

**Australia Council**  
Annual Report

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**[www.australiacouncil.gov.au](http://www.australiacouncil.gov.au)**

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**[www.australiacouncil.gov.au/about\\_us/corporate\\_information/annual\\_report2](http://www.australiacouncil.gov.au/about_us/corporate_information/annual_report2)**

The Australia Council respects Indigenous communities and cultures. Readers should be aware that this report may contain images or references to members of the Indigenous community who have passed away.

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**The Australia Council for the Arts is the Australian Government's arts funding and advisory body. Our vision is to enrich our nation by supporting the practice and enjoyment of the arts.**







**Australia Council employees**  
Photo: Dean Golja

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**\$163.8  
million**

total grant and project funding  
to artists and arts organisations

**16.5  
million**

attendances at Australia Council  
supported events

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**1,897**

Australia Council grants and projects

**7,541**

new artistic works created with  
Australia Council support

**6,989**

new artistic works presented with  
Australia Council support

**917**

individual artists funded  
(directly and devolved)

**1,085**

grants to organisations

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**The Hon Simon Crean MP**

Minister for Regional Australia  
Regional Development and Local Government  
Minister for the Arts  
Parliament House, Canberra, ACT, 2600

12 September 2011

**Dear Minister,**

This 2010-11 annual report of the Australia Council has been approved by the governing council on 17 August 2011.

Under Section 9 of the *Commonwealth Authorities and Companies Act 1997*, the directors of the Australia Council are responsible for the preparation and content of a report of operations in accordance with the *Commonwealth Authorities and Companies Act Finance Minister's Orders*. The following report of operations was adopted by resolution of the Australia Council on 17 August 2011.

The Australia Council's \$163.8 million investment in 2010-11 enabled artists to create 7,541 new works and to present, perform, publish or exhibit 6,989 new works. This is a powerful investment in creativity which enriches the lives of individuals and communities across the nation, providing benefits across the spheres of education, health and social wellbeing.

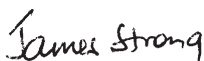
This annual report outlines progress in Australia Council programs, Government initiatives and strategic priorities over the past year. During the year, we also worked closely with the sector through our various boards to carry out a number of evaluations and reviews of such things as our Key Organisations, the Major Performing Arts organisations, orchestras and the Visual Arts and Crafts Strategy, to name a few.

This work, together with the new research launched on artists' incomes and online audience engagement develop a much fuller picture of the current state of the arts in Australia.

The Australia Council's governing council represents the breadth and depth of the arts in Australia. In 2010-11 we welcomed Louise Herron as Chair of the Major Performing Arts Board and Ken Lloyd AM as a community interest representative.

I would like to thank you for your support over the past year. It has been a pleasure working with you and your team.

Yours faithfully,



**James Strong AO**  
Chairman



**James Strong AO**  
Photo: Dean Golja

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**Year in review  
2010-2011**

**CarriageWorks event**  
Photo: Dave Cheng

# Vision

**The Australia Council is the Australian Government's arts funding and advisory body.**

**The Australia Council enriches the lives of Australians and their communities by supporting the creation and enjoyment of the arts.**

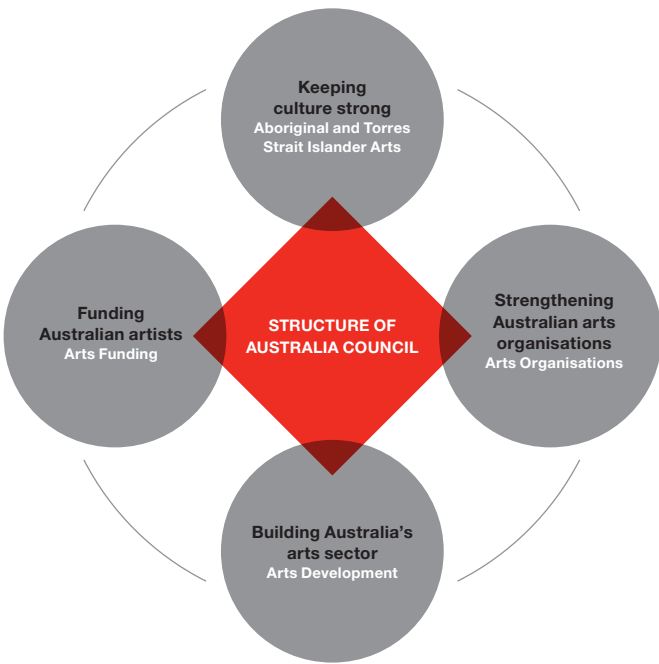
The Australia Council's vision is to:

- enable Australia's arts and its artists to pursue excellence
- preserve, maintain and develop the distinctive features of Australia's culture
- ensure all Australians have the opportunity to engage with the arts and enjoy a rich cultural life
- shape a future in which the arts play a meaningful and vital role in the everyday lives of Australians and their communities.

The Australia Council plays a crucial role in supporting artists and arts organisations to create, present and distribute distinctive cultural work that is accessible to the public. It seeks to develop the creative and leadership skills of artists and arts organisations and to maintain a sustainable and vibrant arts infrastructure. It identifies new audiences for the arts, nationally and internationally, and promotes an appreciation of the value of the arts to Australians.

The Australia Council's national focus reflects the culture and creativity of both regional and urban communities and honours its statutory obligation to ensure access to and participation in the arts by all Australians. The Australia Council maintains and develops cooperative arrangements with state and territory arts funding authorities, local governments and key international agencies.

The Office of the Chief Executive Officer, which includes Legal and Compliance and Artsupport Australia, as well as our five divisions – Arts Funding, Aboriginal and Torres Strait Islander Arts, Arts Organisations, Arts Development and Corporate Resources – are outwardly focused on strategic outcomes to support our artists, strengthen Australian arts infrastructure and create an environment in which the arts can flourish.



## Our council

The governing body of the Australia Council for the Arts is called 'the council'. These men and women are appointed by the Minister for the Arts and are chosen for their experience, passion and skill. They are non-executive directors and are artists, educators, business managers, administrators and audience members who share a strong commitment to seeing the arts in Australia thrive.

They bring a wide variety of perspectives to the Australia Council and generously share their knowledge and expertise with us. Council members represent the community and the various artforms.

Our members as of 30 June 2011:



**Mr James Strong AO**  
**Chair (NSW)**

Appointed Chair of the Australia Council for three years from 1 July 2006 and re-appointed for an additional three years from 1 July 2009. Member of the Audit and Finance Committee; Chairman of Woolworths Limited and Kathmandu Limited; Non-executive director of Qantas Airways Limited; Director of Story Bridge Adventure Climb Pty Ltd and the Australian Grand Prix Corporation; Member of the Nomura Australia Advisory Board.



**Mr John W. H. Denton**  
**Deputy Chair (VIC)**

Appointed Deputy Chair of the Australia Council for three years from 1 July 2009; Chair of the Appeals Committee and member of the Audit and Finance Committee; Chair of Australia for UNHCR (UN Refugee Agency); Board member, Business Council of Australia, Arts Centre Foundation, Asia Society, Australasia Centre and Centre for Australian and New Zealand Studies (Georgetown University); Director, Large Law Firm Group Limited; Board member, Commonwealth Business Council; Member, APEC Business Advisory Council.



**Ms Kathy Keele**  
**Chief Executive Officer (NSW)**

Appointed Chief Executive Officer and member of the Australia Council (ex officio) for three years on 7 February 2007 and re-appointed for a further period to 6 February 2015; Chair of the Decisions Review Committee and a member of the Audit and Finance Committee; Member of the Australia International Cultural Council and Heads of Cultural Organisations; Ex officio member of the Playing Australia Committee and Festivals Australia Committee and Director, International Federation of Arts Councils and Cultural Agencies.

## Our council



**Ms Chrissy Sharp**

**Chair, Dance Board (VIC)**

Appointed to the Australia Council as Chair of the Dance Board and a member of council for three years from 19 October 2009. Inaugural Director of the Wheeler Centre for Books, Writing and Ideas, Melbourne.



**Professor Dennis Haskell**

**Chair, Literature Board (WA)**

Appointed to the Australia Council as Chair of the Literature Board and a member of council for three years from 7 September 2009; Professor of English and Cultural Studies, University of Western Australia; Member, University of Western Australia, Honorary Degrees Committee; Board member Westerly Centre, Association for the Study of Australian Literature, Australian Society of Authors and Australian Poetry Centre; External Examiner, University of Hong Kong, Creative Writing Program.



**Dr Matthew Hindson AM**

**Chair, Music Board (NSW)**

Appointed to the Australia Council as Chair of the Music Board and a member of council for three years from 27 March 2009; renowned composer and Chair, Composition Unit, University of Sydney; Board member, Aurora New Music Inc, and Music Curator, Campbelltown Arts Centre.



**Dr Mark Bin Bakar**

**Chair, Aboriginal and Torres Strait Islander Arts Board (WA)**

Appointed to the Australia Council as Chair of the Aboriginal and Torres Strait Islander Arts Board and a member of council for three years from 30 April 2009; Renowned entertainer and creator of the iconic character Mary G; Chair, Kimberley Stolen Generation Aboriginal Corporation; Member of the National Stolen Generation Alliance; Board member of the Western Australian Indigenous Implementation Board; Patron, Abmusic, Pilbara and Kimberly Aboriginal Media (PAKAM), Radio Network and Larrkardi Radio, Derby, Western Australia.



**Professor Ted Snell AM, Cit WA**  
**Chair, Visual Arts Board (WA)**

Appointed to the Australia Council as Chair of the Visual Arts Board and a member of council for three years from 27 December 2006. Re-appointed for a further three years on 5 February 2010; Director, Cultural Precinct, University of Western Australia; Member, Fullbright Scholarship Western Australian State Selection Committee, Perth art reviewer for *The Australian* newspaper; Chair, University of Western Australia Publishing.



**Ms Samantha Mostyn**  
**Community interest representative (NSW)**

Appointed to the Australia Council as a community interest representative and a member of council for three years from 16 June 2010; Board member, Redfern Waterloo Authority; Commissioner, Australian Football League; President, Australian Museum; Director; Australian Volunteers International and Sydney Theatre Company; Chair, AFL SportsReady; Director, Transurban Group; Independent non-executive director, Virgin Blue Holdings Ltd.



**Mr Kenneth Lloyd AM**  
**Community interest representative (SA)**

Appointed to the Australia Council as a community interest representative and a member of council for three years from 16 June 2011. Mr Lloyd has held senior positions in the Department for the Arts and Cultural Development (now Arts SA), the Art Gallery of South Australia and Country Arts SA. He held the position of Chief Executive Officer, Country Arts SA, from 1993 to 2010 and in 1996 was appointed to the honorary position of National Secretary, Regional Arts Australia.



**Ms Louise Herron**  
**Chair, Major Performing Arts Board (NSW)**

Appointed to the Australia Council as Chair of the Major Performing Arts Board and a member of council for three years from 16 June 2011. Ms Herron replaces Mr Rick Allert who resigned on 16 June 2011. Ms Herron is an Executive Director, Ironbark Corporate Advisory and a trustee of Sydney Grammar School.

## Message from the CEO

**In 2010-11, the Australia Council continued to focus on supporting artists and arts organisations to create works of excellence for the enjoyment of Australian audiences.**



**Kathy Keele**  
Photo: Dean Golja

There were almost 16.5 million attendances at Australia Council supported events in 2010-11, compared to just over 14 million in 2009-10, a satisfying outcome that provides evidence of our success.

In 2010-11, each of our artforms consulted extensively with their sectors, developing three-year (2010-12) sector plans that identify issues and outline short and medium term goals and priorities. These sector plans were also used as a platform to develop our Strategic Priorities for the year.

In 2010-11, we spoke directly with artists around Australia, running a series of free arts funding advisory forums in collaboration with state-based funding bodies. More than 1,800 artists and arts organisations attended the forums held in capital cities such as Darwin, Hobart and Sydney as well as many regional centres including Denmark in Western Australia, Cairns in North Queensland, Mildura, Bendigo and Castlemaine in Victoria and Nowra, Gosford and Wagga Wagga in New South Wales. Twenty-three events were held during the year.

The past year also saw a renewed focus on supporting individual artists. The 2010 release of the *Artist Careers* research provided insights into the working lives of Australia's 44,000 professional artists and showed that many are putting their creativity and education to good use by working in industries outside their own, thereby making a significant contribution to the Australian economy.

Following this, the Australian Government announced Creative Australia Artists Grants which will see an additional \$10 million going to individual artists in the form of grants for fellowships and the development and presentation of new work. These grants will be offered to artists working in all artforms over the next five years and I will be watching with great interest to see the outcome of this welcomed investment in our artists.

We also sharpened our focus on arts leadership in 2010-11 following research

that identified the need for arts managers to have more leadership development opportunities. The Theatre Board got the ball rolling with Cultural Leadership Skills Development Grants which gave two producers and four theatre makers the opportunity to pursue development opportunities through secondments, residencies and mentorships.

The Emerging Leaders Development Program, run out of our Arts Organisations section, supported 23 leading arts managers across artforms to further develop their strategic management skills. Over the coming year, participants will provide input as to the value of such training.

We've also been looking into new ways of supporting artists in their communities, expanding upon the success of our Creative Communities initiative with a new pilot project called *Cultural Places* which seeks to integrate artistic and cultural programs into local councils' cultural plans. Arts Queensland and Country Arts SA have put forward successful applications for projects in Rockhampton in Queensland and the Alexandrina Region of South Australia. These programs will be carefully evaluated to ensure that they benefit local artists, venues and audiences — and boost the wellbeing of the local community as a whole.

Our research program is going from strength to strength. Following the release of *Artist Careers* was the June 2011 release of *Connecting:// arts audiences online*, which saw more than 1,000 stakeholders download the report in the first few weeks and more than 600 people booking into the research road shows held around Australia. A growing online community continues to use the twitter hashtag #connectarts to reflect on the research, swap ideas and share tips on how to build audiences and drive attendance.

In keeping with our focus on emerging technologies, the popular Geeks in Residence program supported



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There were almost  
**16.5 million**  
 attendances at Australia  
 Council supported  
 events in 2010-11,  
 compared to just over  
 14 million in 2009-10.

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15 'geeks' to undertake residences in 12 arts organisations, thereby increasing the skills and knowledge of both. The Digital Culture Fund supported six projects involving artists and audiences working in a diverse range of digital media and platforms.

Our ability to reach the arts sector and the broader community is strengthened by the expertise of each member of the governing council and the members of each of their artform boards. Many of these members are artists themselves, committed to the wellbeing of their peers and their arts practice.

I thank each of the council members, and particularly acknowledge the leadership of James Strong AO, Chair of the Australia Council. I would also like to acknowledge the Minister for the Arts, the Hon Simon Crean MP, for his strong commitment to the arts in this country.

### Year in review — by division

#### Arts Funding

The Australia Council's commitment to excellence in the arts is reflected in the grants made to artists and arts organisations through the artform boards and committees. Complementing their commitment to supporting the creation of new work, the presentation and promotion of work and professional development opportunities, the boards and committees implemented specific initiatives based on their artform sector plans, which were updated in 2010 and now provide a blueprint for future priorities, directions and initiatives in the respective artforms.

To support the development of digital publishing in Australia, the Literature Board supported two new national service organisations and provided key organisation status to four national literary magazines.

The Theatre Board funded the Australian Theatre Network, a national networking mechanism for the small-to-medium theatre sector, which will strengthen sector dialogue and advocacy.

The Visual Arts Board completed an evaluation of and report on the achievements of the multi-government investment in the Visual and Arts and Craft Strategy, 2004-09.

The Dance Board partnered with Ausdance National to present the 2011 National Dance Forum in Melbourne as part of Dance Massive. This event featured 22 contemporary dance works, the majority of which were funded by the Dance Board.

Arts Funding continued to look for ways to support collaborations between the artforms, with the Music and Dance Boards jointly funding the Dance and Music Initiative to help musicians and dancers create new works.

During 2010-11, the Inter-Arts Office supported seven new residencies through the Synapse and artist-initiated residency programs. Artists created works in collaboration with other professionals in a diverse range of settings, from the Max Planck Institute in Germany and Institute for Marine and Antarctic Studies in Hobart to the Children's Hospital at Westmead in Sydney.

The Arts Funding Division also manages the Australian Government's Artists in Residence, Creative Community Partnerships, Opportunities for Young and Emerging Artists and ArtStart initiatives. More detail about these initiatives in 2010-11 is provided on page 30.

To maximise its investment in artists, the division continued to increase efficiencies and decrease the cost of its administrative processes, largely through online lodgement, assessment, notification of grant results and administration.

#### Arts Organisations

In 2010-11, the Arts Organisations division oversaw funding to some 170 triennially-funded key organisations and major performing arts companies. The division assisted the sector in the

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**The Artists in Residence initiative provides**  
**\$1.3 million**  
**to improve the access for young people to a quality arts education.**

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important areas of financial viability, artistic vibrancy and good governance, providing a range of consulting services to those companies, including mentorships, business planning assistance and the provision of marketing and online resources.

During the 2010 calendar year the companies that make up Arts Organisations demonstrated an extensive reach into the Australian community, with some 4.3 million attendances at performances, 1.1 million attendances at schools and education programs and 6.2 million attendances at exhibitions.

Extensive consultation was undertaken with major performing arts companies during the year as the Australian and state governments work towards a new funding framework to underpin and enhance the companies' attainment of excellence — now and into the future. The new framework will align to governments' aspirations in terms of increased access and audience numbers, artistic excellence, the nurturing of young talent, the diversification of income sources and excellence in governance.

