,351 (2002 $22,533) on the building and $3,510 (2002 $2,925) on the carpark. The building rentals are subject to market-based assessment every two years, and the car park rental annually.

Leases on motor vehicles for senior executives have no renewal or purchase options available to the Institute, and no contingent rentals exist.

Project commitments receivable, are based on known commitments for contracted research funds, ie amount specified in contract agreement. Project commitments payable are based on budget and costed estimates of expenditure by the Institute in relation to the contracted projects. The costings budgets form the basis of determining the contract revenue for projects, and represent the funds that the Institute needs to commit to complete the project. The Stronger Families Learning Exchange (SFLEX) research project component (see Note 5) is contracted to run to 30 June 2004. Amounts comprise $40,000 per project undertaken with 46 projects estimated to be completed by that date. Growing Up in Australia (the longitudinal study of Australian children) is scheduled to run until 2011, however the current contract will operate until February 2005.

Schedule of Contingencies for the year ended 30 June 2003

	Note	**2003**	2002
		$	$
Contingent Losses		**-**	-
Contingent Gains		**-**	-
Net Contingencies		**-**	-

AUSTRALIAN INSTITUTE OF FAMILY STUDIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

1. Statement of Accounting Policies

1.1 Basis of Accounting

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997,* and are a general purpose financial report.

The statements have been prepared in accordance with:
- Finance Minister's Orders (being the Commonwealth Authorities and Companies (Financial Statements for reporting periods ending on or after 30 June 2003) Orders);
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board;
- Consensus Views of the Urgent Issues Group.

These statements have also been prepared having regard to:
- The Explanatory Notes to Schedule 1 issued by the Department of Finance and Administration; and
- Finance Briefs issued by the Department of Finance and Administration.

The financial statements 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 financial position of the Authority.

Assets and Liabilities are recognised when and only when it is probable that future economic benefits will flow and the amounts of assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an accounting standard. Liabilities and assets which are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

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

In particular the following accounting policies have been consistently applied:

1.2 Changes in Accounting Policy

The accounting policies used in the presentation of these financial statements are consistent with those used in 2001–02, except in respect of:

- The valuation of property, plant and equipment on a fair value basis has been adopted, previously the deprival method was used.
- Measurement of certain employee benefits at nominal amounts (refer Note 1.8).

1.3 Reporting by Outcomes

A comparison of budget and actual figures by outcome, specified in the Appropriation Acts relevant to the Institute, is presented in Note 3.

1.4 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 for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition, except where they are acquired as part of a transfer of functions from another Government entity, in which case they are recognised as contributed equity at the carrying amount on the books of the transferor.

1.5 Infrastructure, Plant and Equipment:

These assets were taken over upon incorporation of the Institute and stated at their book value as at 24 June 1986.

Purchases of Infrastructure, Plant and Equipment are acquired during the year at cost, and in the first 12 months of their use this represents their value, under the deprival method until 30 June 2002 and fair value method after 1 July 2002.

Depreciation and Amortisation

Depreciation has been provided in order to write down assets to their realisable value over the term of their expected useful lives. The useful life of computer equipment is normally in the range of three to five years, however this is reviewed annually. The following rates have been applied in most cases for 2002–03:

Computer hardware – 20% straight line method
Office Equipment – 10% or 20% straight line method
Office furniture – 7.5% straight line method

All assets with a cost of less than $1,000 are expensed in the year of acquisition, except where they form a group of similar items, which are significant in total.

In accordance with AAS 4 "Depreciation", the useful life of all Infrastructure, Plant and Equipment, continues to be reviewed on an ongoing and/or annual basis. In 2002–03 the useful lives of all assets were reviewed and depreciation rates were amended where necessary to reflect the remaining useful life. Also, as a result a number of assets were written off, which had a minor impact on overall figures.

