



Budget

2019-20

Portfolio Budget Statements 2019-20

Budget Related Paper No. 1.3

Communications and the Arts Portfolio

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programs by Entity

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Chief Financial Officer, Financial Services Branch, Department of Communications and the Arts

Telephone: 02 6271 1058 (international +61 2 6271 1058)

Email: finance@communications.gov.au.

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AUSTRALIA COUNCIL

ENTITY RESOURCES AND PLANNED PERFORMANCE

AUSTRALIA COUNCIL

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AUSTRALIA COUNCIL

SECTION 1: ENTITY OVERVIEW AND RESOURCES

1.1 STRATEGIC DIRECTION STATEMENT

The Australia Council (the Council) is the Australian Government's arts funding and advisory body. The Council is the national advocate for the arts and its purpose is to champion and invest in Australian arts. The Council invests in and strengthens Australia's artistic and cultural life by fostering excellence in the arts, increasing national and international engagement with Australian arts, and promoting the appreciation, knowledge and understanding of the arts.

The Council's overarching outcome is: supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad.

The Council achieves this by:

- delivering Australian Government directed initiatives and frameworks that support the government's broader priorities for Australian arts and culture
- providing funding to support artists and arts organisations across a range of art forms
- undertaking strategic research and analysis to build the evidence base for the arts
- delivering strategic investment to build markets and audiences nationally and internationally and promote the reputation of Australian arts
- advocating for Australian arts and artists.

The Council's corporate plan for 2018–2022 has four goals to achieve a vision of Australia as a culturally ambitious nation and is approved by the Minister for Communications and the Arts. The Council's strategic goals are informed by the functions outlined in the Australia Council Act 2013, and reflect the needs and aspirations of Australia's diverse and vibrant arts sector. The Council's strategic goals and objectives are:

- Australian arts are without borders
 - Australian artists are enabled to discover and develop across borders.
 - Global audiences are captivated by diverse Australian work.
 - The profile and influence of Australian arts internationally is strengthened.
- Australia is known for its great art and artists
 - Australian artists and arts organisations lead in innovation, risk-taking and experimentation, and vibrancy.
 - Australia is well known for diverse, excellent artistic practice.

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- The arts enrich daily life for all
 - Australian life is enriched through the arts.
 - Australian audiences are captivated by artistic experiences.
 - More Australians have access to and engage with the arts.
- Australians cherish Aboriginal and Torres Strait Islander arts and cultures.
 - More Australians experience Aboriginal and Torres Strait Islander arts and cultures, and international collaborations strengthen connections.
 - Investment supports Aboriginal and Torres Strait Islander works of artistic excellence.
 - Younger Aboriginal and Torres Strait Islander people practise and experience their culture.
 - Australians understand and respect the role of Aboriginal and Torres Strait Islander elders and master artists in arts and culture.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the Council for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Australia Council resource statement — Budget estimates for 2019–20 as at Budget April 2019

	2018–19 Estimated actual \$'000	2019–20 Estimate \$'000
Opening balance/cash reserves at 1 July	10,954	8,096
Funds from Government		
Annual appropriations — ordinary annual services ^(a)		
Outcome 1	208,186	212,122
Total annual appropriations	208,186	212,122
Total funds from Government	208,186	212,122
Funds from other sources		
Interest	1,300	1,300
Rental income	748	180
Other	2,106	400
Total funds from other sources	4,154	1,880
Total net resourcing for Australia Council	223,294	222,098
	2018–19	2019–20
Average staffing level (number)	108	108

(a) Appropriation Bill (No. 1) 2019–20.

Australia Council is not directly appropriated as it is a Corporate Commonwealth Entity. Appropriations are made to the Department of Communications and the Arts (a Non-Corporate Commonwealth Entity), which are then paid to Australia Council and are considered "departmental" for all purposes.