The key organisations supported by the artform boards and committees of council continue to achieve dynamic, accessible and artistically-vibrant work. Significant achievements include the 17th Biennale of Sydney, which attracted over 500,000 visitors and physical theatre and circus company, Circa, which has become Australia's most travelled company with over 80 performances internationally per annum, representing almost 30,000 paid attendances.

### **Aboriginal and Torres Strait Islander Arts**

The focus of Aboriginal and Torres Strait Islander Arts (ATSIA) in 2010-11 was on creative leadership, artists' careers, artistic innovation, digital and giving to the arts.

In focusing on creative leadership, the ATSIA board engaged and consulted with culture bosses and custodians to

develop a cultural vibrancy tool that links cultural vibrancy to cultural maintenance. It highlights the role that cultural bosses and custodians play in ensuring cultural knowledge informs the artistic and cultural expression of songs, dances and paintings.

In 2010-11, the board committed to a three-year partnership with the British Council for the ACCELERATE Indigenous Cultural Leadership program, which will provide leadership opportunities for eight emerging leaders. The board also supported the national Coalition of Indigenous Festivals, with ATSIA Chair, Dr Mark Bin Bakar, launching Royal Melbourne Institute of Technology and Telstra Foundation research on the importance of Indigenous festivals to community pride, identity and wellbeing, as well as creating economic opportunities for artists, arts organisations and communities.

The National Indigenous Arts Infrastructure Program continued to build capacity and leadership in Indigenous arts. This year, the national BlakDance and north Queensland's UMI Arts consolidated and extended their operations with strong business planning and artist support.

In May, the annual workshop program connected 35 Indigenous arts organisations and their leaders from across the country; many of whom remained in Sydney to celebrate the National Indigenous Arts Awards, where musician Archie Roach received a prestigious Red Ochre Award for his outstanding lifetime achievement in the arts. Eminent actor Kylie Farmer received a fellowship to take her career in new directions. In 2010-11, the board also announced a new \$20,000 Dreaming Award for artists aged 18-26 years to develop a major work with their chosen mentor.

With a focus on artists' careers, the board supported a wide range of excellent arts projects in 2010-11, including the Alice Springs-based

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## 217 arts graduates received ArtStart grants in 2010-11 helping them build income-generating careers.

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Ernabella Arts Incorporated, which used a \$12,400 grant to give young and older men the opportunity to participate in Wati workshops and to mount an exhibition in the ceramic studio. ATSLA funding also enabled Jacob Boehme (\$5,549) to participate in the 17th Assitej World Congress in Denmark.

The board has committed \$50,000 towards a national Indigenous Playwrights Conference in 2012.

### Arts Development

In 2010-11, the Arts Development team focused on programs to build audiences and markets in Australia and internationally.

Major research projects were commissioned and published to inform the sector and build audiences. Key projects include *Artist Careers* and *Connecting:// arts audiences online* which focused on providing practical information on how arts organisations can use the internet to build audience engagement and drive attendance.

In 2010-11, Market Development delivered a range of programs to help Australian artists reach audiences in domestic and global markets. Through the International Network for Contemporary Performing Arts/Australia Council collaboration, Australian performing artists, companies and producers worked with European presenters and producers across 16 projects.

The International Performing Arts Markets program supported 32 market visits by Australian artists and companies and four showcase performances. Through the Going Global program, more than 25 Australian performing arts tours were delivered in over 21 countries and, for the first time in 2010-11, Market Development collaborated with Inter-Arts to deliver Hopscotch, a grant program supporting six 'live art' artists or companies to take their work to national and international venues and festivals.

Market Development's Go See fund supported 93 applications for Australian presenters and programmers to view contemporary performances across Australia. In addition, Go See supported presenters and programmers to attend curated events at the Australian World Music Expo, Come Out and Dance Massive festivals.

The Booked program supported 25 trips for Australian publishers and literary agents to attend book fairs in Taipei, London, Frankfurt and Bologna. Through the program, publishers and agents had 941 meetings and promoted 741 Australian book titles, resulting in 64 confirmed rights sales in international markets.

Artfare supported 11 galleries, representing 35 artists, to attend international art fairs from London to Hong Kong.

Australia's official representation at the 54th Venice Biennale was Hany Armanious. Commissioner Doug Hall AM and curator Anne Ellegood worked with the Australia Council team to deliver *The Golden Thread* which attracted over 10,000 visitors to the pavilion during the three-day Vernissage. The Australia Council also announced its intention to build a new Australian Pavilion by 2015, with funds to be raised via private support during 2011-12. Simon Mordant made a leadership pledge of \$1 million toward the capital fund raising program.

Get Reading! (formerly Books Alive) continued to grow in effectiveness during 2010-11, with Nielsen Bookscan figures showing the campaign led to a 260 per cent increase in sales of the books listed in the *50 Books You Can't Put Down* guide, compared with an increase of 175 per cent in 2009.

## Strategic Priorities

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**Free arts funding advisory forums are delivered to over 1,800 artists and arts organisations around Australia, including many regional centres.**

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### Strategic Priorities 2010-11

Council's artform sector plans underpin the development of our Strategic Priorities which this year addressed gaps and issues common across the arts sector.

#### The five Strategic Priorities were:

##### **Artist careers**

Support for artists at all stages of their career remained a key priority for council throughout 2010-11 with grants to individual artists increased and two major pieces of research about the working lives of Australia's 44,000 professional artists commissioned and released by our Research and Strategic Analysis section. The reports, *Do you really expect to get paid?* and *What's your other job?* are now being used by the arts and cultural sector to inform policy and debate.

One of the best demonstrations of our support for young and emerging artists is ArtStart which offers recent arts graduates grants of up to \$10,000 to establish a professional arts business or practice. In 2010-11, it supported 217 arts graduates working in all artforms.

In 2010-11, council also hit the road to talk to artists around Australia through its free arts funding advisory forums, which reached over 1,800 artists and arts organisations. Council also developed an online knowledge hub to provide information on career pathways, by artform.

##### **Artistic innovation**

In 2010-11, council increased its support for new work and programs that stretch the boundaries of existing artforms and lead to new multidisciplinary collaborations, partnerships outside the art world and new audience experiences. Three strong themes emerged in 2010-11: Live art, robotics and community engagement.

Successful cross artform initiatives included the Literature Board's *Underpass* project, which brought an interactive theatre script to life using a combination of live art, literature, music, film and pop culture, in an e-book form.

A Dance and Music partnership enabled choreographers and composers to develop several new works and the Theatre Board increased its support for an innovative multi-art form. Music and Inter-Arts also jointly funded a composer/sound/new media artist to undertake a residency in the Allosphere facility at the University of Southern California.

And, with its Artistic Vibrancy tool-kit, the Australia Council became one of the world's first funding agencies to develop a practical tool to enable major performing arts companies to measure and evaluate their own artistic performance.

##### **Giving to the arts**

Support for the arts from the Australian business and philanthropic community continues to grow with council's Artsupport Australia initiative leading the sector in facilitating philanthropic funding for Australian artists and arts organisations, including a three-year grant of \$480,297 for Alice Springs - based Tjanpi Desert Weavers from the Westpac Foundation.

To extend its reach, in 2010 Artsupport Australia appointed new managers in Victoria and New South Wales, with the latter role focused on growing philanthropic support in Western Sydney as well Aboriginal arts in regional New South Wales.

This year, Artsupport Australia staff mentored 522 clients and 136 individual artists, 25 per cent of which were remote/rural and 14 per cent of which were Indigenous. Almost \$13.6 million in philanthropic income was facilitated in 2010-11.

**Arts Queensland and Country Arts SA have put forward successful applications for a pilot project called *Cultural Places*, which seeks to integrate artistic and cultural programs into local councils' cultural plans**

Interest in the Artsupport Australia model is growing internationally, with the Netherlands' Boekman Foundation Study Centre for the Arts, Culture and Related Policy publishing an extensive profile on the model in the first edition of its *Cultural Policy Update*. Meetings have also been held with international agencies.

### ***Cultural leadership***

Identifying, promoting and building arts leaders was identified as a cross sector need in 2010-11. In February, the Theatre Board distributed cultural leadership grants worth \$280,000 and the Literature Board launched a new initiative, Writing Australia, to bring the Tasmanian, New South Wales, Victorian, South Australian and Australian Capital Territory writers' centres together to deliver services and provide an additional layer of professional skills development.

In April, Arts Organisations' Emerging Leaders Development Program brought 23 dynamic Australians from around the country together to participate in an intensive five-day workshop to equip them with skills to lead major arts organisations.

A major research project, funded by the artform boards and the Major Performing Arts Board, was also initiated to develop a better understanding of the characteristics of effective leadership, map leadership opportunities and make recommendations for future activities that could be supported by the arts sector and the Australia Council.

### ***Arts content in the digital era***

Council remained focused on the need to increase Australian arts content being created, promoted, distributed, enjoyed, accessed and preserved on digital platforms through several of its programs and specifically through the Digital Culture Fund, which this year supported six projects involving artists and audiences working in a diverse range of digital media and platforms.

The innovative Geek in Residence program supported 15 digitally-savvy 'geeks' to undertake residencies in 12 arts organisations, building the skills of both. A two-day Transmedia conference also connected individual artists and organisations with practitioners who could help them better understand the concept and develop project ideas.

Three meetings of the Artists Rights Roundtable, involving leading industry rights experts, were facilitated in 2010-11 and an Artists' Rights Information Portal was developed to increase awareness of copyright issues.

The Australia Council continued to support Australian Research Grants, with artists successfully placed in games development companies with the objective of generating new intellectual property.

The Australia Council's ongoing partnership with the ABC also continued to bear fruit, with a commission for the *Art + Soul* visual art program and ideas for new ABC commissions pitched. Two live major performing arts company broadcasts were also funded. A small pilot broadcast project with a key organisation was initiated with SBS this year.

Through our sector plans and Strategic Priorities, we have targeted our support to the arts sector as a whole and continue to consider ways to innovate. We also continue to reduce costs through greater efficiencies so that we can provide maximum funding to artists.



**Kathy Keele**

CEO, Australia Council for the Arts

## Funding overview

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### **The Australia Council invested over \$163.8 million in artists and arts organisations across the country in 2010-11, compared to \$164.5 million\* in the previous financial year.**

We supported the full spectrum of arts activity during the year, from small grants to individual artists to multi-million dollar funding to major performing arts organisations.

The Australia Council's \$163.8 million investment enabled artists to create 7,541 new works in 2010-11 and to present, perform, publish or exhibit 6,989 new works. It saw almost 16.5 million attendances at arts events throughout the financial year – a large increase from just over 14 million in the last financial year.

The \$163.8 million investment funded 1,897 grants and projects. Of this, \$96.5 million went to major performing arts companies, over \$26.5 million through board grants and over \$16.5 million through government initiatives (see figure 1).

Of the 1,897 grants and projects provided by the Australia Council in 2010-11, 812 grants were given to individual artists and 1,085 grants were given to organisations (NB: Figures for individual artists include artists working together as groups, outside of formal structures).

These grants were awarded from 5,689 applications to the various grant categories. This is 989 more applications than in the previous financial year (see figure 2), which reflects a big increase in the number of ArtStart applications (460 more than last year) and increases in the number of applications received by Music, Literature and the Arts Development division.

The \$163.8 million total investment included \$51.3 million for the nation's orchestras; \$21.1 million for opera; \$12.3 million for other music artists and organisations; \$16.9 million for visual artists and organisations; \$24.6 million for theatre companies and artists; \$16.1 million for dance artists and companies; \$6.6 million for writers, publishers and literary organisations; \$10.6 million for multi-artform artists and organisations; and \$4.1 million in miscellaneous funding, including sector building and audience development initiatives and programs (figure 3).

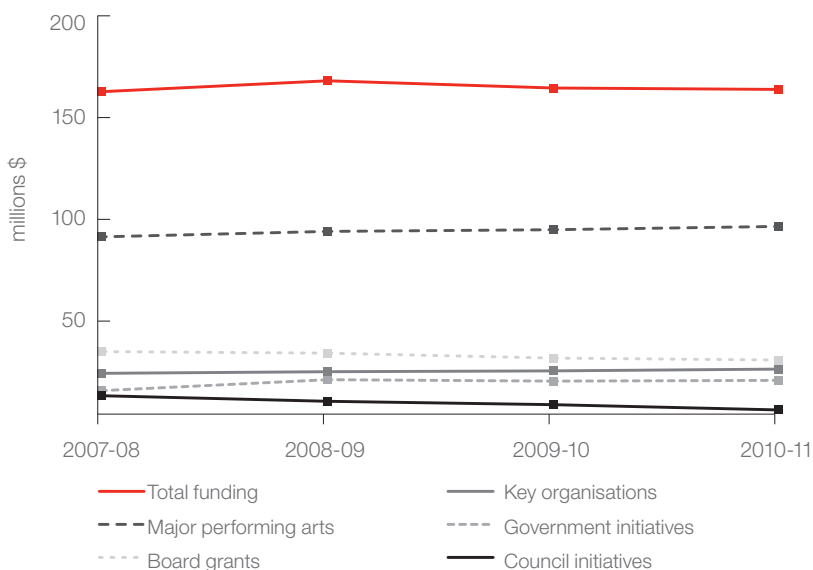
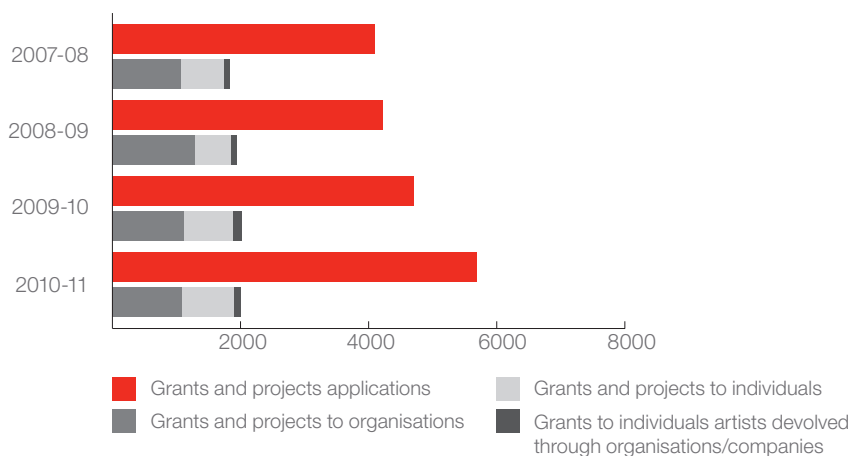
The Australia Council's total funding for 2010-11 also included:

- \$7.2 million for international activities by Australian artists and arts organisations, compared to \$6.3 million in the previous financial year.
- \$7.9 million for arts and cultural activities with a predominantly Indigenous focus, compared to \$7.8 million in the previous financial year.
- \$13.8 million for arts and cultural activities with a predominantly regional focus\*\* compared to \$11.8 million in the previous financial year.

\* The Australia Council reclassified its expenditure so that the total funding figure for grants and programs does not include supplier-related expenses and salary costs associated with the delivery of grants and programs.

\*\* Includes MPA activity (\$259,948). The increase is also due to ArtStart (\$224,462), Community Partnerships' Artist in Residence initiative (\$1,289,000) and increases in Key Organisations, Literature, Music and Visual Arts. These latter increases may be a result of better reporting through self-reporting in online applications.



**FIGURE 1: Grant and program funding****FIGURE 2: Total applications, grants and projects\***

	2007-08	2008-09	2009-10	2010-11
Grant and project applications	4,093	4,216	4,700	5,689**
Grants and projects approved (split)	1,736	1,846	1,873	1,897
Grants and projects to organisations	1,069	1,294	1,121	1,085
Grants and projects to individuals (including artists working together as groups outside of formal structures)	667	552	752	812
Grants to individual artists devolved through organisations/companies	103	93	143	105

\* Excludes funding to MPA and Key Organisations.

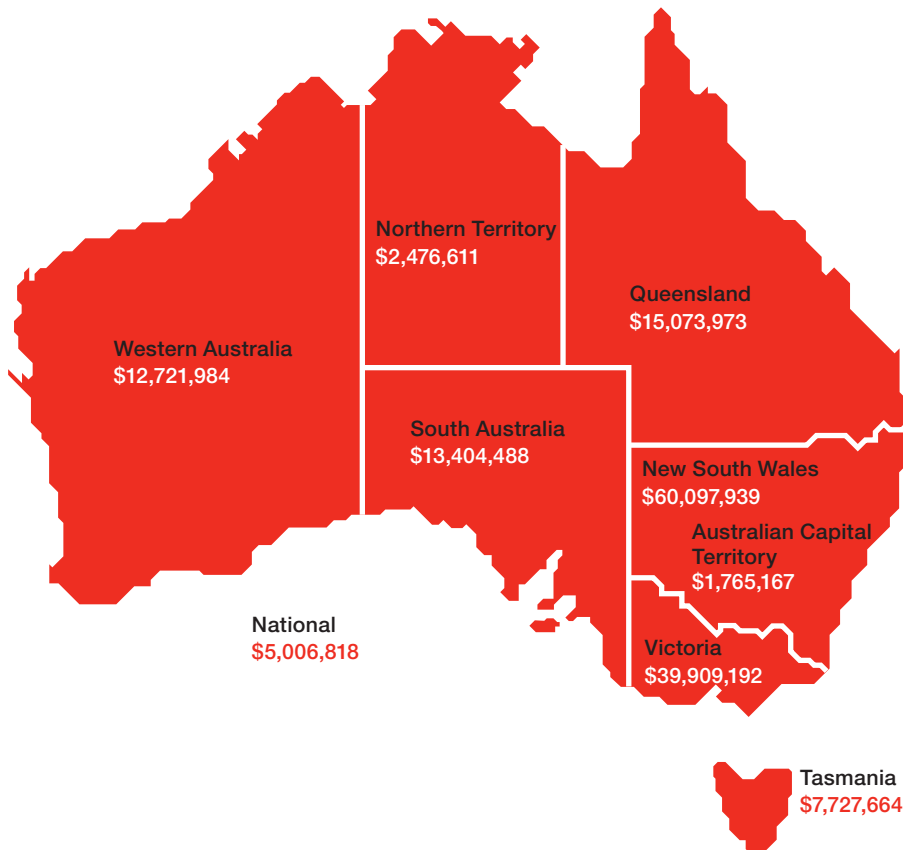
\*\* Reflects a big increase in the number of ArtStart applications — 460 more than last year — and increases in the number of applications received by Music, Literature and the Arts Development division.