Revaluations

Until 30 June 2002, Infrastructure, Plant and Equipment was revalued progressively in accordance with the deprival method of valuation. From 1 July 2002 the fair value method of valuation has been adopted, and in this current year there has been no financial impact.

The Institute has implemented a policy of progressive valuations on the following basis:

- The category of Office Equipment had its valuations reviewed during 2002–03 consistent with the progressive rolling cycle of valuations.
- The valuations performed during 2002–03 were conducted internally, and utilised in-house expertise and pricing information on assets from reliable sources and suppliers used previously by the Institute.

- As a not-for-profit entity, Institute assets are not held for the primary purpose of generating cash inflows.

1.6 Intangibles

Represents externally developed computer software, which is amortised over the term of its useful life, generally three years. The software is not held for the primary purpose of generating cash inflows.

1.7 Inventory

Inventory is valued at the lower of cost or net realisable value (refer also to Note 10a). The weighted average cost method is used to assign costs to Inventories.

All inventories are current assets. Institute inventory comprises published books and magazines held for resale. The costs incurred are publishing costs, such as printing, design and distribution.

1.8 Employee Entitlements

Leave

The liability for employee entitlements encompasses provisions for annual leave, redundancy 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 by employees is less than the annual entitlement for sick leave.

Liability for long service leave has been calculated at the net present value of estimated future cash outflows for long service leave to be made at 30 June 2003. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. Long service leave entitlements amounting to $21,932 were paid during the year (2001–02 $2,880). The apportionment of liability between current and non-current is based on the availability of the leave for staff to use in the current period.

The provision for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2003 and is recognised at its nominal value. All annual leave is treated as available and current. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. This is a change in accounting policy from last year required by the revised accounting standard AASB 1028. The impact of this change to the financial statements is an increase in the provision for annual leave of $12,419.

Separation and Redundancy

Provision is made for separation and redundancy payments in circumstances where the Institute has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

1.9 Appropriation

From 1 July 1999 the Commonwealth Budget has been prepared under an accruals framework. For the year the Institute received only revenue appropriations for its departmental outcome and output. The Institute has no administered activities. The revenue appropriation received is for the core operating activities of the Institute.

1.10 Cash

For the purposes of the Statement of Cash Flows cash includes deposits at call which are readily convertible to cash and which are used in the cash management function on a day to day basis.

1.11 Taxation

The Institute is exempt from all forms of taxation except for Fringe Benefits Tax, and Goods and Services Tax.

1.12 Insurance

The Institute is part of the Australian Government's managed insurance fund 'Comcover', with the current term of cover running to 30 June 2004.

1.13 Leases

Lease payments for operating leases are charged as expenses in the periods in which they are incurred. The Institute has no finance leases.

1.14 Bad and Doubtful Debts

Bad debts are written off during the year in which they are identified. A provision is raised for doubtful debts, if considered necessary, based on a review of all outstanding accounts at year-end. The Institute's level of bad debts continues to be very small, and no provision has been made in 2002–03.

1.15 Other (Unexpended Advances)

Unexpended advances include annual magazine subscriptions for *Family Matters,* comprising the payment and issue of publications that relate to after 30 June 2003. They are brought to account over the subscription period, and amounted to $25,957 (2001–02 $33,970). There is also unearned revenue relating to the Crime Prevention Victoria research contract of $75,000 (2001–02 $50,000) and also the Stronger Families Training and Support Program of $1,133,397 (2001–02 $Nil).

1.16 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

1.17 Financial Instruments

Accounting policies in relation to financial instruments are disclosed in Note 17.

1.18 Capital Use Charge

A capital usage charge of 11% levied by the Commonwealth on the net assets of the authority has been provided for at 30 June 2003.

1.19 Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to the customers.

