

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Group 1

Program 2.1

Question No. 2

Senator Macdonald asked the following question at the hearing on 24 February 2014:

CHAIR: ... I note from your annual report—I acknowledge you were only commenced in February 2013—that for the year ending 30 June 2013 there was a deficit of \$1.2 million. How do we deal with that? Obviously there is a contingency not to have that sort of deficit after three or four months of operation.

Mr Wilkins: Could I get you to point me—

CHAIR: It is on page 2 of the Australian Business Arts Foundation Creative Partnerships financial statements to 30 June—last paragraph.

Mr Wilkins: This is a question to Creative Partnerships Australia, which I think is separate from the department. I do not know that Ms Menzies has those figures. Do you?

Ms Menzies: I do not have those figures, but I can answer in general terms, which are that we inherited the budget of both predecessor organisations, so we came in with a deficit. I do not think it was \$1.2 million, but I cannot talk to that specifically without that in front of me. But we inherited a certain budget situation that we then had to deal with as best we could for the remainder of that financial year.

Senator Brandis: Heaven forbid that we would have found yet another deficit inherited from the previous government, Senator Macdonald! In any event, we will take that question on notice.

CHAIR: It is there in the annual report. Ms Menzies, you are from Creative Partnerships Australia?

Ms Menzies: Yes.

CHAIR: And it is your report?

Ms Menzies: Yes.

CHAIR: I understand now how you got that deficit, but I am interested in what you are going to do about it. Obviously the agency cannot run at a loss as it has done initially. But you will take that on notice.

Ms Menzies: Yes.

The answer to the honourable senator's question is as follows:

The loss of \$1,236,977 as it appears in the 2012-13 financial year statement was made up of:

- A shortfall against the 2012-13 budget of \$174,074 in the Councillor Program;
- A timing difference of \$472,619 due to income and expenditure being recorded in different financial periods in relation to the Australia Cultural Fund; and
- The treatment of \$590,284 received from the Australia Council as Equity rather than income, as required under Accounting Standard AASB 1004. This funding was transferred to Creative Partnerships from the Australia Council as the funding previously provided for the Artsupport program. The accounting standard requires that the income be recorded in Equity as a contribution from the owner, and not in the income statement, whereas the expenditure incurred has been recorded in the income statement and not offset against the funding received.

The material loss in 2012-13 was \$174,074. Creative Partnerships Australia is working to ensure break even budgets in future years.