**FIGURE 3:**  
Total funding by artform 2010-11



Orchestras	\$51.3 million
Opera	\$21.1 million
Other music	\$12.3 million
Visual arts	\$16.9 million
Theatre	\$24.6 million
Dance	\$16.1 million
Literature	\$6.6 million
Cross-artform	\$10.6 million
Miscellaneous	\$4.1 million

**FIGURE 4:**  
Total funding by state and territory 2010-11



	Cross-artform \$	Dance \$	General \$	Literature \$	Music \$	Theatre \$	Visual Arts \$	Total \$
NSW	2,884,999	5,090,815	1,124,560	1,298,652	36,116,823	8,344,990	5,237,100	60,097,939
VIC	2,078,335	6,920,082	343,788	1,405,946	18,279,670	7,737,274	3,144,097	39,909,192
QLD	1,185,056	1,181,660	463,000	512,115	7,862,088	2,368,483	1,501,571	15,073,973
SA	910,546	963,574	346,033	99,400	7,492,791	1,888,591	1,703,553	13,404,488
WA	822,502	775,945	430,857	564,500	7,311,936	1,952,896	863,348	12,721,984
TAS	463,095	409,576	155,000	149,500	5,784,950	296,222	469,321	7,727,664
NT	351,500	399,456	184,990	35,000	300,116	448,952	756,597	2,476,611
ACT	70,000	253,758	0	362,007	168,000	125,302	786,100	1,765,167
National	1,428,794	26,690	965,765	1,499,524	426,329	569,461	90,255	5,006,818
Overseas	456,337	155,759	83,867	673,378	959,497	930,560	2,397,879	5,657,278
<b>Total</b>	<b>10,651,164</b>	<b>16,177,315</b>	<b>4,097,860</b>	<b>6,600,022</b>	<b>84,702,200</b>	<b>24,662,731</b>	<b>16,949,821</b>	<b>163,841,112</b>

NB: Table includes rounding to the nearest dollar.

**FIGURE 5: Total funding by division/board 2010-11\***

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	National	Overseas	Total
Arts Development	No.** \$'s	18 510,173	10 398,122	5 251,033	6 359,888	2 10,000	7 247,263	1 5,000	56 2,320,931	162 2,726,658	294 7,992,721
Arts Funding	No. \$'s	64 906,090	16 177,747	5 62,301	11 124,335	4 55,000	4 52,962	8 74,647	7 711,532	16 159,745	223 3,224,311
Arts Organisations	No. \$'s	27 498,275	4 83,000	5 105,000	6 123,000	6 97,000	4 36,000	1 30,000	1 5,000	0 0	63 1,172,275
Aboriginal and Torres Strait Islander Arts	No. \$'s	16 250,805	16 619,678	7 114,925	8 228,789	1 19,370	4 62,493	2 52,727	4 201,618	6 71,674	81 1,904,011
Community Partnerships	No. \$'s	35 1,659,447	17 1,175,960	9 921,295	12 1,059,520	8 512,703	8 452,990	2 55,000	5 177,925	4 27,991	136 8,239,318
Dance	No. \$'s	14 537,552	1 15,600	3 72,720	3 147,196	3 250,772	1 22,000	0 0	1 5,000	0 0	43 1,563,772
Inter-Arts Office	No. \$'s	12 260,041	2 56,550	5 55,096	3 64,463	3 34,747	0 0	0 0	1 12,787	6 93,500	43 867,933
Key Organisations	No. \$'s	40 9,057,192	21 2,814,246	21 3,246,735	15 2,083,057	5 615,276	8 1,227,885	6 1,162,484	5 604,327	0 0	154 26,272,579***
Literature	No. \$'s	48 1,191,331	22 382,115	5 71,500	16 324,000	7 149,500	1 30,000	1 2,007	3 29,628	40 381,588	191 3,499,964
Major Performing Arts	No. \$'s	37 40,806,358	12 8,474,575	6 7,812,097	8 7,618,357	4 5,773,070	1 202,516	1 100,000	18 364,293	4 91,882	109 97,132,855***
Music	No. \$'s	60 1,216,764	18 300,414	8 102,113	9 247,450	1 18,000	1 6,600	2 38,000	9 180,229	49 571,511	207 3,531,147
Theatre	No. \$'s	30 1,216,046	8 313,621	9 361,362	5 211,939	3 73,846	2 110,902	3 125,302	6 327,868	3 65,000	104 3,876,370
Visual Arts	No. \$'s	69 1,334,386	13 262,344	14 228,311	8 129,990	8 118,380	2 25,000	5 120,000	6 65,678	79 1,467,729	249 4,563,856
Total grants and programs		479	160	102	110	55	43	32	122	369	1,897
<b>Total \$'s</b>	<b>60,097,939</b>	<b>39,909,191</b>	<b>15,073,973</b>	<b>13,404,488</b>	<b>12,721,985</b>	<b>7,727,864</b>	<b>2,476,611</b>	<b>1,765,167</b>	<b>5,006,817</b>	<b>5,657,278</b>	<b>163,841,112</b>

NB: Table includes rounding to the nearest dollar.

\* Funding by division includes government and council initiative allocations delivered by each division.

\*\* Number of grants.

\*\*\* Includes government and council initiatives.



**Tim Olsen Gallery Sydney**  
Photo: Dave Cheng

Statement of  
outcome

# Strategic Plan

**Our strategic direction is based on one outcome: The creation, presentation and appreciation of distinctive cultural works by providing assistance to Australian artists and making their works accessible to the public.**

## **Australia Council Strategic Plan 2010-2012**

The strategic direction of the Australia Council is guided by its Strategic Plan 2010-2012, which is continually monitored in response to artform sector needs and aligned to the broad principle of maintaining an Australian arts sector that is artistically vibrant, innovative, diverse and accessible.

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

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

## **Our objectives are as follows:**

- 1** to invest in the development and production of excellent Australian artistic work
- 2** to assist the presentation of artistically vibrant works, nationally and internationally
- 3** to promote access to, participation in, and appreciation of the arts by Australians
- 4** to assist the development of Australian arts infrastructure, and
- 5** to provide policy development, research and advisory services to promote the arts.



## How we performed

### Our deliverables are as follows:

- to provide opportunities for Australian artists to create and present a body of distinctive cultural works characterised by the pursuit of excellence
- to invest in initiatives that promote understanding, enjoyment and appreciation of the arts by Australian people.

**FIGURE 6: The Australia Council's performance against its deliverables is provided in the following table**

		2007-08	2008-09	2009-10	2010-11
Total funding	\$	162.7m	168.1m	164.5m <sup>*</sup>	163.8m
Grants and projects	No.	1,736	1,846	1,873	1,897
Organisations funded:					
Key Organisations	\$	20.0m	20.8m	21.2m	22.1m
Organisations funded:					
Major Performing Arts	\$	91.4m	94.1m	94.9m	96.5m
Grants to organisations	No.	1,069	1,294	1,121	1,085
Grants to individual artists (funded directly)	No.	667	552	752	812
Grants to individual artists devolved through organisations/companies	No.	103	93	143	105
Countries presented in	No.	66	70	58	66
Grants supporting Australian artists internationally	\$	7.0m	7.3m	6.3m	7.2m
Grants supporting Australian artists internationally	No.	392	397	362	418

<sup>\*</sup> The Australia Council reclassified its expenditure so that the total funding figure for grants and programs does not include supplier-related expenses and salary costs associated with the delivery of grants and programs.

**FIGURE 7: The key performance indicators, demonstrating the performance of the program in achieving its objectives and contributing to the council's outcome are provided in the following tables**

	2007-08	2008-09	2009-10	2010-11
Number of new works created	5,215	5,526	6,911	7,541
Number of new works exhibited, performed and published	5,394	5,414	8,728	6,989 <sup>*</sup>

<sup>\*</sup> The different between last year's figures relates to the introduction of standard statistical reporting across all Major Performing Arts (MPA) companies. Previously, figures for MPA companies related to presentation of all types of work. This year, consistent with figures from other areas of council, the figures relate only to the number of new works presented.

**FIGURE 8: Attendance numbers at Australia Council supported events**

	2007-08	2008-09	2009-10	2010-11
Project grants	1,451,663	3,229,380	3,982,933	6,478,701
Key Organisations	4,704,991	6,409,200	7,176,409	6,922,075
Major Performing Arts	3,341,539	3,376,063	2,939,639	3,057,757
<b>Total</b>	<b>9,498,193</b>	<b>13,014,643</b>	<b>14,098,981</b>	<b>16,458,533</b>

# How we performed against our objectives

Through the Opportunities for Young and Emerging Artists initiative, council provides just over

**\$1.7 million**

to support emerging practitioners.

## Objective 1

### To invest in the development and production of excellent Australian artistic work.

The Australia Council invests in artistic production and the development of artistic practice by providing grants and other forms of financial support to individual artists and arts organisations. This support enables them to create new work and pursue professional development opportunities through residencies, mentorships and fellowships. It also celebrates excellence with awards that recognise outstanding achievement or artistic potential. Throughout 2010-11, 7,541 new works were created with Australia Council support.

In 2010-11, the Australia Council received 5,689 grant and project applications\* which resulted in:

- 812 grants to individual artists, including:
  - 47 artist residencies
  - 321 fellowships
- 1,085 grants to arts organisations
- 105 grants to individual artists devolved through organisations/companies.

Notable examples of how the Australia Council is investing in the development and production of excellent Australian artistic work include the Music Theatre Initiative, which saw the Victorian Arts Centre, New Musicals Australia and the Victorian Opera collaborate on a series of new musical theatre works, from chamber opera through to cabaret; Sydney's Milk Crate Theatre's production of innovative site-specific works with homeless people around the city; the development and presentation of a solo dance work by the renowned movement artist, Victoria Hunt; and the Visual Arts Board's funding of the renowned performance artist, Stelarc, to research and create a robot small and robust enough to transmit a performance from inside the human body.

\*This reflects a big increase in the number of ArtStart applications — 460 more than last year — and increases in the number of applications received by Music, Literature and the Arts Development division.

## Objective 2

### To assist the presentation of artistically vibrant works, nationally and internationally.

The Australia Council runs programs to increase resources, opportunities and audiences for Australian art by funding the presentation, exhibition, publication, distribution and/or promotion of Australian works in a range of artforms and practice areas.

In 2010-11, the Australia Council supported:

- the presentation of 67 Australian works by key organisations
- the presentation of 231 Australian works by the major performing arts companies, including Australian works
- the presentation of work by Australian artists in 66 countries.

Through the Going Global fund, the Polyglot Theatre was able to present a children's show at the Segerstrom Center in California (US); the Music Board supported Liquid Architecture, an annual festival of sound art which travelled to seven towns and cities, including Bendigo and Cairns; the International Pathways initiative, offered by the Music Board and Market Development sections, gave critically-acclaimed bands such as Cloud Control, the Goldner String Quartet and the Black Jesus Experience the opportunity to perform in the US, UK and Ethiopia; International Art Space Kellerberrin Australia (IASKA) was able to participate in Situation #1, a new biennial visual arts project that links local communities throughout rural Western Australia with their international counterparts; and Australian writers and illustrators were able to attend nine major international festivals including Toronto, Mumbai, Edinburgh and Hay-on-Wye.

### Objective 3

#### To promote the access, participation in and appreciation of the arts by Australians.

The Australia Council runs programs to increase national and international audiences and markets for Australian arts, supports a diverse range of arts and cultural activities in communities and utilises the arts to build stronger communities.

- In 2010-11, there were almost 16.5 million attendances at Australia Council supported events.

Examples of projects that increase audiences and make the arts more accessible include Get Reading! — Australia's largest annual celebration of books and reading. The campaign, which includes the *50 Books You Can't Put Down* guide, led to a 260 per cent increase in sales of the 50 books listed in the guide this year.

Other notable events include Dance Massive, which showcased 22 contemporary dance works, with 200 artists performing to over 13,000 people.

Through the Creative Community Partnerships initiative, the Australia Council this year supported an arts intervention with *Beyond Empathy*, which builds greater community resilience and cohesion in the northern NSW coastal community of Bowraville and the Music Board supported Country Arts WA's *Sand Tracks* program, which increases access to live contemporary Indigenous music performances by remote communities and helps artists develop new skills.

The Inter-Arts Office supported *Rolling Stock*, a series of sound art/installation/performance works presented on a train between Junee and Cootamundra in regional NSW and SiteLab, a Campbelltown Arts Centre laboratory program, brought local, Australian and international artists together for residencies and creative development in sites across Campbelltown and Minto in NSW. It resulted in the presentation of Minto Live, a live art event developed in collaboration with the local community.

As part of the L'Oreal Melbourne Fashion Festival in 2011, the Digital Culture Fund enabled Thea Baumann to present *Metaverse Makeover* — a series of live performances in beauty salons, saunas and nail parlours, which invited guests to contribute to the development of the work.

The Literature Board's Literary Magazines Australia initiative also connected communities through a website with links to individual publications, a cinema advertising campaign and panel sessions by magazine editors at leading capital city writers' festivals.

### Objective 4

#### To assist the development of Australian arts infrastructure.

The Australia Council provides grants to arts organisations to develop and maintain sustainable and vibrant arts infrastructure through collaborations, partnerships and professional development opportunities.

Our commitment to developing arts infrastructure this year resulted in the development of two new national service organisations, Australian Poetry Limited and Writing Australia, to bring writers from all states and territories together.

Another highlight came through the Theatre Board's Cultural Leadership Skills grants, which supported six emerging and established leaders from diverse backgrounds to embark on individual programs of skills development. For example, theatre maker Rachel Swain is now researching intercultural arts practice and dramaturgy in a situation of global change while producer John Harvey is developing protocols for creating new Torres Strait Islander theatre.

The past year also saw the Inter-Arts Office host a national roundtable to discuss the most appropriate strategies for supporting Live Art — a term used to describe work in which artists explore the live experience of artistic processes — and partnered with Arts Organisations, New Media Curation and

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**Get Reading! - Australia's largest annual celebration of books and reading - leads to a 260 per cent increase in sales of the books listed in the *50 Books You Can't Put Down* guide.**

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## Government initiatives

the Powerhouse Museum to present *genart\_sys | a window on digital culture*, which brought innovative digital artists, organisations, curators, producers and presenters together.

The Visual Arts Board and Biennale of Sydney established the Nick Waterlow OAM Curatorial Fellowship to celebrate the extraordinary contribution Mr Waterlow made to Australian and international contemporary visual arts. The inaugural Biennale fellow was Annika Kristensen.

Under its Cultural Engagement Framework council also entered into multi-year agreements with Kultour, Regional Arts Australia and Arts Access Australia to ensure that artists from across Australia's diversity are supported in pursuing their careers.

### Objective 5

**To provide policy development, research and advisory services to promote the arts.**

The Australia Council undertakes research, analysis and evaluation to inform future policy and program development. The Australia Council's Research and Strategic Analysis (RSA) section had the following research priority areas in 2010-11:

- economic and public value of the arts
- audience access and participation in the arts
- digital impacts on the arts
- best practice evaluation in the arts.

The largest research project in 2010-11 was a study into how arts audiences are using online media in relation to attending events. It culminated in the release of *Connecting:// arts audiences online*, a fully integrated website that provides a powerful tool for the sector to implement strategies to capture the huge potential for online engagement to drive greater attendance and engagement with the arts.

Through its Artsupport Australia initiative, the Australia Council provides advisory services on private sector support as well as advocates for arts sector support.

Artsupport Australia works closely with the cultural, corporate and philanthropic sectors to increase cultural giving.

In 2010-11, Artsupport Australia facilitated over \$10 million in philanthropic income from donations and foundation grants for artists and cultural organisations, nationally. This was achieved through mentoring and brokering programs undertaken by its director and five state managers.

### Government initiatives

In 2010-11, the Australia Council continued to manage a number of Australian Government initiatives; the majority of which are funded through council's appropriation. They include:

#### Artists in Residence initiative (AIR)

The Artists in Residence initiative provided \$1.3 million to professional artists in 2010-11 enabling them to broaden their experience and share their skills while providing Australian school and university students with greater exposure to creative practice. Managed by the Australia Council's Community Partnerships section, it creates opportunities for artists and teachers to work together on developing effective teaching methods and practices for the arts.