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

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

Revenue from the rendering of a service, particularly research contracts, is recognised by reference to the completion of milestones (Stage of completion) according to the contract agreement and schedules for payment. The Stage of completion will generally relate to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

2. Economic Dependency

The Australian Institute of Family Studies was established under the *Family Law Act 1975* and is controlled by the Commonwealth of Australia. The Institute is dependent on appropriations from Parliament for its continued existence and ability to carry out its normal activities.

3. Reporting by segments and outcomes

Reporting by segments

The Institute operates primarily in a single industry and geographic segment, being the provision of family related research programs and dissemination of those programs in Australia.

The Institute is structured to meet one outcome:

"Inform governments, policy makers and other stakeholders on factors influencing how families function".

Reporting by Outcomes for 2002–2003

Outcome 1	**Budget $000's**	**Actual $000's**
Net administered expenses	-	-
Net cost of entity outputs	10,506	6,665
Net cost to budget outcome	10,506	6,665
Total assets deployed as at 30/6/03	1,767	4,453
Net assets deployed as at 30/6/03	834	1,408

4. Cashflow Reconciliation

Reconciliation of net cash flows from operating activities to Operating Surplus (Deficit)

		2003	2002
		$	$
Operating surplus		**305,180**	913,137
Decrease (Increase) in inventory		**8,072**	8,566
Decrease (Increase) in receivables		**(514,997)**	(699,222)
Decrease (Increase) in other assets		**21,618**	(9,677)
Increase (Decrease) in liability to suppliers		**1,466,996**	151,438
Increase (Decrease) in employee liabilities		**182,610**	64,221
Loss on sale/ disposal of equipment		**8,203**	5,945
Depreciation expense		**129,970**	82,511
Net cash used by operating activities		**1,607,652**	516,919
Reconciliation of cash			
Cash	(9a)	**200,971**	(24,816)

5. Contract and Grant Revenue

The Institute undertakes some research and dissemination of information on a contract and grant basis, which contributes to meeting its stated objectives. During this year revenue to the value of $2,690,703 (2001–02 $1,504,844) was earned. The funding auspice, amounts and projects were as follows:

Centre for Adolescent Health (International Youth Development Study) $53,389 (2001–02 $9,428). A CATI based pilot survey completed during the year to examine parental views to a questionnaire completed by students on rules and regulations in schools.

Australian Government Department of Family and Community Services and Melbourne Institute (HILDA) $13,680 (2001–02 $27,920). A collaborative project to conduct a survey of Household, Income and Labour Dynamics in Australia which will run until 30 June 2004. The Institute has a support role to assist the Melbourne Institute, which is the legal entity.

Australian Government Department of Family and Community Services (Growing Up in Australia – the longitudinal study of Australian children), $1,075,215 (2001–02 $420,500). A major study of Australian children which is due to run until 2011. Initial contract between the Institute and the Department is for 3 years to February 2005. In 2002–03 the Institute has prepared all the study instruments and accompanying documentation for pilot tests and the dress rehearsal, and released a second discussion paper including newsletters on its website.

Australian Government Department of Family and Community Services (National Child Protection Clearinghouse), $293,811 (2001–02 $293,811). The current contract with the Department runs until 30 June 2004. The contract is for the Institute to resource and facilitate a network of people and organisations concerned with child abuse prevention, and disseminate information accordingly. In 2002–2003 it has provided a range of informational and specialist advisory services to stakeholders, particularly the Commonwealth and State/Territory governments agencies, undertaken research projects, made a number of presentations (including keynote addresses) and produced a number of issues papers, newsletters and other publications.

Australian Government Department of Family and Community Services (Stronger Families Learning Exchange SFLEX- Research Projects), $455,000 (2001–02 $131,603). This contract is part of the Government's Stronger Families and Communities strategy. SFLEX provides training, support and advice on family wellbeing, primary prevention and early intervention. During the year the Institute ran a National workshop for all projects, and developed resources, as part of its contract deliverables. Currently the team is working on 46 action research projects, and the Institute's contribution will be completed by 30 June 2004.