Please note: All figures shown above are GST exclusive — these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to Australia Council are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Australia Council 2019–20 Budget measures
Part 1: Measures announced since the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO)

Program	2018– 19 \$'000	2019– 20 \$'000	2020– 21 \$'000	2021– 22 \$'000	2022– 23 \$'000
Expense measures					
Support for the Australian Music Industry ^(a)					
Departmental expenses	-	500	504	508	513
Total	-	500	504	508	513
Total expense measures					
Departmental	—	500	504	508	513
Total	-	500	504	508	513

(a) The lead entity for this measure is the Department of Communications and the Arts. The full measure description and package details appear in Budget Paper No. 2.
 Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

SECTION 2: OUTCOMES AND PLANNED PERFORMANCE

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the Public Governance, Performance and Accountability Act 2013. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for Australia Council can be found at:
www.australiacouncil.gov.au/about/strategic-plan-and-corporate-plan/.

The most recent annual performance statement can be found at:
www.australiacouncil.gov.au/about/annual-report-2017-18/.

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad

Budgeted expenses for Outcome 1

This table shows how much the Council intends to spend (on an accrual basis) on achieving the outcome, broken down by program and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
Program 1.1: To champion and invest in Australian arts					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	208,186	212,122	215,513	218,745	222,051
Revenues from other independent sources	4,154	1,880	2,300	1,700	2,300
Total expenses for program 1.1	212,340	214,002	217,813	220,445	224,351
Outcome 1 Totals by resource type					
Revenue from Government					
Ordinary annual services (Appropriation Bill No. 1)	208,186	212,122	215,513	218,745	222,051
Revenues from other independent sources	4,154	1,880	2,300	1,700	2,300
Total expenses for Outcome 1	212,340	214,002	217,813	220,445	224,351
	2018–19	2019–20			
Average staffing level (number)	108	108			

Table 2.1.2: Performance criteria for Outcome 1

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2019–20 Budget measures have created new programs or materially changed existing programs.

Outcome 1 — Supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad		
Program 1.1 — To champion and invest in Australian arts through grants and initiatives that foster and develop Australia’s arts sector and raise the profile of Australian arts nationally and internationally.		
Purpose To champion and invest in Australian arts.		
Delivery Administering the National Framework for Governments’ support of the Major Performing Arts Sector. Administering Government programs including National Regional Touring Programs and the Visual Arts and Craft Strategy. Undertaking research and knowledge management activity to inform policy and program analysis and awareness of Australia’s arts sector. Delivering an integrated suite of programs that support artists and arts organisations across the arts sector, including: <ul style="list-style-type: none"> • Peer assessed grant funding for individual artists, groups and arts organisations • Four Year core program funding for small-to-medium arts organisations • Strategic national and international market, audience and artistic development activity • Capacity building activity for arts leaders and organisations • Aboriginal and Torres Strait Islander Arts initiatives. 		
Performance information		
Year	Performance criteria	Targets
2018–19	<p>Engage, educate and inspire — continue to increase engagement with national and international visitors through innovative exhibitions and programs that are accessed in a variety of ways</p> <p>Lead and collaborate — continue being leaders in the sector and fostering long-term relationships through partnerships and collaborations with key stakeholder and similar organisations/institutions nationally and internationally</p>	<p>Expected to meet criterion 13 million attendances at Australia Council supported arts activities 150 culturally diverse applications with total funding of \$10 million provided</p> <p>Expected to meet criterion 5,700 new Australian artworks supported \$7.5 million provided in support of projects creating new Australian art work 4,500 new Australian artistic works with a public outcome (performed, exhibited, published or recorded) 30 initiatives that strengthen ties with other countries 50 countries where Australia Council supported arts activities were delivered</p>

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Performance information		
Year	Performance criteria	Targets
2019–20	<p>Engage, educate and inspire — continue to increase engagement with national and international visitors through innovative exhibitions and programs that are accessed in a variety of ways</p> <p>Lead and collaborate — continue being leaders in the sector and fostering long-term relationships through partnerships and collaborations with key stakeholder and similar organisations/institutions nationally and internationally</p>	<p>15 million attendances at Australia Council supported arts activities</p> <p>200 culturally diverse applications with total funding of \$13 million provided</p> <p>5,700 new Australian artworks supported</p> <p>\$7.5 million provided in support of projects creating new Australian art work</p> <p>4,500 new Australian artistic works with a public outcome (performed, exhibited, published or recorded)</p> <p>30 initiatives that strengthen ties with other countries</p> <p>50 countries where Australia Council supported arts activities were delivered</p>
2020–21 and beyond	As per 2019–20	As per 2019–20

SECTION 3: BUDGETED FINANCIAL STATEMENTS

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019–20 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory notes and analysis of budgeted financial statements

The Council's 2019–20 Budget has been built on the underlying principle of a balanced, breakeven budget, that is, annual expense matches the annual revenue forecast to be received.