To date, over 155 residencies have taken place in schools across the country.

The Australia Council will continue its partnerships with state and territory governments to deliver more residencies in 2011-12, including working strategically with pre-service teacher training institutions and in developing meaningful professional development opportunities for artists and teachers during residencies.

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**The Research and Strategic Analysis team publishes landmark reports including *Artist Careers and Connecting:// arts audiences online*.**

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**With its Artistic Vibrancy tool-kit, the Australia Council becomes one of the world's first funding agencies to tackle the issue of how to measure the artistic vibrancy of the companies it funds.**

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### ArtStart

ArtStart is a \$9.6 million four-year initiative (2009 to 2013) that offers recent arts graduates grants of up to \$10,000 to establish a professional arts business or practice. ArtStart has distributed \$4,042,299 in the past two years over four rounds (closing dates 26 October 2009, 4 March 2010, 5 October 2010 and 2 March 2011), providing funding assistance to 416 artists from all Australian states and territories.

In 2010-11, ArtStart supported 217 arts graduates working in all artforms, including video artists, object designers, playwrights and theatre makers. Applications were received from artists with a variety of academic achievements, ranging from undergraduate courses at university or TAFE (Certificate IV, degree or diploma) to PhD qualifications.

### Creative Communities

In 2010-11, the Creative Communities Partnerships initiative provided \$2.7 million to large-scale projects to benefit communities.

Managed by the Community Partnerships section, this initiative aims to build high-quality arts programs that give individual community members the opportunity to directly participate in all aspects of art-making across all artforms. It also develops community-based partnerships with long-term outcomes and stimulates innovation in the use of the arts to enhance community wellbeing.

The initiative is an ongoing program with an annual allocation of over \$2.5 million to enable more Australians to participate in the places where they live. In 2010-11, the Australia Council approved 11 proposals for a total amount of \$4,418,038, with some commitments extending into future fiscal years.

### Canberra and Darwin Symphony Orchestras

The Australia Council oversees Australian Government grants to the Canberra and Darwin Symphony Orchestras and provides further assistance to both organisations through the provision of consultancy and capacity building programs to strengthen their management capabilities.

### Get Reading!

This Australian Government initiative, which encourages Australians to discover the joy of reading, had a campaign budget of \$2 million in 2010-11 (from 2012 onwards the funding will be \$1.6 million). Nielsen Bookscan figures showed that the 2010 campaign led to a 260 per cent increase in sales of the books listed in the *50 Books You Can't Put Down* guide, compared to an increase of 175 per cent in 2009. The 2010 campaign was the most outstanding yet for brand awareness, stakeholder participation and the support of 16 prominent Australian ambassador authors, who toured as part of the campaign. It delivered a three per cent boost to total market sales, equating to 257,997 units, valued at \$5.2 million.

### Opportunities for Young and Emerging Artists

The Opportunities for Young and Emerging Artists initiative provided just over \$1.7 million towards six programs to help artists establish artist-run initiatives and pursue professional development through residences, collaborations, mentorships and workshops, while also making and presenting work at a major music festival. It included the Young and Emerging Artist Award, offered by the Australian Business Arts Foundation.

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**The Theatre Board introduces Cultural Leadership Skills Development grants and the Arts Organisations division gives 23 leading arts managers the opportunity to develop their skills through the Emerging Leaders Development Program.**

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### **Major Festivals Initiative (MFI)**

This highly-successful Australian Government initiative supports the commissioning, development and showcasing of new, innovative and distinctively Australian works of scale for presentation at Australia's major international arts festivals. Member festivals include the Adelaide Festival of Arts, Brisbane Festival, Darwin Festival, Melbourne International Arts Festival, Perth International Arts Festival, Sydney Festival and Ten Days on the Island (Tasmania). In 2010-11, the \$750,000 per annum fund supported Stalker Theatre Company's *Shanghai Lady Killer*, Black Swan State Theatre Company's *Boundary Street*, Legs on the Wall's *My Bicycle Loves You* and Darwin Festival Produced's *Wulamanayui and the Seven Pamanui*.

### **The Melba Foundation**

In 2004, the Melba Foundation received a grant of \$5 million over five years from the Australian Government to develop and disseminate high-quality Australian music recordings, nationally and internationally. In 2009, the Government announced the continuation of its support to the Melba Foundation to 2011-12, recognising the foundation's contribution to the vibrancy and sustainability of the Australian music industry.

### **Visual Arts and Craft Strategy**

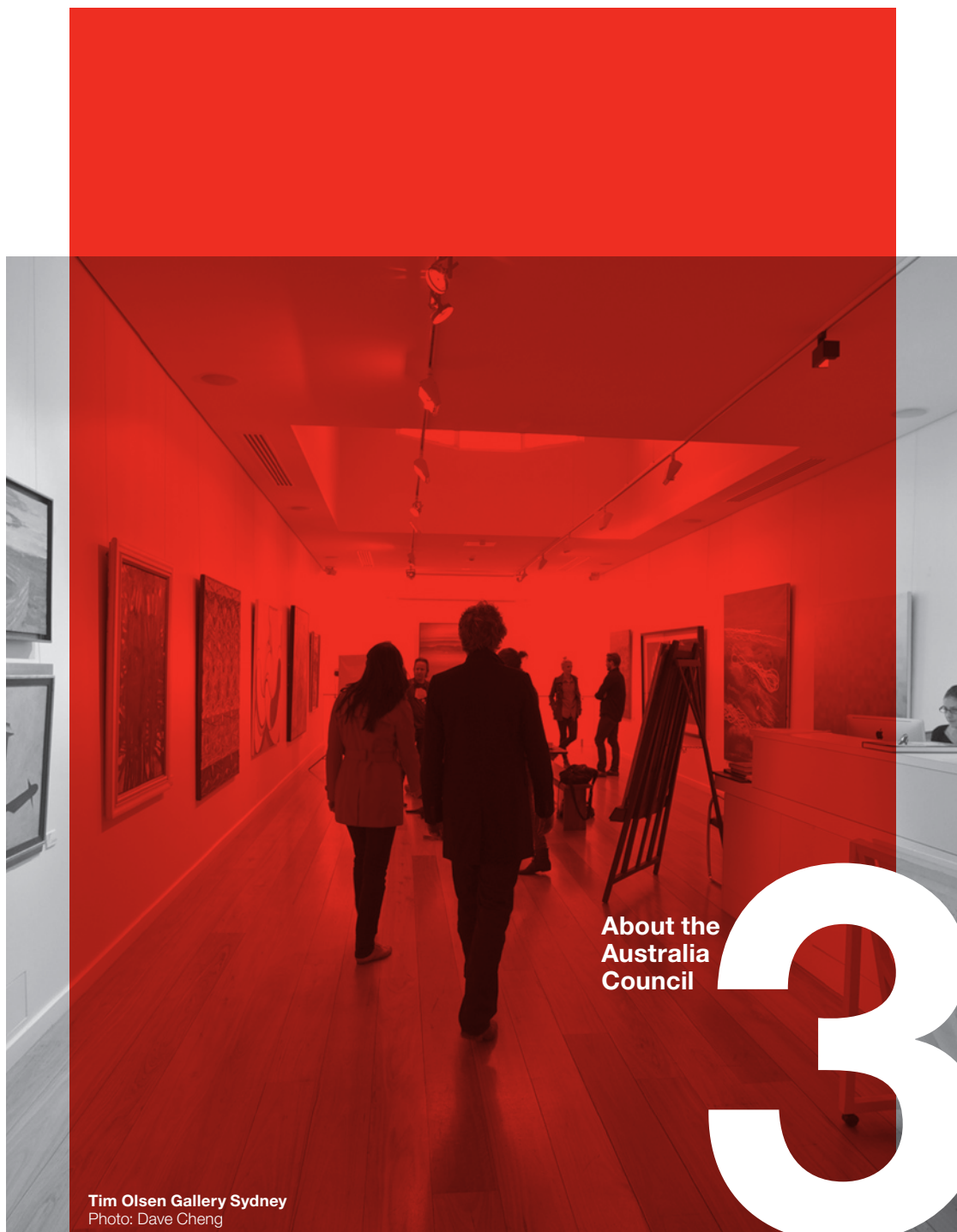
The Visual Arts and Craft Strategy (VACS) was developed as a joint initiative of all Australian governments in response to the 2002 *Report of the Contemporary Visual Arts and Craft Inquiry (The Myer Report)*. Since its implementation in 2003-04, the VACS has significantly increased the vitality and sustainability of Australia's contemporary visual arts sector.

VACS Stage II is a \$24.7 million, four-year strategy delivered by the Australian government, with an equivalent amount matched by state and territory governments. VACS funding is focused on four key areas: support for infrastructure, expanding the market, support for individual artists and support for Indigenous arts and craft.

This year, the Australia Council administered \$5.5 million of VACS funding, including \$1 million in direct grants to individual artists. The remaining funds were delivered to organisations, events and Indigenous initiatives.

Highlights this year include Craft Victoria's *Craft Cubed: a festival of experimental, skilled and ideas-based craft and design* and the Australian Centre for Contemporary Art's annual exhibition *New11*, which commissioned artists from Melbourne, Sydney and Perth to create new work. Western Australia's FORM has been working on the Canning Stock Route Project since 2006. It tells the story of the route's impact on Indigenous people through the works and stories of senior and emerging artists and was exhibited at the National Museum of Australia from 30 July 2010 to 26 January 2011.





**Tim Olsen Gallery Sydney**  
Photo: Dave Cheng

About the  
Australia  
Council

3

## About the Australia Council

**The Australia Council is the Australian Government's arts funding and advisory body. The Australia Council is accountable to the Australian Parliament and to the Government through the Minister for Regional Australia, Regional Development and Local Government and Minister for the Arts, the Hon Simon Crean MP.**

Formed as an interim council in 1973, the Australia Council was given statutory authority status by the *Australia Council Act 1975*. It replaced an earlier non-statutory body called the Australian Council for the Arts, which had been established as a division of the Prime Minister's Department in 1968.

The Australia Council subsumed other arts-related Government functions, such as the Commonwealth Literary Fund and the Commonwealth Art Advisory Board. It was granted considerably expanded functions and greater independence from Government than its predecessors.

The work of the Australia Council is guided by two fundamental principles:

- The 'arm's length' principle, enshrined in the *Australia Council Act 1975*, which provides that Ministers may not direct the council with respect to the provision of grants,
- The 'peer assessment' principle, whereby decisions on grants are made by artists, individuals closely associated with the arts and community representatives who are peers of those being assessed. Grants are offered to artists and arts organisations whose proposals, in competition with those of other applicants, and within budgetary constraints, demonstrate the highest degree of artistic merit and innovation.

The functions of the Australia Council are:

- (a) to formulate and carry out policies designed:
  - (i) to promote excellence in the arts
  - (ii) to provide, and encourage the provision of, opportunities for persons to practice the arts
  - (iii) to promote the appreciation, understanding and enjoyment of the arts
  - (iv) to promote the general application of the arts in the community
  - (v) to foster the expression of a national identity by means of the arts
  - (vi) to uphold and promote the right of persons to freedom in the practice of the arts
  - (vii) to promote the knowledge and appreciation of Australian arts by persons in other countries
  - (viii) to promote incentives for, and recognition of, achievement in the practice of the arts, and
  - (ix) to encourage the support of the arts by the states, local governing bodies and other persons and organisations.
- (b) to furnish advice to the Government of the Commonwealth, either of its own motion or upon request made to it by the Minister, on matters connected with the promotion of the arts or otherwise relating to the performance of its functions, and
- (c) to do anything incidental or conducive to the performance of any of the foregoing functions.

# Corporate Governance

**The governing body of the Australia Council is 'the council'. The primary role of the governing council is the achievement of the agency's policy and strategic objectives. To fulfil this role, the council is responsible for the overall corporate governance of the agency, including implementing its strategic direction, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.**

In accordance with the *Australia Council Act 1975*, the council has between 10 and 14 members, not including the Australia Council Chief Executive Officer who is a member of the council (ex officio). Terms of appointment for members of the council are generally three years. Members are eligible for re-appointment. However, appointments cannot be for more than six continuous years. Members are appointed with a view to achieving a balance of relevant expertise in the arts, business, management, public policy, corporate governance and administration, appropriate to regional, gender, multicultural and Indigenous community participation in the arts.

All new members of the council are provided with an induction program where they receive a copy of the Australia Council's *Governance Manual and the General Guidance for Directors of Statutory Authorities* publication, provided by the Office for the Arts in the Department of the Prime Minister and Cabinet. The manual contains a section that outlines appropriate ethical standards with regard to, amongst other things, directors' obligations, confidentiality and disclosure of council business, conflicts of interest, political activity, sponsored travel and acceptance of gifts. A Code of Conduct, which every member of the council, its boards and committees is expected to comply with, has been drawn up with regard to the responsibility entrusted to these members and the fundamental principles and values that guide the work of the Australia Council.

If a council member requires legal advice on any matter, the chairperson advises the CEO to make arrangements for obtaining this advice.

See page 11 for members of the Australia Council as at 30 June 2011.

## During 2010-11, the council met six times:

2 August 2010	Brisbane
7 October 2010	Melbourne
16 December 2010	Sydney
17 February 2011	Adelaide
14 April 2011	Brisbane
23 May 2011	Sydney

## Ministerial responsibilities

The Minister for the Arts, the Hon Simon Crean MP, has been the Minister with responsibility for the Australia Council since 14 September 2010. The then Minister for Environment Protection, Heritage and the Arts, the Hon Peter Garrett AM MP, was the responsible Minister from 1 July 2010 to 13 September 2010.

## Department of the Prime Minister and Cabinet (Office for the Arts) representative

The Department of the Prime Minister and Cabinet has observer status on the council. Lynn Bean, First Assistant Secretary, Office for the Arts, was the appointed observer for the department for the period July 2010 to February 2011. Ms Sally Bassar, First Assistant Secretary, Office for the Arts, is the appointed observer from April 2011.

## Staff representative

Australia Council employees elect a staff representative to represent them as an observer on the council. Sigrid Langker, Division Administrator, Aboriginal and Torres Strait Islander Arts and Thom Scire, Program Officer, Community Partnerships, were elected as joint staff representatives from 2010-11.

## Changes to council membership from 2010-11

Ms Louise Herron was appointed Chair of the Major Performing Arts Board on 16 June 2011, replacing Mr Rick Allert AO. Mr Kenneth Lloyd AM was appointed a community interest representative on 16 June 2011. Ms Rosalba Clemente's term as Chair of the Theatre Board ended on 25 March 2011. There is no current appointment to that office. Professor Brad Haseman's term as a community interest representative ended on 25 March 2011.

# Artform boards

**FIGURE 9: Schedule of attendance at council meetings from 2010-11**

Name	Eligible to attend meetings while member	Eligible to attend meetings
James Strong AO	6	6
John W. H. Denton	6	5
Kathy Keele	6	6
Rick Allert AO	6	4
Dr Matthew Hindson AM	6	6
Sam Mostyn	6	5
Chrissy Sharp	6	5
Prof. Dennis Haskell	6	4
Dr Mark Bin Bakar	6	3
Prof. Ted Snell	6	6
Prof. Brad Haseman	6	4
Rosalba Clemente	4	3
Louise Herron	0	0
Kenneth Lloyd AM	0	0

**Ministerial directions**

The Australia Council received no ministerial directions during the year. Two general policies from previous financial years continue to be noted, namely the *Whole-of-Government Cost Recovery Policy (2002)* and *Guidelines for the Management of Foreign Exchange Risk (2002)*.

**Council directions**

*The Australia Council Act 1975* requires that the text of all council directions to its committees during the year be included in the Australia Council's annual report. The council did not issue directions to any of its committees during the 2010-11 financial year.

**Artform boards**

The seven artform boards are the principal administrators of the Australia Council's arts funding role. They are the Australia Council's major source of advice on the development of arts policy and grant programs.

The Minister establishes the boards under the *Australia Council Act*. They function within the framework of the Australia Council's strategic plan, sector plans, related policies and budget allocations. Most boards have between seven and nine members and all have a chairperson.

Artform boards must include people who practise or have practised the arts or are otherwise associated with the arts, as well as a number of community interest representatives, as the Minister thinks fit. Members may initially be appointed for four years but, in general, appointments are for three years (renewable for up to a continuous period not exceeding six years). Board chairs, appointed by the Minister for the Arts under the Act, are also members of the governing council.

In addition to their role in providing advice to the Australia Council, the artform boards develop their own policies within the framework of policies and priorities determined by the council.

**Peers**

The council has delegated the power to allocate grants principally to the boards. In assessing grant applications, the boards may seek additional guidance in their decisions from experts listed in the Australia Council's *Register of Peers*. Peers may be invited once per year by each board to assist at grant assessment meetings.

Peers also provide 'in-the-field' assessments and general policy advice to the boards, as commissioned. Under the council's *Conflict of Interest Code*, board members and peers may not assess or advise on their own grant applications or on grant applications through which they would be major beneficiaries through a third party.

In 2010-11, four peers provided external assessments of initiatives or performances and 62 peers participated in board and committee grants assessment meetings.

### Funding decisions by senior officers

Certain senior officers of the Australia Council are delegated power to make grants and pursue particular purposes already approved by the council or its boards. When doing so, the senior officers concerned may consider assessment reports by peer experts, or panels of peer experts. In 2010-11, 49 peers made recommendations to senior officers regarding funding decisions.