Australian Government Department of Family and Community Services (Stronger Families Learning Exchange SFLEX- Clearinghouse), $338,500 (2001–02 $261,500). This contract is also part of the Government's Stronger Families and Communities strategy. This component represents the development and operation of a clearinghouse, and the current contract runs until 30 June 2004. The clearinghouse promotes resource sharing and provides library and information services. During the year the clearinghouse produced publications, including regular bulletins, and further developed the website.

Australian Government Department of Prime Minister and Cabinet, Office of the Status of Women (Fertility Decision Making project) $105,000 (2001–02 $50,000). A study to examine and report on factors that impact on fertility decisions with an emphasis on gender dynamics. The June 2003 milestone has almost been completed with the finalisation of the fertility decision making interview schedule.

NSW Department of Community Services (Communities 4 Kids), $24,727 (2001–02 $37,091). A study to measure and assess the social capital of three inner west communities in Sydney including the impact of the Families First Communities 4 Kids programs on social capital within the three communities. The project was completed this year.

Victorian Department of Justice (Crime Prevention Project) Stage One, $50,000 (2001–02 $40,000). A study in two stages to investigate relationships between children and criminality, and look at involvement with police and the court system. The Institute has completed the first report and developed the survey questionnaire. The second stage was commenced this year and is due to be completed in May 2004.

La Trobe University (Lincoln Gerontology Healthy Retirement Project Wave 4), $9,368 (2001–02 $9,368). Contracted by the Lincoln Gerontology Centre to collect data on older people on their perceptions post retirement as a follow on from Wave 3 in the last financial year. The contract was completed this financial year.

La Trobe University (Lincoln Healthy Behaviours and Outcomes in Ageing Study 2002) $24,315 (2001–02 $Nil). A new wave, following on from the last phase of respondents in 2000–01, to collect data on older people about their post retirement behaviour.

Australian Government Department of Prime Minister and Cabinet, Office of the Status of Women (Australian Centre for the Study of Sexual Assault) $204,466 (2001–02 $Nil). The contract commenced in January 2003 and is due to be completed in May 2005. The mission of the Centre is to improve access to current information on sexual assault in order to assist policymakers and others interested in this area to develop evidence-based strategies to prevent, respond to, and ultimately reduce the incidence of sexual assault. During the year work comprised the development of key functions (e.g. logo, website, drafting publications and the development of a library collection of relevant materials).

A collaborative project comprising the Royal Automobile Club of Victoria and the Transport Accident Commission of Victoria $14,350 (2001–02 $Nil). The project collects data concerning patterns and predictors of driving behaviour at 19-20 years of age, and disseminates these findings. The contract was commenced in April 2003 and is due for completion in December 2003, with total revenue of $41,000.

Grant from the Australian Research Council (Multiple and Changeable Care Arrangements) $16,155 (2001–02 $3,500). Macquarie University administers the grant and the Institute is a partner investigator. The study is in its second year and is using the CATI interviewing facility to investigate trends in multiple and changeable care arrangements in Australia.

Grant from the Box Hill Hospital (Donor Insemination Services) $12,727 (2001–02 $Nil). This project is a contribution by the Institute to a Donor insemination study which is initially funded from an Australian Fertility Society Research grant. During the year the Institute prepared questionnaires, and contributed to the production of a research paper.

6. Operating Expenses – goods and services

	2003 $	2002 $
(a) *Employee Expenses*		
Salaries and wages	**3,072,881**	2,225,246
Superannuation	**392,411**	384,352
Leave and other entitlements	**281,613**	210,771
Separation and redundancy payments	**-**	20,195
Workers compensation premium	**14,917**	11,068
Other	**86,434**	24,123
Total employee expenses	**3,848,256**	2,875,755
The average staffing levels for the Institute during the year were:	**39**	38
(b) *Suppliers Expenses*		
Supply of goods and services	**2,166,792**	1,185,743
Operating lease rentals	**306,264**	291,797
Total suppliers expenses	**2,473,056**	1,477,540
(c) *Depreciation and Amortisation*		
Depreciation of infrastructure, plant and equipment	**129,970**	82,511
(d) *Write down of assets*		
Inventory written off	**65,337**	76,211
Total write down of assets	**65,337**	76,211

