

AUSTRALIA COUNCIL

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Australia Council (the Council) is the Australian Government's principal arts funding and advisory body. The Council's vision is to enrich the nation by supporting the practice and appreciation of the arts.

The Council focuses on one outcome in pursuing this vision – the creation, presentation and appreciation of distinctive cultural works – by providing assistance to Australian artists and making their works accessible to the public. The Council achieves this by:

- supporting excellence in artistic practice by providing grants to artists and arts organisations, including Aboriginal and Torres Strait Islander arts
- delivering strategic initiatives to build the capacity of the arts sector
- delivering targeted programmes to raise the profile of Australian artists, and developing markets and audiences for the arts, in Australia and abroad
- undertaking strategic research and analysis to build the evidence base for the arts
- advocating for Australian arts.

Structural reform

The Council's new enabling legislation, the *Australia Council Act 2013*, commenced on 1 July 2013. It updated the Council's functions, powers and governance structure and enabled the appointment of a skills-based governing board.

Following the commencement of the new Act, the Council embarked on a series of significant reforms, including the development of:

- a five-year strategic plan
- a new governance and peer assessment structure, to be implemented in 2014
- a new model for the grants programme, to be implemented in 2015.

Strategic plan

The Council is developing a strategic plan to articulate its vision and goals for the next five years. The strategic plan will be implemented through a rolling corporate plan, to be endorsed by the Minister for the Arts. Implementation of the strategic plan and the corporate plan is planned to commence in July 2014.

New peer assessment structure

The Council is implementing a new peer assessment structure that will allow for the establishment of peer panels that can respond with flexibility to the needs of the sector. Funding decisions regarding support for individual artists and arts organisations across all art forms will be made by panels of expert artists and arts professionals. Peer assessment panels will be drawn from a large and diverse pool of peers approved by the Council's board based on recommendations by the Nominations and Appointments Committee. The new peer assessment structure will be implemented in 2014.

New grants model

The Council is developing a more flexible and streamlined model for its grants programme. The new grants model will have the flexibility to accommodate new and/or multidisciplinary forms of artistic practice as well as improve access to funding. The new grants programme will be announced in August 2014 and implemented in January 2015. Existing grant programmes will continue throughout the 2014 calendar year.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources.

Table 1.1: Agency resource statement—Budget estimates for 2014–15 as at Budget May 2014

Source	Estimate of prior year amounts available in 2014–15 \$'000	+ Proposed at Budget 2014–15 \$'000	=	Total estimate 2014–15 \$'000	Actual available appropriation 2013–14 \$'000
Opening balance/reserves at bank	19,550	–		19,550	21,969
REVENUE FROM GOVERNMENT					
Ordinary annual services ¹					
Outcome 1	–	211,764		211,764	218,786
Total ordinary annual services	–	211,764		211,764	218,786
Total annual appropriations	–	211,764		211,764	218,786
Payments from related entities²					
Amounts from the portfolio department	–	645		645	665
Total	–	645		645	665
Total funds from government	–	212,409		212,409	219,451
FUNDS FROM OTHER SOURCES					
Interest	–	1,300		1,300	1,300
Other	–	3,005		3,005	2,674
Total	–	4,305		4,305	3,974
Total net resourcing for agency	19,550	216,714		236,264	245,394

All figures are GST exclusive.

The Council is not directly appropriated as it is a *Commonwealth Authorities and Companies Act 1997* (CAC Act) body. Appropriations are made to the Attorney-General's Department which are then paid to the Council and are considered 'departmental' for all purposes.

1. Appropriation Bill (No. 1) 2014–15.

2. Funding provided by a government body that is not specified in the annual Appropriation Bills as a payment to the CAC Act body.

1.3 BUDGET MEASURES

Budget measures announced since the 2013–14 Mid-Year Economic and Fiscal Outlook (MYEFO) relating to the Council are detailed in Budget Paper No. 2 and are summarised in Part 1 of Table 1.2. MYEFO measures and other measures not previously reported in a portfolio statement are summarised in Part 2.

Table 1.2: Agency 2014–15 Budget measures

Part 1: Measures announced since the 2013–14 MYEFO

Programme	2013–14 \$'000	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000
Expense measures					
Arts programmes—reduced funding					
1.1 Departmental expenses	–	(9,640)	(6,059)	(6,180)	(6,304)
Total expenses measures	–	(9,640)	(6,059)	(6,180)	(6,304)

Prepared on a Government Finance Statistics (fiscal) basis.