### Artform board members at 30 June 2011

#### Aboriginal and Torres Strait Islander Arts Board

Dr Mark Bin Bakar	Chair, WA
Leo Akee	Torres Strait
Desmond "Kootji" Raymond	NT
Melissa Lucashenko	NSW
Jeanette James	TAS
Rachael Maza-Long	VIC
Lee-Ann Buckskin	SA
Monica Stevens	QLD

#### Dance Board

Chrissy Sharp	Chair, VIC
Michael Whaites	WA
Brian Lucas	QLD
Matthew Morse	NSW
Carol Wellman	SA
Elizabeth Walsh	TAS
Jeff Khan	VIC

#### Literature Board

Prof. Dennis Haskell	Chair, WA
Stuart Glover	QLD
John Romeril	VIC
Prof. Gail Jones	NSW
Walter Nelson	QLD
Margo Lanagan	NSW
Dyan Blacklock	SA

#### Major Performing Arts Board

Louise Herron	Chair, NSW
Chum Darvall	NSW
Frank Cooper	WA
Lindy Hume	NSW
Timothy Cox AO	NSW
Christopher Freeman AM	QLD
Elizabeth Proust AO	VIC

#### Music Board

Dr Matthew Hindson AM	Chair, NSW
George Butumlis	VIC
Anne Gilby	VIC
Virginia Taylor	ACT
Johannes Luebbers	WA
Lawrence English	QLD
Kathleen Letch	NSW

#### Theatre Board

Vacant	Chair
Sue Broadway	VIC
Suellen Maunder	QLD
Fraser Cameron Corfield	QLD
Fiona Winning	NSW
Steve Mayhew	SA

#### Visual Arts Board

Prof. Ted Snell AM	Chair, WA
Angela Valamanesh	SA
Dennis Del Favero	NSW
Victoria Reichelt	QLD
Richard Whiteley	NSW
Danie Mellor	NSW
Dr Lyndal Jones	VIC

### Committees and advisory bodies

In addition to policy input from its boards, the Australia Council relies from time to time on the expert advice of specialist committees and panels.

#### Appeals Committee

The council has delegated powers to the Appeals Committee to consider and determine any appeal from a board, committee or senior officer of the Australia Council regarding a decision by the council chairperson and Chief Executive Officer to rescind a previously approved grant. Membership of the committee comprises any two of the non-board chair members of the council, the deputy chairperson of the council (or chairperson if the deputy has participated in the decision to rescind subject to an appeal) and a board chair member of the council not involved in the decision previously. No appeals were received during 2010-11 and the Appeals Committee did not meet.

#### Audit and Finance Committee

The objective of the Audit and Finance Committee is to oversee and review the Australia Council's corporate governance obligations: external accountability, financial reporting, internal controls, risk management, internal and external audit activities and legal and financial compliance. In addition, the committee monitors the Australia Council's overall financial position, budget preparation and any other significant financial issues, as they arise.

The committee is authorised to request information from employees of the Australia Council, including internal auditors, to discuss matters with external auditors and to seek independent professional advice as it considers necessary. Minutes of the committee meetings are included in council papers and the chair of the committee reports on relevant matters at council meetings. The committee has an advisory role and is not delegated to act on the council's behalf unless specifically directed to through resolution. The committee is chaired by a member of the council and includes the chairperson of the council, the deputy chairperson, one other council member and the Chief Executive Officer. The Audit and Finance Committee met six times in 2010-11.

**FIGURE 10: Attendance at Audit and Finance Committee meetings**

Name of person	Eligible to attend	Meetings attended
Rick Allert AO (Chair)	6	5
James Strong AO	6	6
John W.H. Denton	6	5
Kathy Keele	6	6

### Community Partnerships Committee

The Community Partnerships Committee provides strategic, advisory and policy leadership to the Community Partnerships section. The committee's key responsibilities are to oversee and deliver funding support and grant programs for community partnerships initiatives and community cultural development activities. The committee is also responsible for overseeing the council's strategic engagement with arts in the community, youth and the arts, education and the arts, arts in a multicultural Australia, regional arts and arts and health. The Community Partnerships Committee met three times during 2010-11.

**FIGURE 11: Attendance at Community Partnerships committee meetings**

Name of person	Meetings held while a member	Meetings attended
Prof. Brad Haseman (Chair)	3	3
Khaled Abdulwahab	1	1
Josie Guy	1	1
Marline Zaibak	1	0
Claudia Chidiac	3	2
Imelda Rivers	3	2
Jeremy Smith	3	3

### Decisions Review Committee

The role of this committee is to determine requests for review of decisions from grant applicants who have grounds to dispute decision procedures in relation to their applications. The committee does not assess the artistic merit of applications. Its purpose, under the council's direction to the committee, is only to ensure that the boards, committees and senior officers have followed correct decision-making procedures. The membership comprises the Chief Executive Officer and at least three council members, none of whom may be board chairs. The Decisions Review Committee did not meet in 2010-11. As at 30 June 2011, Kathy Keele was chair of the committee.

### Donations Fund

Donations made to the Australia Council Donations Fund are administered as part of the governing council's business.

### Nominations and Governance

The nominations and governance process is managed as part of the governing council's business.



# Organisation

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**On 30 June 2011, the Australia Council comprised the Office of the Chief Executive Officer and five divisions: Arts Funding, Aboriginal and Torres Strait Islander Arts, Arts Organisations, Arts Development and Corporate Resources.**

## Organisational structure

The Chief Executive Officer is responsible to the governing council for the conduct of its affairs and in conjunction with the council chairperson, liaises with the Minister concerning Government arts policies and the Australia Council's budget, statutory powers and functions. The Chief Executive Officer also liaises with the Office for the Arts, Department of the Prime Minister and Cabinet, concerning Government arts policies.

The **Office of the CEO** is responsible for managing the Australia Council's external relations, including Government relations, Legal and Compliance and the secretariat. The Artsupport Australia section of this office manages the Australia Council's cultural philanthropy programs.

**Arts Funding** supports the excellence and diversity of arts practice through its grant categories, strategic initiatives and multi-arts projects. The division comprises five artform sections: Music, Theatre, Dance, Literature and Visual Arts. It includes the Inter-Arts Office and a Community Partnerships section, which drives initiatives that are socially and culturally inclusive. Senior officers manage grant assessment processes and artform development for the boards and committees.

**Aboriginal and Torres Strait Islander Arts** supports the development and promotion of traditional arts practices and new forms of artistic expression among Aboriginal and Torres Strait Islander peoples in urban and regional areas and in all artforms.

**Arts Organisations** comprises two sections: Major Performing Arts (MPA) and Key Organisations. The MPA aims to ensure Australia has an artistically vibrant, financially viable and broadly accessible major performing arts sector. The MPA board is responsible for overseeing the operations of the 28 major performing arts companies as joint and equal partners with state government funding agencies. The Key Organisations section is responsible for managing relationships with triennially-funded arts organisations.

**Arts Development** is responsible for three areas: Research and Strategic Analysis, Market Development and Marketing and Audience Development. The division delivers programs to increase knowledge about the arts and to enable the arts to reach more audiences, nationally and internationally. The division also supports the sector via skills and capacity building and the development of relationships and networks.

**Corporate Resources** provides the Australia Council's human resources, financial services, business information, records management, information technology and office support functions. This includes supporting the organisation in its business planning and budgeting activities.

## Staff profile

The Australia Council's staff profile reflects the diversity, flexibility and skills required to meet the changing needs of the dynamic arts sector. Australia Council's staffing levels as at 30 June 2011 were 112.6 Fulltime Equivalent (FTE) employees compared to 121.6 FTE employees as at 30 June 2010 (see figure 12). The representation of employees in the targeted equal opportunity groups as at 30 June 2011 is shown as a percentage of total employees in Figure 13.

Employees are appointed under the *Australia Council Act 1975* on terms and conditions set out in the Australia Council's Enterprise Agreement 2009-11. Only members of the Australia Council's leadership team are employed on individual employee agreements, as they are regarded equivalent to the Australian Public Service as Senior Executive Service.

**FIGURE 12: Number of staff (FTE) by division at 30 June**

Division	2008-09	2009-10	2010-11
Aboriginal and Torres Strait Islander Arts	9	8.0	5.0
Arts Development	23	26.8	24.0
Arts Funding	42	45.2	47.2
Arts Organisations	11	12.6	11.8
Corporate Resources	17	14.8	11.8
Office of the CEO and Artsupport Australia	13	14.2	12.8
Total	115	121.6	112.6

**FIGURE 13: Representation of employees in equal employment opportunity groups as at 30 June**

Group	2008-09	2009-10	2010-11
Women	73.3%	74.6%	74.14%
Aboriginal and Torres Strait Islanders	2.5%	3.97%	3.45%
Disability	4.2%	3.17%	1.72%
Non-English speaking background	10%	12.7%	10.34%

#### Executive team as at 30 June 2011

##### **Kathy Keele – Chief Executive Officer**

Appointed February 2007 and re-appointed for a further period to 6 February 2015. Previously Chief Executive Officer, Australia Business Arts Foundation; extensive experience in business development and marketing.

##### **Lydia Miller – Executive Director, Aboriginal and Torres Strait Islander Arts**

Appointed June 2005. Previously Executive Officer, Aboriginal Justice Advisory Council; extensive experience in the arts, health and community sectors.

##### **Rose Hiscock – Executive Director, Arts Development**

Appointed November 2010. Previously Head of Marketing, Communications and Commercial Operations at Museum Victoria; extensive experience in the arts sector.

##### **Libby Christie – Executive Director, Arts Funding**

Appointed April 2009. Previously Managing Director, Sydney Symphony; extensive experience in business development and marketing.

##### **Tony Grybowski – Executive Director, Arts Organisations**

Appointed September 2007. Previously General Manager, programming and innovation at Arts Victoria; extensive experience in arts management.

##### **Robin Cowdery – Executive Director, Corporate Resources**

Appointed October 2007. Previously General Manager, business and finance, Cotton Research and Development Corporation; extensive experience in finance and business administration.

# Accountability

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**The Australia Council encourages feedback on its performance. It reviews compliance with its service charter annually and identifies areas for improvement.**

## Service Charter

The Australia Council's service charter reflects its commitment to quality client service. It describes the service standards that clients and other stakeholders can expect. The charter can be viewed at: [www.australiacouncil.gov.au/about\\_us/corporate\\_information/service\\_charter](http://www.australiacouncil.gov.au/about_us/corporate_information/service_charter)

In 2010-11, there were four written complaints. The Australia Council resolved all of the complaints within the charter's service standards. The most common complaints were about unsuccessful applications to funding categories.

## Cultural Engagement Framework

The Australia Council's Cultural Engagement Framework (CEF) aims to ensure an effective integration of strategies to support artistic excellence across the diversity of Australian society and provide opportunities for all Australians to participate in and enjoy the arts. We are committed to ensuring that, across all areas of Australia Council business, council delivers services and supports initiatives that are socially and culturally inclusive.

For more information on the CEF visit: [www.australiacouncil.gov.au/cef](http://www.australiacouncil.gov.au/cef)

## Commonwealth Disability Strategy

The Commonwealth Disability Strategy (CDS) is the legislative framework for Commonwealth organisations to meet their obligations under the *Disability Discrimination Act 1992*. The Australia Council is required to report on its performance under designated roles of policy adviser, purchaser, provider and employer. Council's Arts and Disability Action Plan 2008-10 addresses these roles. The arts and disability sector will be consulted in the review of this plan, with council seeking further input from the arts and disability sector in shaping policy and programs.

Council is committed to the National Arts and Disability Strategy adopted in October 2009. The Director of Community Partnerships contributes to the implementation working group.

Ministers have agreed on four priority areas for action that are incorporated into our work at council. These are:

- addressing barriers to access and participation
- supporting artistic and cultural practice amongst those with a disability
- developing audiences for disability arts companies and individual artists, and
- improving policy development and planning within governments.

Funding is allocated to the arts and disability sector through grants and initiatives. This ensures artists with a disability gain opportunities to participate in the arts and contribute to the cultural life of Australia. Council also supports arts and disability events that improve dialogue and skills development for the sector. Council aims to support the needs of people with disabilities in the arts sector. It does so through National Cultural Engagement Service Organisation funding to Arts Access Australia, the peak body for arts and disability in Australia.

Council is also committed to making public announcements accessible. The Australia Council's *Style Guide* incorporates guidelines to ensure that our publications are accessible. Council is in the process of making its website accessible in order to meet W3C Level AA Success Criteria. There is an 'Accessibility' options tab under 'Contact us' on the website. This page identifies that grant information is available in accessible formats upon request (e.g. Braille or large print) and that an Auslan Service, phonic ear system and TTY number are now available. Council is committed to hosting meetings in wheelchair-accessible venues.

Grant application forms include a statistics-gathering page. Applicants may self-identify as a person who experiences a disability. This information is used by council in monitoring access to its funding programs by people with disabilities.

Disability Action Plan training was made available to Major Performing Arts Board companies and arts organisations and council encourages funding recipients to incorporate disability strategies into their business plans.

Council's 'Problem Solving Policy' provides staff with access to a reliable and straightforward process for dealing with all workplace problems. External complaints are made directly to the area of council where the problem exists. The director of the section is responsible for resolving that matter satisfactorily. These complaints are monitored by the Legal and Compliance Manager. Where a review of decisions is needed in relation to a grant process, the Legal and Compliance Manager coordinates the process after receiving a report from the Executive Director of the division involved.

### **Freedom of information**

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* (FOI Act). Section 8 of the FOI Act requires each agency to publish detailed information about the way it is organised: its powers, the kinds of decisions made, its operational information and arrangements for public involvement in the work of the agency, documents held by the agency and how members of the public can access these documents. This information can now be found on the website under the Information Publication Scheme (IPS) at: [www.australiacouncil.gov.au/about\\_us/corporate\\_information/freedom\\_of\\_information](http://www.australiacouncil.gov.au/about_us/corporate_information/freedom_of_information)

### **Organisation**

The Australia Council was established by the *Australia Council Act 1975* and is responsible to the Minister for the Arts.

### **Facilities for access**

The FOI Act gives members of the public an enforceable right to access documents held by the Australia Council. The Australia Council can provide clients with documents containing their personal information. There are also many documents and files located at the National Archives in Canberra. For applicants living outside NSW, documents can be viewed at the nearest regional office of the National Archives of Australia (Adelaide, Brisbane, Canberra, Darwin, Hobart, Melbourne, Perth or Townsville).

There are no application fees under the FOI Act and any processing charges are as determined in the Schedule to the FOI (Fees and Charges) Regulations.

### **Freedom of Information requests**

Requests for access to documents must be in writing and addressed to:

#### **Chief Executive Officer**

Attention: Manager, Legal and Compliance  
Australia Council for the Arts  
PO Box 788,  
Strawberry Hills, NSW, 2012

There were two requests for information under the FOI Act in 2010-11.

### **Categories of documents**

The Australia Council has extensive documentary holdings in hard copy and electronic form. Australia Council generated reports, research papers, newsletters, handbooks, brochures and special interest titles on the arts are generally available for download from the website.

### **Decision-making and other powers**

The Australia Council makes decisions under its enabling legislation, the *Australia Council Act 1975*. Under section 6 of this Act, council has the power to do all things necessary to carry out its functions. Section 7 of this Act provides the authority for council to delegate any of its powers and functions to a board, committee or employee.

### Arrangements for involving stakeholders

The Australia Council's legislation and policies provide for consultation with the arts sector, other stakeholders and the general community.

The consultation process includes a consideration of views from:

- management advisory committees
- community arts organisations and individuals
- state, territory and local government agencies responsible for assisting arts communities
- public meetings in metropolitan and regional centres, generally in conjunction with meetings of the council and artform boards
- public meetings by directors and other senior members of staff, either independently or in association with other arts organisations
- discussion groups or seminars with invited members of the public
- draft discussion papers circulated for comment, and
- 'open interviews' when staff are present to meet current and prospective clients.

The Australia Council invites the views of the public on submissions about topics of arts sector interest.

### Risk management

The council's Risk Management Framework was revised in November 2010 and provides a 'whole-of-council' approach to managing any form of risk in a systematic, transparent and credible manner. It aims to provide principles and guidelines to assist staff identify, evaluate and effectively manage all significant risks. The principles outlined in this framework are to be embedded into the diverse decision-making processes of the organisation. To this end, the council introduced new methodologies for managing projects during the year. Identifying potential risks and approaches for mitigating them before project commencement has been built into our project management methodology. Associated staff training will assist risk management practices being embedded into the organisation.

## External review

### **Judicial decisions and reviews by outside bodies**

During 2010-11, there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the Australia Council's operations. Nor have there been any reports on the operations of the Australia Council by the Auditor General (other than the report on the financial statements) or by a parliamentary committee.

### **Australian National Audit Office**

There were no reviews or audits of the Australia Council during 2010-11, other than its annual review of its financial statements and specific government initiatives.

### **Insurance**

The Australia Council's insurance policies for 2010-11 included cover for directors' and officers' liability. The premium paid for this insurance cover was \$11,051. This covered a liability limit of \$100 million.

### **Fraud control**

The Australia Council has a comprehensive fraud control plan, which it reviews every two years in accordance with the *Commonwealth Fraud Control Guidelines*. Fraud prevention, detection, investigation and reporting procedures are in place. The Australia Council has collected and reported annual fraud data. It manages its risks in accordance with best practice.