7. Employer's Superannuation Contribution

The Institute contributes to the Commonwealth Superannuation Scheme (CSS) for those employees who chose to stay in the CSS on the commencement of the Public Sector Superannuation Scheme (PSS) on 1 July 1990. The Institute also contributes to the PSS for those staff who transferred from the CSS and all eligible staff who joined the Institute after the PSS commencement date. The Institute also provides productivity contributions to staff ranging from 2% to 3% of salary.

The Institute's present contribution as employer to the CSS is 26.6% of salary and 11.5% of salary in respect of the PSS. In 2002–2003 $392,411 (2001–2002 $384,352) was expended in employer superannuation by the Institute.

8. Operating Revenues

	Note	2003 $	2002 $
(a) *Revenues from government*			
Appropriations from outputs		**3,701,000**	3,709,000
Total		**3,701,000**	3,709,000
(b) *Interest*			
Deposits		**8,420**	11,129
Bank Bills of Exchange		**66,555**	42,305
Total		**74,975**	53,434
(c) *Sales of goods and services*			
Goods		**55,397**	82,711
Contract services	(5)	**2,661,821**	1,501,344
Conference revenue		**203,563**	-
Other services		**100,524**	66,047
Total		**3,021,305**	1,650,102
Cost of sales of goods		**42,112**	54,044
(d) *Proceeds and expenses from sale of assets*			
Non-financial assets - infrastructure, plant and equipment			
Revenue (proceeds) from sale		**-**	(66)
Expense from sale / write off		**8,203**	6,011
Total		**8,203**	5,945
(e) *Other Revenues*			
Grants	(5)	**28,882**	3,500
Cost recovery		**1,216**	12,672
Other		**2,624**	2,390
Total		**32,722**	18,562

Cost recovery revenue represents revenue from a variety of individual sources including recovery of costs and reimbursements of fares for Institute staff undertaking speaking engagements interstate.

9. Financial Assets

	Note	2003	2002
		$	$
(a) *Cash*			
Cash at bank		**200,830**	(24,907)
Petty cash		141	91
Balance of cash at 30 June 2003 as shown in the Statement of Cash flows		**200,971**	(24,816)
(b) *Gross Receivables classified by Category*			
Sales of goods and services		**1,324,213**	826,509
Other		**1,337**	5,030
GST receivable		**49,318**	29,216
Total receivables		**1,374,868**	860,755
Gross Receivables overdue are aged as follows			
Not overdue		**1,374,868**	670,914
Over due by:			
Less than 30 days		**-**	232
30 to 60 days		**-**	189,061
60 to 90 days		**-**	195
More than 90 days		**-**	353
Total receivables (gross)		**1,374,868**	860,755
(c) *Investments – Bills of exchange and term deposits*		**2,331,907**	1,217,571

During the year there were no bad and doubtful debts written off. No provision has been established for doubtful debts given the continuing low levels of debtors that need to be written off.

10. Non-financial assets

(a) Inventories

As part of Institute policy, some publications are sold and some are provided free of charge. A program of disposal of obsolete publications was commenced in 1996, and has continued on an annual basis. These publications had no net realisable value.

