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MS24-001711


Australian Government
**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

To: The Hon Tony Burke MP, Minister for the Arts (for decision)

Subject: Portfolio entity unapproved operating loss for 2023-24 - Australian Film Television and Radio School (AFTRS)

Critical Date: Routine – **7 October 2024** ahead of annual report tabling. Ministers are to report operating losses that exceed existing approvals to the Minister for Finance as soon as they become apparent.

Recommendations:	
1. That you note the operating loss incurred in 2023-24 by the AFTRS exceeds the currently approved loss.	Noted / Please Discuss
2. That you sign the letter at Attachment A to Senator the Hon Katy Gallagher, Minister for Finance notifying her of the actual loss.	Signed / Not Signed
TONY BURKE	Date:
Comments:	

Key Points:

- The Budget Process Operational Rules (BPORs) require Ministers to report any unapproved operating loss, including an actual loss which exceeds an approved loss, to the Minister for Finance (the Finance Minister) as soon as the loss becomes apparent.
- To address this requirement all portfolio entities were consulted regarding their financial statements for 2023-24 and it was determined that, within your area of responsibility, only AFTRS was required to report an unapproved operating loss.
- On 23 March 2023, the Finance Minister approved your initial request for AFTRS to budget for a \$0.5 million operating loss in 2023-24 (MS24-002564 refers). On 4 April 2024, the Finance Minister approved your subsequent request for AFTRS to increase the operating loss by \$0.8 million to a revised 2023-24 operating loss of \$1.3 million (MS24-000351 refers).

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4. Through our consultation it was identified that AFTRS will now report an operating loss of \$1.5 million in 2023-24, \$0.2 million greater than the approved loss of \$1.3 million. AFTRS advised the increased loss is the result of higher than anticipated employee entitlement costs for long term contract staff that are being engaged as ongoing employees, and a temporary increase in staff levels in Semester 1.

5. AFTRS does not have approval to budget for any future operating losses from 2024-25 onwards AFTRS and has advised that, due to the additional funding provided in the 2024-25 Budget measure *Revive – National Cultural Policy*, it does not expect any future operating losses.

6. AFTRS has confirmed it remains financial sustainable, having financial assets of \$9.9 million available as at 30 June 2024 to meet its commitments as they fall due.

7. We have been consulting with the Department of Finance (DoF) and awaiting advice on the requirement to advise the Finance Minister given the immaterial size of the increased loss. DoF recently confirmed the BPORs do require you to advise the Finance Minister, regardless of the quantum of the increase. A draft letter to the Minister for Finance has been prepared for your signature (**Attachment A**).

Financial impacts:

8. AFTRS equity position for 2023-24 will be lower than budgeted by \$0.2 million due to the increased operating loss.

Legal/Legislative impacts: N/A

Stakeholder Implications:

9. The department does not anticipate any impacts to industry/community.

Consultation:

Department of Finance.

Media Opportunities: N/A

Attachments:

Attachment A: Letter to the Finance Minister

Cleared By: Cha Jordanoski
 Position: Chief Financial Officer
 Division: Finance, Budget and Governance
 Ph: s22(1)(a)(ii)
 Mob: s22(1)(a)(ii)

Contact Officer: s22(1)(a)(ii)
 Section: External Budgets & Portfolio
 Engagement
 Ph: s22(1)(a)(ii)
 Mob: s22(1)(a)(ii)

Cleared Date: 20 September 2024

Instructions for MPS: To send the final signed letter at **Attachment A**.

Do you require a signed hardcopy to be returned: No

Responsible Advisor: s22(1)(a)(ii) and s22(1)(a)(ii)

PDMS Distribution List: Jim Betts, Stephen Arnott, Maree Bridger, Cha Jordanoski, Phil Smith, Mike Hogben, Jason Potkins

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The Hon Tony Burke MP
Minister for Home Affairs
Minister for Immigration and Multicultural Affairs
Minister for Cyber Security
Minister for the Arts
Leader of the House

MS24-001711

Senator the Hon Katy Gallagher
Minister for Women
Minister for Finance
Minister for the Public Service
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with requirements in the Budget Process Operational Rules, I am writing to notify you of an unapproved operating loss incurred by the Australian Film Television and Radio School (AFTRS) in 2023-24.

The AFTRS will report an adjusted operating loss of \$1.462 million, or \$0.187 million greater than the loss you approved on 4 April 2024 (MS24-000165 refers).

The increased loss is the result of higher than anticipated employee entitlement costs for long term contract staff that are being engaged as ongoing staff and a temporary increase in staff levels in Semester 1. AFTRS is budgeting to return to a balanced budget in 2024-25 as published in 2024-25 Portfolio Budget Statement.

The loss will not impact the entity's financial sustainability. As at 30 June 2024 AFTRS had sufficient financial assets to meet its commitments as they fall due.

Further details on the operating loss has been provided to officials within the Department of Finance.

Yours sincerely

TONY BURKE

/ / 2024