Part 2: MYEFO and other measures not previously reported in a portfolio statement

	Programme	2013–14 \$'000	2014–15 \$'000	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000
Measures						
Temporary increase in the efficiency dividend	1.1					
Departmental expenses		–	(979)	(2,215)	(3,380)	(3,380)
Efficiency Dividend— a further temporary increase of 0.25 per cent	1.1					
Departmental expenses		–	(245)	(489)	(715)	(723)
Total measures		–	(1,224)	(2,704)	(4,095)	(4,103)

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes that contribute to government outcomes over the budget and forward years.

The Council outcome is described below together with its related programme, specifying the performance indicators and targets used to assess and monitor the performance of the Council in achieving government outcomes.

Outcome 1: The creation, presentation and appreciation of distinctive cultural works by providing assistance to Australian artists and making their works accessible to the public

Outcome 1 strategy

The Council continues to support the creation of new works, professional development, programmes such as fellowships and residencies, art form awards, mentoring opportunities, organisational investment, business planning advice and other industry investments. It also funds individual artists and organisations that present, exhibit, publish, distribute and promote Australian works.

The Council plays an important role in helping more Australians engage with the arts. It continues to invest significantly in Aboriginal and Torres Strait Islander arts, community-based arts, audience development initiatives, arts marketing and promotional programmes and analysis of the arts sector.

Outcome 1 expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1, by programme.

Table 2.1: Budgeted expenses for Outcome 1

	2013–14 Estimated actual expenses \$'000	2014–15 Estimated expenses \$'000
Outcome 1: The creation, presentation and appreciation of distinctive cultural works by providing assistance to Australian artists and making their work accessible to the public		
Programme 1.1: Investment in the Arts		
Revenue from government		
Ordinary annual services (Appropriation Bill No. 1)	218,786	211,764
Payment from related entities	1,957	645
Revenues from other independent sources	2,472	2,819
Total expenses for Outcome 1	223,215	215,228
	2013–14	2014–15
Average staffing level (number)	128	127

Contributions to Outcome 1

Programme 1.1: Investment in the Arts

Programme 1.1 objective

- Support Australian arts practice that is recognised for excellence, including Aboriginal and Torres Strait Islander arts and artistic practice that reflects the diversity of Australia.
- Support and promote the development of markets and audiences for the arts.
- Conduct and commission research into, and publish information about, the arts.

Programme 1.1 expenses

	2013–14 Estimated actual \$'000	2014–15 Budget \$'000	2015–16 Forward estimate \$'000	2016–17 Forward estimate \$'000	2017–18 Forward estimate \$'000
Annual departmental expenses					
Departmental item	223,215	215,228	219,737	219,799	222,743
Total programme expenses	223,215	215,228	219,737	219,799	222,743

Programme 1.1 deliverables

Support Australian arts practice that is recognised for excellence, including Aboriginal and Torres Strait Islander arts and artistic practice that reflects the diversity of Australia

This funding provides support for individual artists, groups and organisations across all art forms, including for one-off projects, and annual and ongoing funding for:

- the creation of new artistic works
- the presentation, exhibition and/or promotion of work that connects more audiences with Australian arts
- professional development opportunities for artists and arts organisations, including fellowships, residencies, mentorships and creative development opportunities
- strategic initiatives to build the capacity of the arts sector.

Support and promote the development of markets and audiences for the arts

This includes:

- support for artists and arts organisations to distribute their work and connect to both Australian and international audiences
- international partnerships and collaborations to support artists and arts organisations to extend their reach in targeted regions.

Conduct and commission research into, and publish information about, the arts

The research programme delivers analysis and information for strategic planning, evaluation, knowledge sharing and advocacy for the sector.