Comprehensive income statement

The Council's base appropriation will increase by \$3.9 million, from \$208.2 million to \$212.1 million due to a combination of the following:

- the Budget measure (refer Table 1.2 above) providing additional funding of \$0.5 million to Australia Council to extend support to the Australian music industry through the Contemporary Music Touring Program (CMTP)
- the 2015-16 Budget measure (*Arts and Cultural Programmes – efficiencies*) which terminated in 2018–19
- indexation, net of the applicable annual efficiency dividend.

Other revenue for 2019–20 includes:

- returned grant monies, rental income and interest income
- income received from third parties for the Venice Biennale exhibition of \$0.1 million (2018–19 \$1.5 million). The next exhibition will not be held until the 2021 calendar year with consequent lower income expected in 2019–20
- rental income decrease by \$0.6 million as sub-lease arrangements at the Council's current premises cease in the first quarter of 2019–20.

The Council's total expenses are budgeted at \$214.0 million, compared to \$212.3 million in 2018–19, reflecting:

- grant expenditure of \$187.0 million budgeted to support individual artists, major performing arts companies, small to medium arts organisations and for initiatives to increase national and international audiences and markets for Australian arts. The budgeted expenditure in 2019–20 is \$1.6 million higher than 2018–19 primarily due to higher income, as mentioned above
- supplier expenses decrease of \$0.9 million in 2019–20 reflecting the cyclical nature of the Venice Biennale exhibition expenditure

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- depreciation and amortisation expenses increase of \$0.4 million in 2019–20 primarily due to the depreciation of implementation costs of the Council’s new cloud-based systems
- employee benefits expense increase of \$0.5 million in 2019–20 as a result of expected annual salary increases and a slight change in staff mix.

Budgeted departmental balance sheet

Financial assets are budgeted to decrease to \$8.2 million, with cash and cash equivalents balance expected to be \$6.9 million by the end of the year.

Non-financial assets are budgeted to increase to \$14.5 million, with total capital expenditure of \$2.6 million.

The capital expenditure investment in 2019–20 is predominantly for the fitout of new premises.

Reserves (other than retained surplus), remain level at \$9.3 million at 30 June 2020 and comprise \$6.4 million of private sector donation income received for the rebuild of the Venice Pavilion (completed in 2015), \$2.5 million in the asset revaluation reserve and \$0.4 million in Venice Biennale Reserve.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
EXPENSES					
Employee benefits	13,067	13,565	13,822	14,085	14,338
Suppliers	12,900	12,017	11,567	11,426	11,738
Grants	185,394	186,994	191,009	193,519	197,282
Depreciation and amortisation	979	1,426	1,415	1,415	993
Total expenses	212,340	214,002	217,813	220,445	224,351
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	1,300	1,300	1,300	1,300	1,300
Rental income	748	180	-	-	-
Other	2,106	400	1,000	400	1,000
Total own-source revenue	4,154	1,880	2,300	1,700	2,300
Total own-source income	4,154	1,880	2,300	1,700	2,300
Net (cost of)/contribution by services	(208,186)	(212,122)	(215,513)	(218,745)	(222,051)
Revenue from Government	208,186	212,122	215,513	218,745	222,051
Surplus/(deficit) attributable to the Australian Government	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	8,096	6,892	8,151	9,410	9,847
Trade and other receivables	1,324	1,324	1,324	1,324	1,324
Total financial assets	9,420	8,216	9,475	10,734	11,171
Non-financial assets					
Land and buildings	8,666	8,456	8,269	8,082	7,895
Property, plant and equipment	1,055	3,177	2,833	2,481	2,071
Intangibles	2,918	2,166	1,382	606	710
Other non-financial assets	667	667	667	667	667
Total non-financial assets	13,306	14,466	13,151	11,836	11,343
Assets held for sale	384	384	384	384	384
Total assets	23,110	23,066	23,010	22,954	22,898
LIABILITIES					
Payables					
Suppliers	1,299	2,175	2,067	1,959	1,851
Grants	3,154	3,154	3,154	3,154	3,154
Other payables	1,166	1,166	1,166	1,166	1,166
Total payables	5,619	6,495	6,387	6,279	6,171
Provisions					
Employee provisions	2,188	2,188	2,188	2,188	2,188
Other provisions	963	43	95	147	199
Total provisions	3,151	2,231	2,283	2,335	2,387
Total liabilities	8,770	8,726	8,670	8,614	8,558
Net assets	14,340	14,340	14,340	14,340	14,340
EQUITY					
Reserves	9,324	9,324	9,324	9,324	9,324
Retained surplus (accumulated deficit)	5,016	5,016	5,016	5,016	5,016
Total equity	14,340	14,340	14,340	14,340	14,340