	2003	2002
	$	$
Inventory	**18,682**	26,754
Less provision for stock obsolescence	**-**	-
Total	**18,682**	26,754

(b) Infrastructure, Plant and Equipment, and Intangibles

	At Cost/Valuation		Accumulated Depreciation		Net Book Value	
	2003	2002	**2003**	2002	**2003**	2002
	$	$	**$**	$	**$**	$
Infrastructure and office equipment	**455,856**	338,461	**241,842**	233,631	**214,014**	104,830
Computer equipment	**363,461**	289,248	**198,563**	164,966	**164,898**	124,282
Intangible -software	**156,505**	156,657	**70,350**	50,943	**86,155**	105,714
Total	**975,822**	784,366	**510,755**	449,540	**465,067**	334,826

Movement Summary

	Infrastructure	Computer Equipment	Intangible Software	Total
Gross Value 1 July 2002	**338,461**	**289,248**	**156,657**	**784,366**
Additions:				
Replacement assets				
Acquisition of new assets	146,342	105,780	16,290	268,412
Disposals	(28,947)	(31,567)	(16,442)	(76,956)
Revaluations and write offs				
Gross Value 30 June 2003	**455,856**	**363,461**	**156,505**	**975,822**
Accumulated Depreciation 1 July 2002	**233,631**	**164,966**	**50,943**	**449,540**
Annual Depreciation charges	35,359	63,930	30,681	129,970
Disposals	(27,148)	(30,333)	(11,274)	(68,755)
Revaluations and Write offs				
Accumulated Depreciation 30 June 2003	**241,842**	**198,563**	**70,350**	**510,755**
Net Book Value 30 June 2003	**214,014**	**164,898**	**86,155**	**465,067**
Net Book Value 30 June 2002	**104,830**	**124,282**	**105,714**	**334,826**

(c). Other Non-Financial Assets

	2003	2002
	$	$
Prepayments	**61,489**	83,107

11. Equity

	Capital	Accumulated Results	Total Equity
Balance 1 July 2002	613,295	629,382	**1,242,677**
Surplus	-	305,180	**305,180**
Capital use charge	-	(140,078)	**(140,078)**
Balance 30 June 2003	**613,295**	**794,484**	**1,407,779**

12. Provisions and Payables

	2003	2002
	$	$
(a) *Employees*		
Salaries and wages	**83,580**	61,463
Superannuation	**-**	18,585
Annual leave	**288,378**	221,508
Long service leave	**459,457**	435,084
Other	**-**	-
Aggregate employee entitlement liability	**831,415**	736,640
(b) *Suppliers*		
Trade creditors	**685,769**	281,321

13. Auditor's Remuneration

The Australian National Audit Office provides audit services to the Institute with the fee for the current year estimated at $20,000 (2001-02 $19,000). No other fee based services were provided by the Australian National Audit Office.

14. Directors' Remuneration (Board of Management)

Total remuneration received or due and receivable by directors of the Institute is $207,525 (2001–02 $265,856).

The number of directors of the Institute included in these figures is shown below in the relevant remuneration bands.

	2003	2002
	$	$
$Nil- $10,000	**5**	7
$200,001-$210,000	**1**	-
$260,001-$280,000	**-**	1
Total	**6**	8

The Director of the Institute is the full time chief executive officer, as well as a member of the Board of Management.

15. Officers' Remuneration

The aggregate amount of total remuneration of officers is $438,276 (2001–2002 $475,347). The officers remuneration includes all officers taking part in the management of the Institute during 2002–03, excluding the Executive Director whose details are included in Note 14 -Remuneration of Directors.

	2003	2002
	$	$
$100,000-$110,000	**3**	2
$110,001-$120,000	**1**	-
$120,001-$130,000	**-**	1
$130,001-$140,000	**-**	1

16. Related Parties

The Directors of the Authority during the year were:

Ms Dianne Gibson, Acting Chairperson
Professor Donald Chalmers (until July 2002)
Professor Alan Hayes
Mr David Kalisch (from December 2002)
Ms Robyn McKay (until November 2002)
Professor Frank Oberklaid
Ms Louise Staley (until July 2002)
Mr David Stanton, Executive Director (until January 2003)
Dr Ann Sanson, Acting Director (from January 2003)

Total remuneration received or due and receivable by directors of the Institute is $207,525 (2001–02 $265,856).