Programme 1.1 key performance indicators					
Key performance indicators	2013–14 Estimated actual	2014–15 Budget	2015–16 Forward estimate	2016–17 Forward estimate	2017–18 Forward estimate
Visitor interactions					
Total number of attendance at Council-supported arts activities (in millions)	15.5	15.5	15.5	15.5	15.5
Total number of visits to the Council's website (in millions)	0.69	0.73	0.78	0.78	0.78
Support for culturally diverse projects and events					
Number of projects/events funded	325	300	300	300	300
Total funding provided (\$m)	12.0	11.5	11.5	11.5	11.5
Support for new Australian artwork					
Number of new Australian artwork projects supported	7,500	7,000	7,000	7,000	7,000
Total funding for new Australian artwork projects (\$m)	8.0	7.5	7.5	7.5	7.5
Total funding for research and development projects (\$m)	1.5	1.5	1.5	1.5	1.5
Expenditure mix					
Expenditure on programmes/projects (as a % of total expenditure)	89.9%	88.4%	91.2%	91.3%	91.4%
Expenditure on capital items (as a % of total expenditure)	1.6%	2.6%	0.3%	0.3%	0.3%
Expenditure on other labour costs (as a % of total expenditure)	5.4%	5.4%	5.3%	5.3%	5.2%
Other expenses (as a % of total expenditure)	3.1%	3.6%	3.2%	3.0%	3.0%
Council-specific indicators					
Number of artistic works exhibited, performed, published	6,500	6,400	6,400	6,400	6,400
Number of initiatives that strengthen ties with other countries	30	30	30	30	30
Number of grants and projects	2,200	2,200	2,200	2,200	2,200
Number of individual artists funded	1,000	900	900	900	900
Number of organisations funded	1,200	1,200	1,200	1,200	1,200
Number of countries presented in	60	60	60	60	60
Number of grants supporting Australian artists internationally	475	450	450	450	450

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of the Council's finances for the 2014–15 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Council has no administered funds.

3.1.2 Special accounts

The Council has no special accounts.

3.1.3 Australian Government Indigenous expenditure

Table 3.1.3: Australian Government Indigenous expenditure (AGIE)

	Appropriations						Programme
	Bill	Bill	Special	Total	Other	Total	
	No. 1	No. 2	approp	approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Outcome 1							
Departmental 2014–15	7,921	–	–	7,921	–	7,921	1.1
Departmental 2013–14	7,869	–	–	7,869	–	7,869	1.1
Total AGIE 2014–15	7,921	–	–	7,921	–	7,921	
<i>Total AGIE 2013–14</i>	<i>7,869</i>	<i>–</i>	<i>–</i>	<i>7,869</i>	<i>–</i>	<i>7,869</i>	

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The agency resource statement (Table 1.1) provides a consolidated view of all the resources available in 2014–15. This includes operating appropriation, funds from other sources and cash to cover payables and provisions on the balance sheet. Operating appropriation is shown as revenue from government in the comprehensive income statement.

3.2.2 Analysis of budgeted financial statements

The Council's 2014–15 budget has been built on the underlying principle of a balanced base budget, that is, annual expenses reflect the annual revenue forecast to be received. The budgeted result for 2014–15, however, is expected to be a surplus of \$1.486m due to the budgeted receipt of private sector donation income for the Venice Pavilion capital project, discussed below.

Comprehensive income statement

Total revenue from government decreases by \$8.334m, from \$220.743m to \$212.409m, as a result of a decrease in base appropriation and a reduction in other revenue from government.

The Council's base appropriation decreases by \$7.022m, from \$218.786m to \$211.764m, as a result of the budget measure set out in Part 1 of Table 1.2, which reduces appropriation by \$9.640m. This reduction is partially offset by an increase due to indexation, net of the applicable higher annual efficiency dividend.

Other revenue from government totals \$0.645m and relates solely to a grant from the Attorney-General's Department for the Sounds Australia programme. The Get Reading! programme (and its \$1.6m annual funding) was discontinued after the 2013 calendar year and the remaining revenue of \$1.292m is recognised in 2013–14.

Other revenue for 2014–15 includes:

- private sector donation income for the Venice Pavilion rebuild project of \$1.486m, bringing the forecast total donation income for this project to \$6.556m
- income received from third parties for the Venice Biennale exhibition of \$0.700m. The next exhibition will be held in 2015 with consequent higher donation income in 2014–15
- returned grant monies of \$0.750m, and interest income conservatively forecast at \$1.300m.

The Council's total expenses are budgeted to decrease from \$223.215m in 2013–14 to \$215.228m, a decrease of \$7.987m (3.58%), reflecting:

- grant expenditure of \$189.839m budgeted to support individual artists, major performing arts companies and small to medium arts organisations and for initiatives to increase national and international audiences and markets for Australian arts. The budgeted expenditure in 2014–15 reflects the budget measure set out in Part 1 of Table 1.2
- employee benefits expenses budgeted at \$13.963m. Resources to deliver the expanded research and analysis programme for the benefit of the sector as a whole are to be offset by economies in other operational areas.