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2019–20)

	Retained earnings	Asset revaluation reserve	Other reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019				
Balance carried forward from previous period	5,016	2,539	6,785	14,340
Adjusted opening balance	5,016	2,539	6,785	14,340
Estimated closing balance as at 30 June 2020	5,016	2,539	6,785	14,340
Closing balance attributable to the Australian Government	5,016	2,539	6,785	14,340

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	208,186	212,122	215,513	218,745	222,051
Sale of goods and rendering of services	748	180	-	-	-
Interest	1,300	1,300	1,300	1,300	1,300
Net GST received	16,500	16,500	16,500	16,500	16,500
Other	2,106	400	1,000	400	1,000
Total cash received	228,840	230,502	234,313	236,945	240,851
Cash used					
Employees	13,067	13,565	13,822	14,085	14,338
Suppliers	14,098	13,141	11,623	11,482	11,794
Other	201,894	203,494	207,509	210,019	213,782
Total cash used	229,059	230,200	232,954	235,586	239,914
Net cash from/(used by) operating activities	(219)	302	1,359	1,359	937
INVESTING ACTIVITIES					
Cash received					
Other	-	1,080	-	-	-
Total cash received	-	1,080	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	2,639	2,586	100	100	500
Total cash used	2,639	2,586	100	100	500
Net cash from/(used by) investing activities	(2,639)	(1,506)	(100)	(100)	(500)
Net increase/(decrease) in cash held	(2,858)	(1,204)	1,259	1,259	437
Cash and cash equivalents at the beginning of the reporting period	10,954	8,096	6,892	8,151	9,410
Cash and cash equivalents at the end of the reporting period	8,096	6,892	8,151	9,410	9,847

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ^(a)	2,639	2,586	100	100	500
TOTAL	2,639	2,586	100	100	500
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	2,639	2,586	100	100	500
Total cash used to acquire assets	2,639	2,586	100	100	500

(a) Funded from annual appropriations and may include donations and contributions, gifts, internally developed assets, and proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2019–20)

	Land	Buildings	Other property, plant and equipment	Computer software and intangibles	L&B, IP&E held for sale ^(b)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019						
Gross book value	149	13,859	2,258	5,041	396	21,703
Accumulated depreciation/ amortisation and impairment	-	(5,342)	(1,203)	(2,123)	(12)	(8,680)
Opening net book balance	149	8,517	1,055	2,918	384	13,023
Capital asset additions						
Estimated expenditure on new or replacement assets						
By purchase — appropriation ordinary annual services ^(a)	-	-	2,486	100	-	2,586
Total additions	-	-	2,486	100	-	2,586
Other movements						
Depreciation/amortisation expense	-	(210)	(364)	(852)	-	(1,426)
Total other movements	-	(210)	(364)	(852)	-	(1,426)
As at 30 June 2020						
Gross book value	149	13,859	4,744	5,141	396	24,289
Accumulated depreciation/ amortisation and impairment	-	(5,552)	(1,567)	(2,975)	(12)	(10,106)
Closing net book balance	149	8,307	3,177	2,166	384	14,183

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2019–20 for depreciation/amortisation expenses, DCBs or other operational expenses.

(b) Land and buildings, intellectual property and equipment held for sale.
Prepared on Australian Accounting Standards basis.