Information in relation to remuneration of the Board of Management is disclosed in Note 14.

There were no other related party transactions.

17. Financial Instruments

(a) Terms, conditions and accounting policies

Financial Instrument

Financial Assets

Term Deposits (Note 9c)

Accounting Policies and Methods- Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.
Nature of underlying instrument- Temporarily surplus funds, from contract work and monthly drawdowns of appropriation are placed on deposit with the Institute's banker. Interest is earned on the daily balance at the prevailing daily rate for the money on call and paid monthly.

Bills of Exchange (Note 9c)

Accounting Policies and Methods- Bills are carried at the amount of their intial proceeds plus accrued interest.
Nature of underlying instrument- Bills are issued at discount reflecting market yields.
They have an average term to maturity of 66.20 days. The average term on all other bills ranges from 30 to 60 days. Effective interest rates range from 4.80% to 6.29%.

Receivables for Goods and Services (Note 9b)
and Other Debtors

Accounting Policies and Methods- Recognised at their nominal amounts less any provision for bad and doubtful debts. Provisions are made when collection of the debt is judged to be less rather than more likely.

Nature of underlying instrument- Credit terms are 21 days.

Financial Liabilities

Trade and Other Creditors (Notes 12a and 12b)

Accounting Policies and Methods- Creditors and accruals 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 and services have been received (and irrespective of having been invoiced).

Nature of underlying instrument- Settlement is usually made net 30 days.

(b) Interest Rate Risk

Financial Instrument

Financial Assets

	2003 $	2002 $
Cash (note 9a)		
Fixed interest rate (1 year or less)	**200,830**	(24,907)
Non interest bearing	**141**	91
Total	**200,971**	(24,816)
Weighted average effective interest rate	**2.50%**	3.10%
Bills of Exchange (note 9c)		
Fixed interest rate (1 year or less)	**1,743,611**	657,284
Total	**1,743,611**	657,284
Weighted average effective interest rate	**4.58%**	4.43%
Term Deposits (note 9c)		
Fixed interest rate (1 year or less)	**588,296**	560,287
Total	**588,296**	560,287
Weighted average effective interest rate	**4.94%**	4.61%
Receivables for Goods and Services (note 9b)		
Non interest bearing	**1,374,868**	860,755
Total	**1,374,868**	860,755
Weighted average effective interest rate	**n/a**	n/a

Financial Liabilities

	2003 $	2002 $
Trade and Other Creditors (Notes 12a and 12b)		
Non interest bearing	**685,769**	281,321
Total	**685,769**	281,321
Weighted average effective interest rate	**n/a**	n/a

(c) Net Fair Values of Financial Assets and Liabilities

		2002–03		2001–02	
Financial Assets	Note	Total Carrying Amount	Aggregate Net Fair Value	Total Carrying Amount	Aggregate Net Fair Value
Deposits at call		**200,971**	**200,971**	(24,816)	(24,816)
Bills of exchange		**1,743,611**	**1,743,611**	657,284	657,284
Receivables of goods and services		**1,374,868**	**1,374,868**	860,755	860,755
Investments		**588,296**	**588,296**	560,287	560,287
Total Financial Assets		**3,907,746**	**3,907,746**	2,053,510	2,053,510
Financial Liabilities (Recognised)					
Trade and other creditors		**685,769**	**685,769**	281,321	281,321
Total Financial Liabilities (Recognised)		**685,769**	**685,769**	281,321	281,321

(d) Credit Risk Exposures

The Institue'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.

The Institute has no significant exposure to any concentrations of credit risk.

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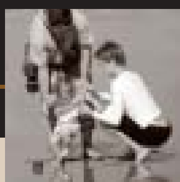 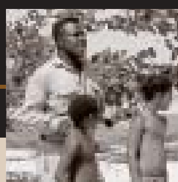 

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