### **Review of operations**

The first section of this annual report outlines the Australia Council's performance in 2010-11 against the objectives set out in the Strategic Plan 2010-12. These objectives support the achievement of the Australia Council's vision and mandate.

### **Significant events**

No significant events in the context of section 15 of the *Commonwealth Authorities and Companies Act* occurred during 2010-11. This section deals with the need to notify the responsible Minister of events such as proposals to form a company, partnership or trust, to acquire or dispose of or commence or cease business activities or to make other significant change.



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## The Australia Council maximises its capability to manage its people and resources.

### Enterprise Agreement

The Australia Council Enterprise Agreement became effective on 9 October 2009. It is for a two-year term with a three per cent salary increase upon commencement and a further three per cent base salary increase on the first year's anniversary. It covers all employees, other than the leadership team. Members of the leadership team at the Australia Council are regarded as Senior Executive Staff equivalent. The Enterprise Agreement will be renegotiated in the second half of 2011.

### Recruitment

There were 35 employee commencements and 43 exits during the year. Recruitment activity focused on hiring fixed-term project management expertise and filling divisional administration roles, senior management and one executive vacancy.

### Learning and Development

The Australia Council conducted several in-house learning and development programs as part of its Skill Up! program, which focused on technical training (TRIM and the Grants Management System), but also included a digital skills unit. Staff also completed effective communication strategies and project management; approach and templates for the council's project management methodology training throughout the year. Online compliance training also continued in 2010-11 and covered occupational health and safety, equal employment opportunities and problem-solving.

### Occupational Health and Safety (OH&S)

This information is provided in accordance with section 74 of the *Occupational Health & Safety (Commonwealth Employment) Act 1991*, section 74. The Australia Council's OH&S policy includes details of:

- agreements with Australia Council staff relate to the regular review of the organisation's OH&S and Return to Work policies.

The Australia Council has an active OH&S committee chaired by an Executive Director and supported by the Human Resources team. Its representatives come from each floor/division of the organisation with a member of the First Aid Support team also sitting on the committee.

The organisation's OH&S policy designates the organisation as one work group and, as such, there is one Health and Safety Representative (HSR) trained for the purpose of ensuring the workplace health and safety of employees. The organisation has begun a process of training backups in the event that the HSR is unable to fulfil the responsibilities of the role.

In 2010-11, the Australia Council took measures to ensure the workplace health, safety and welfare of employees and contractors, with all new employees completing OH&S compliance training online as part of their induction. Additionally, council ensures that there is a trained First Aid Support person on each floor of the building.

Defibrillators are also located within the building, with First Aid Support people trained in their use.

Ergonomic training is compulsory for all employees and regular workstation assessments are conducted by an independent consultant. If employees are officially working from home, an assessment is conducted of their home office by the same independent consultant.

Fire wardens are all properly trained by an independent provider. That training is conducted at regular intervals, as are evacuation drills. Where Fire Wardens, First Aid Support people or other representatives leave the organisation they are promptly replaced and the new person is appropriately trained.

No undertakings were required under section 68 of the Act, which requires that statistics of any accidents or dangerous occurrences during the year are notified. Nor were any investigations conducted during the year that relate to undertakings carried on by the employer.

No tests were conducted on any plant, substance or thing in the course of such investigations and no directions were given to the Australia Council under section 45 of the Act. Nor were there any notices given under Sections 29, 46 and 47 during the year.

**Advertising**

The Australia Council uses advertising for a range of purposes: to recruit staff, publicise initiatives and grant program closing dates, to invite clients to public information sessions and to call for tenders. The total cost of staff recruitment advertising was \$24,239 in 2010-11 compared to \$23,411 in 2009-10. The cost of advertising for all other purposes was \$31,328 in 2010-11 compared to \$26,474 in 2009-10.

**Green Council**

The Green Council is a network of staff interested in environmental management and supports the Australia Council's activities to champion environmental sustainability. The Green Council promotes environmental stewardship and provides a platform for staff involvement in the development and implementation of environmental programs. The group was established in January 2011 and is represented by 15 staff members from various departments.

**Ecologically sustainable development**

This information is provided in accordance with section 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

The Australia Council's Ecologically Sustainable Development Policy includes strategies for energy, paper and waste reduction. The policy affirms the Australia Council's commitment to minimising its environmental impact. The Australia Council commenced secure destruction and recycling of support materials (CDs, DVDs, audio tapes, video tapes) in May 2007.

**Energy consumption**

kWh	
2009-10	768,409
2010-11	712,428

**Paper consumption**

Reams per year (A4 80gsm copy paper)	
2009-10	1,975
2010-11	1,770

**Recycled paper**

Weight (kg)	
2009-10	15,850 kg
2010-11	15,080 kg

**Co-mingle (glass, plastic and aluminium)**

Weight (kg)	
2009-10	780
2010-11	3,280



4th National Indigenous Arts  
Awards the Sydney Opera House  
Photo: Dave Cheng

Financial  
review



## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Arts

I have audited the accompanying financial statements of the Australia Council for the Arts (Australia Council) for the year ended 30 June 2011, which comprise: a Statement by the Council Members, Chief Executive and Chief Financial Officer; the Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Schedule of Asset Additions and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

### *Council Members' Responsibility for the Financial Statements*

The Council members of the Australia Council are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as the Council members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Australia Council's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australia Council's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Council members, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Independence*

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

#### *Opinion*

In my opinion, the financial statements of the Australia Council:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Australia Council's financial position as at 30 June 2011 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Peter Kerr  
Executive Director  
Delegate of the Auditor-General

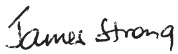
Canberra  
17 August 2011

## Statement by the council members, Chief Executive and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2011 are based on properly maintained financial records and 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*, as amended.

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

This statement is made in accordance with a resolution of the council members.



**James Strong**  
Chairperson  
17 August 2011



**Kathy Keele**  
Chief Executive Officer  
17 August 2011



**Robin Cowdery**  
Executive Director, Corporate Resources  
17 August 2011

## Statement of comprehensive income

for the period ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>Expenses</b>			
Employee benefits	3A	(12,666)	(12,081)
Supplier expenses	3B	(8,566)	(8,344)
Grants and programs	3C	(163,841)	(164,534)
Depreciation and amortisation	3D	(680)	(561)
Losses from asset sales and disposals	3E	(5)	(49)
<b>Total expenses</b>		<b>(185,758)</b>	<b>(185,569)</b>
<b>Less</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-source revenue</b>			
Interest	4A	3,071	2,503
Rental income	4B	63	55
Other	4C	2,422	1,687
<b>Total own-source revenue</b>		<b>5,556</b>	<b>4,245</b>
<b>Total own-source income</b>		<b>5,556</b>	<b>4,245</b>
<b>Net cost of services</b>		<b>180,202</b>	<b>181,324</b>
Revenue from Government	4D	181,483	179,514
Surplus (deficit) attributable to the Australian Government		1,281	(1,810)
<b>Other comprehensive income</b>			
Changes in reserves		(87)	428
<b>Total other comprehensive income (loss)</b>		<b>(87)</b>	<b>428</b>
<b>Total comprehensive income (loss) attributable to the Australian Government</b>		<b>1,194</b>	<b>(1,382)</b>

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



## Balance sheet

as at 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	5A	20,153	18,381
Trade and other receivables	5B	4,091	2,773
<b>Total financial assets</b>		<b>24,244</b>	<b>21,154</b>
<b>Non-financial assets</b>			
Land and buildings	6A	2,009	2,005
Property, plant and equipment	6B	1,505	1,625
Intangibles	6C	979	841
Other	6D	271	94
<b>Total non-financial assets</b>		<b>4,764</b>	<b>4,565</b>
<b>Total assets</b>		<b>29,008</b>	<b>25,719</b>
<b>Liabilities</b>			
<b>Payables</b>			
Suppliers	7A	(1,740)	(1,372)
Grants and programs	7B	(4,483)	(2,939)
Other	7C	(539)	(498)
<b>Total payables</b>		<b>(6,762)</b>	<b>(4,809)</b>
<b>Provisions</b>			
Employee provisions	8A	(1,386)	(1,331)
Other	8B	(682)	(682)
<b>Total provisions</b>		<b>(2,068)</b>	<b>(2,013)</b>
<b>Total liabilities</b>		<b>(8,830)</b>	<b>(6,822)</b>
<b>Net assets</b>		<b>20,178</b>	<b>18,897</b>
<b>Equity</b>			
<b>Parent entity interest</b>			
Reserves		4,965	4,878
Retained surplus <sup>*</sup>		15,213	14,019
<b>Total equity</b>		<b>20,178</b>	<b>18,897</b>

<sup>\*</sup> Required for commitments beyond 30 June.

## Statement of changes in equity

for the period ended 30 June 2011

	Retained earnings		Asset revaluation reserve		Other reserves		Total equity	
	2011	2010	2011	2010	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance</b>								
Balance carried forward from previous period	14,019	15,401	2,983	2,983	1,895	2,323	18,897	20,707
<b>Adjusted opening balance</b>	14,019	15,401	2,983	2,983	1,895	2,323	18,897	20,707
<b>Comprehensive income</b>								
Surplus (deficit) for the period	1,194	(1,382)	-	-	-	-	1,194	(1,382)
<b>Total comprehensive income</b>	1,194	(1,382)	-	-	-	-	1,194	(1,382)
Transfer (from)/to Get Reading! Reserve	-	-	-	-	86	153	86	153
Transfer (from)/to Asher Estate Bequest	-	-	-	-	(5)	(16)	(5)	(16)
Transfer (from)/to Orchestras Review Reserve	-	-	-	-	-	(455)	-	(455)
Transfer (from)/to Young & Emerging Reserve	-	-	-	-	-	(35)	-	(35)
Transfer (from)/to Visual Arts and Craft Strategy Reserve	-	-	-	-	6	(75)	6	(75)
<b>Sub-total transfers (from)/to reserves</b>	-	-	-	-	87	(428)	87	(428)
<b>Closing balance as at 30 June</b>	15,213	14,019	2,983	2,983	1,982	1,895	20,178	18,897

## Cash flow statement

for the period ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
<b>Operating activities</b>			
<b>Cash received</b>			
Receipts from Government		179,812	172,051
Interest		3,064	2,461
Net GST received		245	110
Other		2,600	9,148
<b>Total cash received</b>		185,721	183,770
<b>Cash used</b>			
Employees		(12,549)	(11,932)
Suppliers		(8,396)	(7,385)
Grants and programs		(162,297)	(164,967)
<b>Total cash used</b>		(183,242)	(184,284)
<b>Net cash from (used by) operating activities</b>	9	2,479	(514)
<b>Investing activities</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment		(707)	(727)
<b>Total cash used</b>		(707)	(727)
<b>Net cash used by investing activities</b>		(707)	(727)
<b>Net increase (decrease) in cash held</b>		1,772	(1,241)
Cash and cash equivalents at the beginning of the reporting period		18,381	19,622
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	20,153	18,381

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

## Schedule of commitments

as at 30 June 2011

	2011 \$'000	2010 \$'000
<b>By type</b>		
<b>Commitments receivable</b>		
Sublease rental income	53	69
Net GST recoverable on commitments	12,999	21,106
<b>Total commitments receivable</b>	<b>13,052</b>	<b>21,175</b>
<b>Commitments payable</b>		
<b>Other commitments</b>		
Operating leases	22,992	24,598
Grant and project commitments	120,593	208,184
<b>Total other commitments</b>	<b>143,585</b>	<b>232,782</b>
<b>Net commitments by type</b>	<b>130,533</b>	<b>211,607</b>
<b>By maturity</b>		
<b>Commitments receivable</b>		
One year or less	11,136	13,228
From one to five years	1,082	6,877
Over five years	834	1,070
<b>Total commitments receivable</b>	<b>13,052</b>	<b>21,175</b>
<b>Commitments payable</b>		
<b>Operating lease commitments</b>		
One year or less	2,998	2,818
From one to five years	10,708	9,897
Over five years	9,286	11,883
<b>Total operating lease commitments</b>	<b>22,992</b>	<b>24,598</b>
<b>Grant and project commitments</b>		
One year or less	119,463	142,708
From one to five years	1,130	65,476
Over five years	-	-
<b>Total grant and project commitments</b>	<b>120,593</b>	<b>208,184</b>
<b>Total other commitments</b>	<b>143,585</b>	<b>232,782</b>
<b>Net commitments by maturity</b>	<b>130,533</b>	<b>211,607</b>

Commitments are GST inclusive where relevant.

Property lease payments are subject to an annual increase in accordance with contractual terms.

Operating commitments include commitments for IT leases and related services, overseas studios and the office lease at 372 Elizabeth Street, Surry Hills, NSW.

Other commitments relate to grants and projects and comprise commitments payable of \$105.1m to Major Performing Arts Board companies and \$15.4m of support for the arts funding under grant agreements in respect of which the recipient is yet to comply with certain requirements or meet eligibility.

## Schedule of contingencies

### as at 30 June 2011

There were no contingent assets or liabilities at 30 June 2011.

## Schedule of asset additions

### for the period ended 30 June 2011

The following non-financial assets were added in 2010-11:

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
<b>Additions funded in the current year</b>				
By purchase - Government funding	47	22	638	707
<b>Total additions</b>	<b>47</b>	<b>22</b>	<b>638</b>	<b>707</b>

The following non-financial assets were added in 2009-10:

	Buildings \$'000	Other property, plant & equipment \$'000	Intangibles \$'000	Total \$'000
By purchase - Government funding	31	118	578	727
<b>Total additions</b>	<b>31</b>	<b>118</b>	<b>578</b>	<b>727</b>

# Notes to and forming part of the financial statements

Note	Description
1	Summary of significant accounting policies
2	Events after the reporting period
3	Expenses
4	Income
5	Financial assets
6	Non-financial assets
7	Payables
8	Provisions
9	Cash flow reconciliation
10	Remuneration of council members
11	Related party disclosures
12	Senior executive remuneration
13	Remuneration of auditors
14	Financial instruments
15	Reporting of outcomes

## Note 1: Summary of significant accounting policies

### 1.1 Objectives of the entity

The Australia Council (the council) is an Australian Government controlled entity. It is structured to meet one outcome:

*The creation, presentation and appreciation of distinctive cultural works by providing assistance to Australian artists and making their work accessible to the public.*

The continued existence of the council, in its present form and with its present programs, is dependent on Government policy and on continuing funding by Parliament for the council's administration and programs.

### 1.2 Basis of preparation of the financial statements

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

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2010, and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executor contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

### 1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the council has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

### 1.4 New Australian accounting standards

#### Adoption of new Australian accounting standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the AASB that are applicable in the current period are assessed to have a material financial affect on the council.

#### Future Australian accounting standard requirements

New standards, amendments to standards and interpretations that are applicable to future periods that have been issued by the AASB are not expected to have a material impact on the council.

## Note 1: Summary of significant accounting policies (continued)

### 1.5 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required. Note 12: Senior executive remuneration comparatives were adjusted for changes in remuneration package bands and disclosure requirements.

### 1.6 Revenue

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer
- b) the council retains no managerial involvement or effective control over the goods
- c) the revenue and transaction costs can be reliably measured, and
- d) it is probable that the economic benefits associated with the transaction will flow to the council.

Revenue from rendering of services is recognised when the probable economic benefits associated with the transaction will flow to the council.

Receivables for goods and services, which have 21 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed as at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on receipt or, with respect to term deposit investments, on maturity.

#### Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

#### Revenue from Government

Funding received or receivable from agencies (appropriated to the agency as a CAC Act body payment item for payment to this entity) is recognised as revenue from Government unless they are in the nature of an equity injection or a loan.

### 1.7 Gains

#### Sale of assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

### 1.8 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within 12 months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### Leave

The liability for employee benefits includes provision for annual leave 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 in future years by employees of the entity is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.



## Separation and redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

## Superannuation

Employees of the council are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other private schemes.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The council makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the council's employees. The council accounts for the contributions as if they were contributions to defined contribution plans.

### 1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

The council has no finance leases.

### 1.10 Grants and programs expense and payables

Grants and programs expense and payables include grants to artists and arts organisations, funding to major performing arts and small-to-medium organisations, art sector projects, such as the Venice Biennale, that are managed by council and costs associated with implementing Government initiatives such as Get Reading!

Program salaries and supplier costs associated with the delivery of programs have been itemised within each respective expenditure classification.

### 1.11 Cash

Cash and cash equivalents include cash on hand and demand deposits in bank accounts with a maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

### 1.12 Financial assets

The council classifies its financial assets in the following categories:

- held-to-maturity investments, and
- loans and receivables.

## Note 1: Summary of significant accounting policies (continued)

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

### **Held-to-maturity investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the council has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

### **Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

### **Impairment of financial assets**

Financial assets are assessed for impairment at the end of each reporting period. Where the fair value is less than the carrying amount, the asset is written down accordingly.

### **1.13 Financial liabilities**

Financial liabilities are classified as other financial liabilities and are recognised and derecognised upon trade date.

### **Other financial liabilities**

Grant and program liabilities are recognised at the amounts approved by council for disbursement.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### **1.14 Contingent liabilities and contingent assets**

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### **1.15 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. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition.

### **1.16 Property, plant and equipment**

#### **Asset recognition threshold**

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the council where there exists an obligation to restore the property to its original position. These costs are included in the value of the council's leasehold improvements with a corresponding provision for the 'make good' recognised.

## Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	Fair value measured at
Land	Market selling price
Buildings excl. leasehold improvements	Market selling price
Leasehold improvements	Depreciated replacement cost
Property, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

## Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the council using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset class	2011	2010
Buildings on freehold land	40 years	40 years
Buildings on leasehold land	50 - 75 years	50 - 75 years
Leasehold improvements	10 years	10 years
Property, plant and equipment - excluding musical instruments	3 - 50 years	3 - 50 years
Property, plant and equipment - musical instruments	15 - 100 years	15 - 100 years
Property, plant and equipment - works of art	50 - 250 years	50 - 250 years

## Impairment

All assets were assessed for impairment at 30 June 2011. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

## Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

## Note 1: Summary of significant accounting policies (continued)

### 1.17 Intangibles

The council's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software are three years (2009-10: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2011.

### 1.18 Taxation

The council is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- a) where the amount of GST incurred is not recoverable from the Australian Taxation Office, and
- b) for receivables and payables.

## Note 2: Events after the reporting period

The council is not aware of any significant events that have occurred since balance sheet date which warrant disclosure in these financial statements.

## Note 3: Expenses

	2011 \$'000	2010 \$'000
<b>Note 3A: Employee benefits</b>		
<b>Core</b>		
Wages and salaries	(9,057)	(8,971)
Superannuation:		
- Defined contribution plans	(554)	(495)
- Defined benefit plans	(279)	(324)
- Other private schemes	(260)	(266)
Leave and other entitlements	(40)	(294)
Separation and redundancies	(86)	-
<b>Total employee benefits - core</b>	<b>(10,276)</b>	<b>(10,350)</b>
<b>Programs</b>		
Wages and salaries	(2,100)	(1,582)
<b>Superannuation:</b>		
- Defined contribution plans	(77)	(60)
- Defined benefit plans	(11)	(42)
- Other private schemes	(123)	(47)
Leave and other entitlements	(30)	-
Separation and redundancies	(49)	-
<b>Total employee benefits - programs</b>	<b>(2,390)</b>	<b>(1,731)</b>
<b>Total employee benefits</b>	<b>(12,666)</b>	<b>(12,081)</b>

	2011 \$'000	2010 \$'000
<b>Note 3B: Supplier expenses</b>		
<b>Core</b>		
Provision of goods and services - external parties	(2,587)	(2,496)
Operating lease rentals - external parties:		
- Minimum lease payments	(2,280)	(2,246)
Workers compensation expenses	(70)	(44)
<b>Total supplier expenses - core</b>	<b>(4,937)</b>	<b>(4,786)</b>
<b>Programs</b>		
Provision of goods and services - external parties	(3,629)	(3,558)
<b>Total supplier expenses - programs</b>	<b>(3,629)</b>	<b>(3,558)</b>
<b>Total supplier expenses</b>	<b>(8,566)</b>	<b>(8,344)</b>
<b>Note 3C: Grants and programs</b>		
Board grants	(26,572)	(27,533)
Council initiatives	(2,051)	(4,641)
Government initiatives	(16,579)	(16,217)
Key Organisations	(22,116)	(21,241)
Major Performing Arts	(96,523)	(94,902)
<b>Total grants and programs</b>	<b>(163,841)</b>	<b>(164,534)</b>
<b>Note 3D: Depreciation and amortisation</b>		
<b>Depreciation:</b>		
- Infrastructure, plant and equipment	(137)	(205)
- Buildings	(43)	(43)
<b>Total depreciation</b>	<b>(180)</b>	<b>(248)</b>
<b>Amortisation:</b>		
<b>Intangibles:</b>		
- Computer software	(500)	(313)
<b>Total amortisation</b>	<b>(500)</b>	<b>(313)</b>
<b>Total depreciation and amortisation</b>	<b>(680)</b>	<b>(561)</b>
<b>Note 3E: Losses from asset sales/write-offs</b>		
<b>Property, plant and equipment:</b>		
- Accumulated depreciation of written off assets	60	366
- Carrying value of written off assets	(65)	(415)
<b>Total losses from asset sales/write-offs</b>	<b>(5)</b>	<b>(49)</b>

## Note 4: Income

	2011 \$'000	2010 \$'000
<b>Own-source revenue</b>		
<b>Note 4A: Interest</b>		
Deposits	3,071	2,503
<b>Total interest</b>	<b>3,071</b>	<b>2,503</b>
<b>Note 4B: Rental income</b>		
<b>Operating lease:</b>		
- Other	63	55
<b>Total rental income</b>	<b>63</b>	<b>55</b>
<b>Note 4C: Other revenue</b>		
Returned grants	743	755
<b>Income from fundraising:</b>		
- Venice Biennale	861	243
<b>Department of Foreign Affairs and Trade:</b>		
- International market development	-	15
<b>Department of the Environment, Water, Heritage and the Arts:</b>		
- Code of conduct	-	50
<b>Arts NSW:</b>		
- Artsupport Australia state manager	80	
- MAPS project	50	50
<b>Arts QLD:</b>		
- Artsupport Australia state manager	80	80
- Metro Arts Hybrid Residency Initiative	-	10
- MAPS project	-	50
- ADVICE project	60	60
- Fundraising professional development subsidy scheme	16	-
<b>Arts VIC:</b>		
- World Summit on Arts and Culture	-	(75)
- Opera Australia management consultancy	-	55
- MAPS project	25	50
- Artsupport Australia state manager	80	13
- ADVICE project	60	-
<b>Arts WA:</b>		
- Artsupport Australia state manager	80	-
- ADVICE project	30	30
- Geeks in Residence	25	-

	2011 \$'000	2010 \$'000
<b>Contributions from other non-government entities:</b>		
- Creative Communities Partnership	-	220
Artsupport Australia masterclass	37	-
Marketing Summit	27	38
World Summit	24	-
Qantas Young and Emerging Indigenous Art Award Sponsorship	10	-
Arts Executive Leadership Program 2010	45	-
Opportunities for Young and Emerging Artists' Longitudinal Study	18	-
Other	71	43
<b>Total other revenue</b>	<b>2,422</b>	<b>1,687</b>

#### Revenue from Government

##### Note 4D: Revenue from Government

##### Department of Prime Minister and Cabinet

- CAC Act appropriation	173,935	172,051
- Get Reading!	2,000	2,000
- Visual Arts and Craft Strategy	5,548	5,463
<b>Total revenue from Government</b>	<b>181,483</b>	<b>179,514</b>



## Note 5: Financial assets

	2011 \$'000	2010 \$'000
<b>Note 5A: Cash and cash equivalents</b>		
Cash on hand or on deposit	20,153	18,381
<b>Total cash and cash equivalents</b>	<b>20,153</b>	<b>18,381</b>
<b>Note 5B: Trade and other receivables</b>		
<b>Good and services:</b>		
- Goods and services - external parties	254	334
<b>Total receivables for goods and services</b>	<b>254</b>	<b>334</b>
<b>Department of Prime Minister and Cabinet</b>		
- Receivable	1,671	-
<b>Total receivable from Department of Prime Minister and Cabinet</b>	<b>1,671</b>	<b>-</b>
<b>Other receivables:</b>		
- GST receivable from the Australian Taxation Office	2,001	2,246
- Loans	93	130
- Interest	64	57
- Other	8	6
<b>Total other receivables</b>	<b>2,166</b>	<b>2,439</b>
<b>Total trade and other receivables (net)</b>	<b>4,091</b>	<b>2,773</b>
<b>Receivables are expected to be recovered in:</b>		
- No more than 12 months	3,996	2,680
- More than 12 months	95	93
<b>Total trade and other receivables (net)</b>	<b>4,091</b>	<b>2,773</b>
<b>Receivables are aged as follows:</b>		
- Not overdue	3,992	2,681
- Overdue by:		
- 0 to 30 days	30	-
- 31 to 60 days	2	6
- 61 to 90 days	-	31
- More than 90 days	67	55
<b>Total receivables (net)</b>	<b>4,091</b>	<b>2,773</b>

## Note 6: Non-financial assets

	2011 \$'000	2010 \$'000
<b>Note 6A: Land and buildings</b>		
<b>Land:</b>		
- Land at fair value	149	149
<b>Buildings on freehold land:</b>		
- Fair value	769	769
- Accumulated depreciation	(67)	(52)
<b>Total buildings on freehold land</b>	<b>702</b>	<b>717</b>
<b>Leasehold improvements:</b>		
- Fair value	3,787	3,740
- Accumulated depreciation	(3,701)	(3,696)
<b>Total leasehold improvements</b>	<b>86</b>	<b>44</b>
<b>Building on leasehold land</b>		
- Fair value	1,358	1,358
- Accumulated depreciation	(286)	(263)
	<b>1,072</b>	<b>1,095</b>
<b>Total land and buildings</b>	<b>2,009</b>	<b>2,005</b>

Included in land and buildings are studios in the Cite' Internationale des Arts in Paris, an apartment in Rome, the Australian Pavilion in Venice and the cost of leasehold improvements at 372 Elizabeth Street, Surry Hills, NSW. The Australian Pavilion, apartment in Rome and leasehold improvements at 372 Elizabeth Street, Surry Hills, NSW were revalued as at 30 June 2008.

The valuations were in accordance with the revaluation policy stated in Note 1 and with respect to the Australian Pavilion and apartment in Rome were completed by independent valuer Jones Lang LaSalle (Italy) and with respect to the leasehold improvements at 372 Elizabeth Street, Surry Hills, NSW, by independent valuers Rushton Valuers (Sydney).

No indicators of impairment were found for land and buildings.

No land or buildings were expected to be sold or disposed of within the next 12 months.

	2011 \$'000	2010 \$'000
<b>Note 6B: Property, plant and equipment</b>		
<b>Other property, plant and equipment:</b>		
- Fair value	2,275	2,319
- Accumulated depreciation	(770)	(694)
<b>Total other property, plant and equipment</b>	<b>1,505</b>	<b>1,625</b>
<b>Total property, plant and equipment</b>	<b>1,505</b>	<b>1,625</b>

Property, plant and equipment includes computer equipment and works of art. These items were revalued as at 30 June 2008.

The valuations were in accordance with the revaluation policy stated in Note 1 and were completed by independent valuers Rushton Valuers (Sydney) and Sotheby's Australia Pty Ltd (Sydney).

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

## Note 6: Non-financial assets (continued)

### Reconciliation of the opening and closing balances of property, plant and equipment (2010-11)

	Land	Buildings	Total land and buildings	Other property, plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2010</b>					
Gross book value	149	5,868	6,017	2,319	8,336
Accumulated depreciation and impairment	-	(4,012)	(4,012)	(694)	(4,706)
<b>Net book value 1 July 2010</b>	<b>149</b>	<b>1,856</b>	<b>2,005</b>	<b>1,625</b>	<b>3,630</b>
Additions*	-	47	47	22	69
Depreciation expense	-	(43)	(43)	(137)	(180)
- Other	-	-	-	(5)	(5)
<b>Net book value 30 June 2011</b>	<b>149</b>	<b>1,860</b>	<b>2,009</b>	<b>1,505</b>	<b>3,514</b>

#### Net book value as of 30 June 2011 represented by:

Gross book value	149	5,915	6,064	2,275	8,339
Accumulated depreciation and impairment	-	(4,055)	(4,055)	(770)	(4,825)
	<b>149</b>	<b>1,860</b>	<b>2,009</b>	<b>1,505</b>	<b>3,514</b>

\* Disaggregated additions information are disclosed in the schedule of asset additions.

### Reconciliation of the opening and closing balances of property, plant and equipment (2009-10)

	Land	Buildings	Total land and buildings	Other property, plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2009</b>					
Gross book value	149	5,836	5,985	2,616	8,601
Accumulated depreciation and impairment	-	(3,969)	(3,969)	(855)	(4,824)
<b>Net book value 1 July 2009</b>	<b>149</b>	<b>1,867</b>	<b>2,016</b>	<b>1,761</b>	<b>3,777</b>
Additions*					
- By purchase	-	32	32	118	150
Depreciation expense	-	(43)	(43)	(205)	(248)
- Other	-	-	-	(49)	(49)
<b>Net book value 30 June 2010</b>	<b>149</b>	<b>1,856</b>	<b>2,005</b>	<b>1,625</b>	<b>3,630</b>

#### Net book value as of 30 June 2010 represented by:

Gross book value	149	5,868	6,017	2,319	8,336
Accumulated depreciation and impairment	-	(4,012)	(4,012)	(694)	(4,706)
	<b>149</b>	<b>1,856</b>	<b>2,005</b>	<b>1,625</b>	<b>3,630</b>

\* Disaggregated additions information are disclosed in the schedule of asset additions.

	2011	2010
	\$'000	\$'000

**Note 6C: Intangibles****Computer software:**

- Internally developed – in use	2,643	2,010
- Purchased	11	6
- Accumulated amortisation	(1,675)	(1,175)
<b>Total computer software</b>	<b>979</b>	<b>841</b>
<b>Total intangibles</b>	<b>979</b>	<b>841</b>

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

**Reconciliation of the opening and closing balances of intangibles (2010-11)**

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2010</b>			
Gross book value	2,010	6	2,016
Accumulated amortisation and impairment	(1,175)	-	(1,175)
<b>Net book value 1 July 2010</b>	<b>835</b>	<b>6</b>	<b>841</b>
Additions*	633	5	638
Amortisation	(500)	-	(500)
<b>Net book value 30 June 2011</b>	<b>968</b>	<b>11</b>	<b>979</b>
<b>Net book value as of 30 June 2011 represented by:</b>			
Gross book value	2,643	11	2,654
Accumulated amortisation and impairment	(1,675)	-	(1,675)
	<b>968</b>	<b>11</b>	<b>979</b>

\*Disaggregated additions information are disclosed in the schedule of asset additions.

## Note 6: Non-financial assets (continued)

### Reconciliation of the opening and closing balances of intangibles (2009-10)

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
<b>As at 1 July 2009</b>			
Gross book value	1,438	-	1,438
Accumulated amortisation and impairment	(862)	-	(862)
<b>Net book value 1 July 2009</b>	576	-	576
Additions*			
- By purchase	572	6	578
Amortisation	(313)	-	(313)
<b>Net book value 30 June 2010</b>	835	6	841
<b>Net book value as of 30 June 2010 represented by:</b>			
Gross book value	2,010	6	2,016
Accumulated amortisation and impairment	(1,175)	-	(1,175)
	835	6	841

\*Disaggregated additions information are disclosed in the schedule of asset additions.

	2011	2010
	\$'000	\$'000
<b>Note 6D: Other non-financial assets</b>		
- Prepayments	271	94
<b>Total other non-financial assets</b>	271	94
<b>Total other non-financial assets - are expected to be recovered in:</b>		
- No more than 12 months	271	94
<b>Total other non-financial assets</b>	271	94

No indicators of impairment were found for other non-financial assets.

## Note 7: Payables

	2011	2010
	\$'000	\$'000

### Note 7A: Suppliers

Trade creditors and accruals	(772)	(676)
Operating lease rentals	(968)	(696)
<b>Total supplier payables</b>	<b>(1,740)</b>	<b>(1,372)</b>

#### Supplier payables expected to be settled within 12 months:

- External parties	(772)	(676)
<b>Total</b>	<b>(772)</b>	<b>(676)</b>

#### Supplier payables expected to be settled in greater than 12 months:

- External parties	(968)	(696)
<b>Total</b>	<b>(968)</b>	<b>(696)</b>
<b>Total supplier payables</b>	<b>(1,740)</b>	<b>(1,372)</b>

Settlement was usually made within 30 days.

### Note 7B: Grants and programs

#### Grants and programs

##### Private sector:

- Other	(4,483)	(2,939)
<b>Total grants and programs</b>	<b>(4,483)</b>	<b>(2,939)</b>

#### Total grants and programs are expected to be settled in:

- No more than 12 months	(4,483)	(2,939)
<b>Total grants and programs</b>	<b>(4,483)</b>	<b>(2,939)</b>

Settlement was usually made according to the terms and conditions of each grant and program.

This was usually within 30 days of performance or eligibility.

### Note 7C: Other

Salaries and wages	(420)	(384)
Prepayments received/unearned income	(75)	(75)
- Other	(44)	(39)
<b>Total other</b>	<b>(539)</b>	<b>(498)</b>

#### Total other are expected to be settled in:

- No more than 12 months	(539)	(498)
<b>Total other</b>	<b>(539)</b>	<b>(498)</b>

## Note 8: Provisions

	2011	2010
	\$'000	\$'000

### Note 8A: Employee provisions

Leave	(1,386)	(1,331)
<b>Total employee provisions</b>	<b>(1,386)</b>	<b>(1,331)</b>

#### Employee provisions are expected to be settled in:

- No more than 12 months	(1,029)	(1,023)
- More than 12 months	(357)	(308)
<b>Total employee provisions</b>	<b>(1,386)</b>	<b>(1,331)</b>

### Note 8B: Other provisions

Provision for restoration obligations	(682)	(682)
<b>Total other provisions</b>	<b>(682)</b>	<b>(682)</b>

#### Other provisions are expected to be settled in:

- More than 12 months	(682)	(682)
<b>Total other provisions</b>	<b>(682)</b>	<b>(682)</b>

	Provision for restoration	Total
	\$'000	\$'000
<b>Carrying amount 1 July 2010</b>	<b>(682)</b>	<b>(682)</b>
- Additional provisions made	-	-
- Amounts used	-	-
- Amounts reversed	-	-
- Unwinding of discount or change in discount rate	-	-
<b>Closing balance 2011</b>	<b>(682)</b>	<b>(682)</b>

The council currently has an agreement for the leasing of premises which has a provision requiring the council to restore the premises to their original condition at the conclusion of the lease. The council has made a provision to reflect the present value of this obligation.