Budgeted departmental balance sheet

Financial assets are budgeted at \$18.575m for 2014–15. A significant proportion of this balance is allocated to resourcing amounts payable to suppliers and to grant applicants, contracted forward grant commitments not yet expensed, property lease expenditure (including accounting and make-good provisions), provisions for employee entitlements and future capital expenditure needs.

Non-financial assets are budgeted to increase from \$7.061m to \$12.027m, with total capital expenditure of \$5.666m exceeding depreciation expenses of \$0.700m. Of the total capital expenditure, \$4.423m relates to the Venice Pavilion rebuild project and is expected to be fully funded from private donation income received during 2014–15 and in the preceding years. The remaining \$1.243m of capital expenditure exceeds depreciation expenses (and funding) by \$0.543m and the excess will be funded out of capital reserves. This additional capital expenditure investment includes components to assist the Council in efficiently delivering on its strategic objectives, including major redevelopment of the grant management and online systems required to support the new grants model, an upgrade to information technology infrastructure and an improvement to facilities.

Reserves (other than retained surplus) increase to \$8.379m at 30 June 2015 and comprise \$6.556m of private sector donation income received and quarantined for the rebuild of the Venice Pavilion and \$1.707m in the asset revaluation reserve.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
for the period ended 30 June**

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
EXPENSES					
Employee benefits	13,415	13,963	13,816	13,865	13,915
Suppliers	9,951	10,726	10,369	10,489	10,838
Grants	198,794	189,839	194,852	194,745	197,290
Depreciation and amortisation	700	700	700	700	700
Losses from asset sales	355	–	–	–	–
Total expenses	223,215	215,228	219,737	219,799	222,743
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Interest	1,300	1,300	1,300	1,300	1,300
Rental income	67	69	71	71	71
Other	2,607	2,936	800	1,400	750
Total own-source revenue	3,974	4,305	2,171	2,771	2,121
Total own-source income	3,974	4,305	2,171	2,771	2,121
Net cost of (contribution by) services	219,241	210,923	217,566	217,028	220,622
Revenue from government	220,743	212,409	217,566	217,028	220,622
Surplus (deficit) attributable to the Australian Government	1,502	1,486	–	–	–
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation surplus	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–
Total comprehensive income (loss)	1,502	1,486	–	–	–
Total comprehensive income (loss) attributable to the Australian Government	1,502	1,486	–	–	–

Prepared on Australian Accounting Standards basis

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	19,550	16,070	16,070	16,070	16,070
Trade and other receivables	2,505	2,505	2,505	2,505	2,505
Total financial assets	22,055	18,575	18,575	18,575	18,575
Non-financial assets					
Land and buildings	4,358	8,948	8,928	8,912	8,912
Property, plant and equipment	1,659	1,755	1,772	1,795	1,795
Intangibles	798	1,078	1,078	1,071	1,071
Other non-financial assets	246	246	249	249	249
Total non-financial assets	7,061	12,027	12,027	12,027	12,027
Total assets	29,116	30,602	30,602	30,602	30,602
LIABILITIES					
Payables					
Suppliers	1,490	1,490	1,490	1,490	1,490
Grants	2,070	2,070	2,070	2,070	2,070
Other payables	1,014	1,014	1,014	1,014	1,014
Total payables	4,574	4,574	4,574	4,574	4,574
Provisions					
Employee provisions	1,727	1,727	1,727	1,727	1,727
Other provisions	818	818	818	818	818
Total provisions	2,545	2,545	2,545	2,545	2,545
Total liabilities	7,119	7,119	7,119	7,119	7,119
Net assets	21,997	23,483	23,483	23,483	23,483
EQUITY					
Parent entity interest					
Reserves	6,893	8,379	8,379	8,379	8,379
Retained surplus (accumulated deficit)	15,104	15,104	15,104	15,104	15,104
Total parent entity interest	21,997	23,483	23,483	23,483	23,483
Total equity	21,997	23,483	23,483	23,483	23,483