## Note 9: Cash flow reconciliation

	2011	2010
	\$'000	\$'000
<b>Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	20,153	18,381
Balance sheet	20,153	18,381
<b>Difference</b>	-	-
<b>Reconciliation of net cost of services to net cash from operating activities:</b>		
Net cost of services	(180,202)	(181,324)
Add revenue from Government	181,483	179,514
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	680	561
Losses from asset sales/write-offs	5	49
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in net receivables	(1,318)	11
(Increase)/decrease in prepayments	(177)	158
Increase/(decrease) in employee provisions	55	63
Increase/(decrease) in supplier and other payables	409	669
Increase/(decrease) in grants and programs payable	1,544	(215)
<b>Net cash from (used by) operating activities</b>	<b>2,479</b>	<b>(514)</b>

## Note 10: Remuneration of council members

	2011	2010
	No.	No.
The number of council members of the Australia Council included in these figures are shown below in the relevant remuneration bands:		
- Less than \$150,000	13	11
<b>Total</b>	<b>13</b>	<b>11</b>
	\$	\$
Total remuneration received or due and receivable by council members of the Australia Council:	370,367	362,429

Remuneration of executive directors is included in Note 12: Senior executive remuneration.



# Note 11: Related party disclosures

## Council members

Council members during the financial year were:

### Name

Keele, Kathy*	Herron, Louise
Allert, Rick AO	Hindson, Matthew AM
Bin Bakar, Mark	Lloyd, Kenneth
Clemente, Rosalba	Mostyn, Samantha
Denton, John W. H. (Deputy Chairman)	Sharp, Chrissy
Haseman, Brad	Snell, Ted (Edgar) AM, Cit WA
Haskell, Dennis	Strong, James AO (Chairman)

\* Ex-officio member of council by virtue of appointment as Chief Executive Officer

## Other transactions with directors or director-related entities

No council member has, since the end of the previous financial year, received or become entitled to receive any benefits by virtue of being a council member other than fixed stipends (disclosed in Note 10) or travelling and related allowances. All transactions between the council and council members, or related parties of council members, were conducted in accordance with standard procedures and on conditions no more beneficial than those of other grant applicants.

**Mr Rick Allert AO** - there were no related party transactions during the year.

**Dr Mark Bin Bakar** is the Patron of Abmusic (Aboriginal Corporation). All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor. Dr Bin Bakar was awarded a fellowship grant in February, 2008, prior to his appointment to the governing council in April, 2009. The fellowship was approved through normal arms length peer assessment processes.

**Ms Rosalba Clemente** is the Artistic Director of HotHouse Theatre Limited and a freelance playwright for the State Theatre Company of South Australia. All contracts and transactions between these entities and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Mr John W.H. Denton** is the Deputy Chairman of the Melbourne International Festival of the Arts Ltd. All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Prof. Brad Haseman** is the Assistant Dean (Research), Creative Industries Faculty, Queensland University of Technology. All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Prof. Dennis Haskell** is a member of the Association for the Study of Australian Literature (WA) and Australian Poetry Centre Inc. All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Dr Matthew Hindson AM** is the artistic director for Aurora New Music Inc. and music curator at the Campbelltown Arts Centre. All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Ms Louise Herron** is a former Director and Chair of Company B Ltd., a past mentor to the Black Swan State Theatre Company Ltd., and past advisor to West Australian Ballet Company (Inc.). Ms Herron's husband is a Director of Performance Space Ltd. All contracts and transactions between these entities and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Ms Kathy Keele** is a director of the International Federation of Arts Councils and Cultural Agencies (IFACCA). All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Mr Kenneth Lloyd AM** is a former employee of South Australia (SA) Department for the Arts and Cultural Development (now Arts SA), the Art Gallery of South Australia and Country Arts SA. All contracts and transactions between these entities and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Ms Samantha Mostyn** is a director of the Sydney Theatre Company Ltd. All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor.

**Ms Chrissy Sharp** is a director of the Wheeler Centre for Books, Writing and Ideas. There were no related party transactions with this entity during the year. Ms. Sharp's son is a theatre practitioner and received grant funding during the year. The funding was approved through normal arms length peer assessment processes and Ms Sharp took no part in any decision in that respect.

**Prof. Ted (Edgar) Snell, AM, Cit WA** - there were no related party transactions during the year.

**Mr James Strong AO** is a non-executive director of Qantas Airways Ltd. All contracts and transactions between this entity and the council are based on normal terms and conditions and there is no personal benefit to the councillor. Mr Strong's son is the Artistic Director at Griffin Theatre Company Limited which received grant funding during the year. This funding was approved through normal arms length peer assessment processes and Mr Strong took no part in any decision in that respect.

## Note 12: Senior executive remuneration

### Note 12A: Senior executive remuneration expense for the reporting period

	2011 \$	2010 \$
<b>Short-term employee benefits:</b>		
- Salary (including annual leave taken)	1,651,648	1,702,484
- Changes in annual leave provisions	116,125	134,722
- Performance bonuses	139,157	150,249
- Superannuation (inc. leave related superannuation on-cost)	196,100	191,418
<b>Total short-term employee benefits</b>	<b>2,103,030</b>	<b>2,178,873</b>
<b>Other long-term benefits:</b>		
Long-service leave	26,443	29,980
<b>Total other long-term benefits</b>	<b>26,443</b>	<b>29,980</b>
Termination benefits	32,433	-
<b>Total</b>	<b>2,161,906</b>	<b>2,208,853</b>

#### Notes:

- Note 12A was prepared on an accrual basis (so the performance bonus expenses disclosed above differ from the cash 'Bonus paid' in Note 12B).
- Note 12A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$150,000.

## Note 12: Senior executive remuneration (continued)

### Note 12B: Average annual remuneration packages and bonus paid for substantive senior executives as at the end of the reporting period

Fixed elements and bonus paid <sup>1</sup>	As at 30 June 2011					As at 30 June 2010				
	Senior execs  No.	Fixed elements		Total	Bonus paid <sup>2</sup>	Senior execs  No.	Fixed elements		Total	Bonus paid <sup>2</sup>
		Salary	Allowances				Salary	Allowances		
		\$	\$	\$	\$		\$	\$	\$	\$
<b>Total remuneration (including part-time arrangements):</b>										
- less than \$150,000	20	115,269	-	115,269	1,616	19	112,771	-	112,771	1,555
- \$150,000 to \$179,999	5	162,724	2,600	165,324	13,309	4	158,853	-	158,853	14,142
- \$180,000 to \$209,999	-	-	-	-	-	1	171,521	13,042	184,563	4,167
- \$210,000 to \$239,999	-	-	-	-	-	-	-	-	-	-
- \$240,000 to \$269,999	-	-	-	-	-	-	-	-	-	-
- \$270,000 to \$299,999	1	283,123	-	283,123	40,754	1	271,867	-	271,867	33,914
- \$300,000 to \$329,999	-	-	-	-	-	-	-	-	-	-
- \$330,000 to \$359,999	-	-	-	-	-	-	-	-	-	-
- \$360,000 to \$389,999	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26</b>					<b>25</b>				

<sup>1</sup>Excluding acting arrangements and part-year service.

- This table reports substantive senior executives who were employed by the entity at the end of the reporting period. Fixed elements were based on the employment agreement of each individual. Each row represents an average annualised figure (based on head count) for the individuals in that remuneration package band (i.e. the 'Total' column).
- This represents average actual bonuses paid during the reporting period in that remuneration package band. The 'Bonus paid' was excluded from the 'Total' calculation (for the purpose of determining remuneration package bands). The 'Bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.

#### Variable elements:

With the exception of bonuses, variable elements were not included in the 'Fixed Elements and Bonus Paid' table above. The following variable elements were available as part of senior executives' remuneration package:

#### (a) Bonuses:

Bonuses were based on the performance rating of each individual. The maximum bonus that an individual can receive were 10 per cent of his/her base salary.

#### (b) On average senior executives were entitled to the following leave entitlements:

- Annual Leave (AL): entitled to 20 days (2010: 20 days) each full year worked (pro-rata for part-time)
- Personal Leave (PL): entitled to 18 days (2010: 20 days) or part-time equivalent, and
- Long Service Leave (LSL): in accordance with Long Service Leave (Commonwealth Employees) Act 1976.

#### (c) Senior executives were members of one of the following superannuation funds:

- Australian Government Employee Superannuation Trust (AGEST). This fund is for senior executives employed for a defined period. Employer contributions were set at nine per cent (2010: 9 per cent). More information: [www.igest.com.au](http://www.igest.com.au);
- Commonwealth Superannuation Scheme (CSS). This scheme is closed to new members and employer contributions were averaged 28.3 per cent (2010: 24 per cent) (including productivity component). More information: [www.css.gov.au](http://www.css.gov.au);
- Public Sector Superannuation Scheme (PSS). This scheme is closed to new members, with current employer contributions set at 15.4 per cent (2010: 15.4 per cent) (including productivity component). More information: [www.pss.gov.au](http://www.pss.gov.au);
- Public Sector Superannuation Accumulation Plan (PSSap). Employer contributions were set at 15.4 per cent (2010: 15.4 per cent), and the fund has been in operation since July 2005. More information: [www.pssap.gov.au](http://www.pssap.gov.au); and

- Other - there were some senior executives who had their own superannuation arrangements (e.g. self-managed superannuation funds). Their employer contributions were set at 15.4 per cent (2010: 15.4 per cent).

**(d) Others:**

- Various salary sacrifice arrangements were available to senior executives including super, motor vehicle and expense payment fringe benefits.

**Note 12C: Other highly paid staff**

During the reporting period, there were no employees whose salary plus performance bonus were \$150,000 or more.

**Note 13: Remuneration of auditors**

	2011 \$'000	2010 \$'000
<b>Fair value of the services provided:</b>		
Australia Council	46	46
Get Reading! (Government Initiative)	2	2
Visual Arts and Craft Strategy (Government Initiative)	4	2
ArtStart	-	2
Orchestra Change Management Initiative	-	4
<b>Total</b>	<b>52</b>	<b>56</b>

No other services were provided by the auditors of the financial statements.

**Note 14: Financial instruments**

	2011 \$'000	2010 \$'000
<b>Note 14A: Categories of financial instruments</b>		
<b>Financial assets</b>		
<b>Held-to-maturity:</b>		
- Cash on hand/at bank	20,153	18,381
<b>Total</b>	<b>20,153</b>	<b>18,381</b>
<b>Loans and receivables:</b>		
- Receivables for goods and services	326	397
- Loan	93	130
<b>Total</b>	<b>419</b>	<b>527</b>
<b>Carrying amount of financial assets</b>	<b>20,572</b>	<b>18,908</b>
<b>Financial liabilities</b>		
<b>Other financial liabilities:</b>		
- Trade and other creditors	(1,311)	(1,174)
- Grant and programs	(4,483)	(2,939)
<b>Total</b>	<b>(5,794)</b>	<b>(4,113)</b>
<b>Carrying amount of financial liabilities</b>	<b>(5,794)</b>	<b>(4,113)</b>

**Note 14B: Net income and expense from financial assets**

<b>Held-to-maturity</b>		
Interest revenue (refer Note 4A)	3,071	2,503
<b>Net gain/(loss) held-to-maturity</b>	<b>3,071</b>	<b>2,503</b>
<b>Net gain/(loss) from financial assets</b>	<b>3,071</b>	<b>2,503</b>

## Note 14: Financial instruments (continued)

### Note 14C: Fair value of financial instruments

	Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
- Cash at bank	20,153	20,153	18,381	18,381
- Receivables for goods and services	326	326	397	397
- Loan	93	93	130	130
<b>Total</b>	<b>20,572</b>	<b>20,572</b>	<b>18,908</b>	<b>18,908</b>
<b>Financial liabilities</b>				
- Trade and other creditors	(1,311)	(1,311)	(1,174)	(1,174)
- Grants and programs	(4,483)	(4,483)	(2,939)	(2,939)
<b>Total</b>	<b>(5,794)</b>	<b>(5,794)</b>	<b>(4,113)</b>	<b>(4,113)</b>

The determination of fair values for each class of financial assets and financial liabilities is as detailed in Note 1 of these financial statements.

### Note 14D: Credit risk

The council is exposed to minimum credit risk as the majority of loans and receivables are cash and CAC Act payments made under law (which guarantees fixed amounts of funding that the entity can drawdown as required).

All amounts owed by Australian Taxation Office are in the form of goods and services tax refunds. The maximum exposure to credit risk is the risk that arises from potential default of debtors. This amount is equal to the total amount of goods and services trade receivables and loans (2011: \$347,000 and 2010: \$464,000).

The council holds no collateral to mitigate against credit risk.

### Credit risk of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2011	Not past due nor impaired 2010	Past due or impaired 2011	Past due or impaired 2010
	\$'000	\$'000	\$'000	\$'000
- Cash at bank	20,153	18,381	-	-
- Receivables for goods and services	326	397	-	-
- Loan	93	130	-	-
<b>Total</b>	<b>20,572</b>	<b>18,908</b>	<b>-</b>	<b>-</b>

### Ageing of financial assets that were past due but not impaired for 2011

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
- Receivable for goods and services	30	2	-	67	99
<b>Total</b>	<b>30</b>	<b>2</b>	<b>-</b>	<b>67</b>	<b>99</b>

### Ageing of financial assets that were past due but not impaired for 2010

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
- Receivable for goods and services	-	6	31	55	92
<b>Total</b>	<b>-</b>	<b>6</b>	<b>31</b>	<b>55</b>	<b>92</b>

**Note 14E: Liquidity risk**

The council's financial liabilities are trade creditors and grant payables. The exposure to liquidity risk is based on the notion that the council will encounter difficulty and obligations associated with financial liabilities. This is highly unlikely due to CAC Act payment funding and mechanisms available to the council.

**Maturities for non-derivative financial liabilities 2011**

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
- Trade and other creditors	-	(1,311)	-	-	-	(1,311)
- Grants and programs	-	(4,483)	-	-	-	(4,483)
<b>Total</b>	-	<b>(5,794)</b>	-	-	-	<b>(5,794)</b>

**Maturities for non-derivative financial liabilities 2010**

	On demand \$'000	within 1 year \$'000	1 to 2 years \$'000	2 to 5 years \$'000	> 5 years \$'000	Total \$'000
- Trade and other creditors	-	(1,174)	-	-	-	(1,174)
- Grants and programs	-	(2,939)	-	-	-	(2,939)
<b>Total</b>	-	<b>(4,113)</b>	-	-	-	<b>(4,113)</b>

The council receives CAC Act payment funding from the Australian Government. The council manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the council has policies in place to ensure timely payments are made when due and has no past experience of default.

**Note 14F: Market risk****Foreign currency risk**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

**Interest rate risk**

The council manages its interest rate risk by holding surplus funds with banks (per S18 of the CAC Act) and in accordance with its investment policy.

## Note 15: Reporting of outcomes

Effective in the 2009-2010 financial year, the council merged its previous two outcomes into one under the Operation Sunlight Outcome Statements Review.

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.

	Outcome 1		Total	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
Expenses	(185,758)	(185,569)	(185,758)	(185,569)
Other own-source income	5,556	4,245	5,556	4,245
Net cost/(contribution) of outcome delivery	(180,202)	(181,324)	(180,202)	(181,324)

### Major classes of expenses, income, assets and liabilities by outcomes

	Outcome 1		Total	
	2011	2010	2011	2010
	\$'000	\$'000	\$'000	\$'000
<b>Expenses:</b>				
- Employees	(12,666)	(12,081)	(12,666)	(12,081)
- Suppliers	(8,566)	(8,344)	(8,566)	(8,344)
- Grants and programs	(163,841)	(164,534)	(163,841)	(164,534)
- Depreciation and amortisation	(680)	(561)	(680)	(561)
- Loss on sale and disposal of assets	(5)	(49)	(5)	(49)
<b>Total</b>	<b>(185,758)</b>	<b>(185,569)</b>	<b>(185,758)</b>	<b>(185,569)</b>
<b>Income:</b>				
- Income from Government	181,483	179,514	181,483	179,514
- Interest	3,071	2,503	3,071	2,503
- Other	2,485	1,742	2,485	1,742
<b>Total</b>	<b>187,039</b>	<b>183,759</b>	<b>187,039</b>	<b>183,759</b>
<b>Assets</b>				
- Cash and cash equivalent	20,153	18,381	20,153	18,381
- Trade and other receivables	4,091	2,773	4,091	2,773
- Land and buildings	2,009	2,005	2,009	2,005
- Property, plant and equipment	1,505	1,625	1,505	1,625
- Intangibles	979	841	979	841
- Other non-financial assets	271	94	271	94
<b>Total</b>	<b>29,008</b>	<b>25,719</b>	<b>29,008</b>	<b>25,719</b>
<b>Liabilities</b>				
- Suppliers	(1,740)	(1,372)	(1,740)	(1,372)
- Grants and programs	(4,483)	(2,939)	(4,483)	(2,939)
- Other payables	(539)	(498)	(539)	(498)
- Employee provisions	(1,386)	(1,331)	(1,386)	(1,331)
- Other provisions	(682)	(682)	(682)	(682)
<b>Total</b>	<b>(8,830)</b>	<b>(6,822)</b>	<b>(8,830)</b>	<b>(6,822)</b>

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