Prepared on Australian Accounting Standards basis

Table 3.2.3: Departmental statement of changes in equity—summary of movement (budget year 2014–15)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Total equity \$'000
Opening balance as at 1 July 2014				
Balance carried forward from previous period	15,104	1,707	5,186	21,997
Adjustment for changes in accounting policies	—	—	—	—
Adjusted opening balance	15,104	1,707	5,186	21,997
Comprehensive income				
Surplus (deficit) for the period	1,486	—	—	1,486
Total comprehensive income	1,486	—	—	1,486
Transfers between equity components	(1,486)	—	1,486	—
Estimated closing balance as at 30 June 2015	15,104	1,707	6,672	23,483
Closing balance attributable to the Australian Government	15,104	1,707	6,672	23,483

Prepared on Australian Accounting Standards basis

Table 3.2.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	218,786	211,764	216,916	217,028	220,622
Receipts from government	665	645	650	–	–
Interest	1,300	1,300	1,300	1,300	1,300
Other	2,674	3,005	871	1,471	821
Total cash received	223,425	216,714	219,737	219,799	222,743
Cash used					
Employees	13,415	13,963	13,816	13,865	13,915
Suppliers	9,951	10,726	10,369	10,489	10,838
Other	198,794	189,839	194,852	194,745	197,290
Total cash used	222,160	214,528	219,037	219,099	222,043
Net cash from (used by) operating activities	1,265	2,186	700	700	700
Cash used					
Purchase of property, plant and equipment	3,684	5,666	700	700	700
Total cash used	3,684	5,666	700	700	700
Net cash from (used by) investing activities	(3,684)	(5,666)	(700)	(700)	(700)
Net increase (decrease) in cash held	(2,419)	(3,480)	–	–	–
Cash and cash equivalents at the beginning of the reporting period	21,969	19,550	16,070	16,070	16,070
Cash and cash equivalents at the end of the reporting period	19,550	16,070	16,070	16,070	16,070

Prepared on Australian Accounting Standards basis

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2013–14 \$'000	Budget estimate 2014–15 \$'000	Forward estimate 2015–16 \$'000	Forward estimate 2016–17 \$'000	Forward estimate 2017–18 \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources ¹	3,684	5,666	700	700	700
Total	3,684	5,666	700	700	700
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,684	5,666	700	700	700
Total cash used to acquire assets	3,684	5,666	700	700	700

Prepared on Australian Accounting Standards basis

1. Includes the following sources of funding: current Bill 1 and prior year Act 1 appropriations, donations and contributions, gifts, internally developed assets, and proceeds from the sale of assets.

Table 3.2.6: Statement of asset movements (2014–15)

	Land \$'000	Buildings \$'000	Other property, plant & equipment \$'000	Computer software & intangibles \$'000	Total \$'000
As at 1 July 2014					
Gross book value	149	7,981	2,212	4,083	14,425
Accumulated depreciation/ amortisation and impairment	–	(3,772)	(553)	(3,285)	(7,610)
Opening net book balance	149	4,209	1,659	798	6,815
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase—appropriation ordinary annual services ¹	–	242	221	780	1,243
By purchase—donated funds	–	4,423	–	–	4,423
Total additions	–	4,665	221	780	5,666
Other movements					
Depreciation/amortisation expense	–	(75)	(125)	(500)	(700)
Total other movements	–	(75)	(125)	(500)	(700)
As at 30 June 2015					
Gross book value	149	12,646	2,433	4,863	20,091
Accumulated depreciation/ amortisation and impairment	–	(3,847)	(678)	(3,785)	(8,310)
Closing net book balance	149	8,799	1,755	1,078	11,781

Prepared on Australian Accounting Standards basis

1. Appropriation ordinary annual services¹ refers to funding provided through Appropriation Bill (No. 1) 2014–15 for depreciation/amortisation expenses or other operational expenses.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an accrual accounting basis, having regard to Statements of Accounting Concepts, and in accordance with the Finance Minister's Orders, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Revenue from government

Amounts appropriated are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

Employee expenses

Employee expenses consist of salaries, leave entitlements, redundancy expenses, superannuation and non-salary benefits.

Supplier expenses

Supplier expenses consist of administrative costs, consultants' costs, travel expenses, property operating expenses and legal expenses.

Cash

Cash includes notes and coins held and any deposits held at call with a bank or other financial institution.

Assets

Assets are made up of cash, receivables, land, buildings, leasehold improvements and plant and equipment intangibles. All assets are held at fair value.

Liabilities

Liabilities are made up of employee salary and leave entitlement, property lease and make-good provisions and amounts owed to creditors.