





ANNUAL REPORT | 2016-17



Letter of transmittal

Minister for the Arts Parliament House Canberra ACT 2600

September 2017

Dear Minister,

On behalf of the Board of the Australia Council, I am pleased to submit the Australia Council Annual Report for 2016-17.

The Board is responsible for the preparation and content of the annual report pursuant to section 46 of the *Public Governance Performance and Accountability Act* 2013, the *Public Governance Performance and Accountability Rule* 2014 and the *Australia Council Act* 2013.

The following report of operations and financial statements were adopted by resolutions of the Board on 30 August 2017.

Yours faithfully,

Rupert Myer AO

Chair, Australia Council

Cover image:

Dancenorth - Tectonic, dancers Mason Kelly and Harrison Hall

Credit: Amber Haines

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REPORT FROM CHAIR



This Annual Report finds us midway through our Strategic Plan 2014-19 A Culturally Ambitious Nation, which sets out bold aims for the arts in Australia, recognising the unique leadership role the Australia Council plays in building an artistically vibrant arts sector. The dynamism of our arts sector is evidenced by the more than 6,500 new Australian works supported by Council this year and appreciated by the 16.4 million audience members who experienced the work of artists and organisations we funded.

2016-17 has been the culmination of Council's transformation in the way it

delivers support to the arts, secures new arts investment and develops the evidence base for the arts. This has been achieved through a period of reform which has impacted every area of the organisation. This comprehensive process has ensured that the Council is effective and efficient in carrying out its legislative functions and delivering significant value to Australian artists and audiences.

The past year has been a critical moment in Council's implementation of a strengthened research and knowledge agenda. In mid-2017 the findings of the Connecting Australians: Results of the National Arts Participation Survey were released, telling a powerful story about the value Australians place on the arts in their daily lives. This important piece of research also highlighted the essential role of the arts in building connected and cohesive communities, underscoring the relevance of the Council's role in promoting evidence based public dialogue and policy development.

Congratulations and thank you to Tracey Moffatt on her highly successful MY HORIZON exhibition at the 57th Venice Biennale, Commissioner Naomi Milgrom AO, Curator Natalie King and the entire Venice team. This was the second art exhibition in the award-winning Australian Pavilion, garnering consistently positive responses from

the international art community and media, as well as attracting the highest visitor numbers to date. This prestigious event is an important platform for sharing unique Australian stories and showcasing Australia's creative talents to the world through a remarkable public-private project model.

The Council has continued to further leverage Government investment to build new co-investment partnerships, and working with our partners and alongside other organisations across the sector, we have been able to assist more artists to create and share extraordinary arts experiences.

I would like to acknowledge the commitment and tireless work of my colleagues on the Australia Council Board, including Lee-Ann Buckskin in her new role as Deputy Chair, as well as the executive team and staff across the whole of the organisation. The work of the Council is also deeply enriched by the hundreds of expert peers from across the country who share an extraordinary range of experience and knowledge through our assessment process.

During the year we farewelled four Board members who all contributed in inestimable ways, including Robyn Archer AO who served as Deputy Chair over five years. We also acknowledge the significant contributions of Waleed Aly, Samantha Mostyn and Tim Orton.

We had the pleasure of welcoming new Board members, Kate Fielding, Zoe McKenzie, Sam Walsh AO and Leigh Carmichael, who have brought with them fresh energy and new insights. The Board complements the diverse mix of talent amongst Council staff, whose arts knowledge and broad ranging professional experience serves the Australian arts sector so well

On behalf of the Council, I wish to thank Senator the Hon Mitch Fifield, Minister for the Arts for his ongoing commitment to our work, as well as the officers of the Department of Communication and the Arts. In March 2017 the Council welcomed the funding announcement made by the Minister and the clarity provided by the streamlining of Commonwealth arts funding architecture.

The Council's effectiveness has long been enabled by strong engagement with the national arts sector. We have been particularly appreciative of the sector's support during this period of major reform and policy change, highlighting the important and unique role of an arm's length national arts body.

As we are shortly to mark 50 years since then Prime Minister Harold Holt first announced the formation of what would eventually become the Australia Council, it is timely to reflect on the many achievements over half a century.

It is heartening to consider the countless lives touched by Council's work, from the individual artists and organisations who have been supported to grow and reach new audiences, to the many Australians whose lives are enriched by the arts.

The fruits of creative labour are so ubiquitous in our country their presence may be at times taken for granted, but their impact should not be ignored. The arts remain a potent force for public good, connecting Australians by articulating and illuminating both the things that separate us, and those collective experiences which bring us together.

Our commitment and our purpose - to champion and invest in Australian arts endures. We look forward to supporting Australia's creative minds to continue to explore, invent and imagine for many generations to come.

Rupert Myer AO

Chair

Australia Council for the Arts

REPORT FROM CEO



Australians continue to be highly engaged with the arts but are evolving the ways in which they participate as audiences and creators. The Australia Council has also evolved, responding to changes in the way art is made and presented and the acceleration of digital opportunity. 2016-17 was an important year in this transformation as the final elements of Council's reform were implemented and the effectiveness of the changes begins to be seen.

The goals of our strategic plan continue to guide our work, and over the past year many great results have been realised for

our national arts sector and its audiences. I am delighted that we were able to directly support 765 individual artists and 631 organisations across the country, with countless more benefitting indirectly from an investment of more than \$177 million in the arts through the Council.

Since the new grants model opened in early 2015 the Council has received nearly 10,000 applications and more than 20% of successful recipients are first time applicants, highlighting the volume of arts projects being developed and the vibrancy of our arts sector. The program is supported by a rigorous peer assessment model which supports freedom of expression and facilitates a national exchange of artistic knowledge and experience. The peer pool was refreshed in 2016-17 and now draws on the expertise of 760 experts representing diverse areas of practice from across the country.

Through grants and strategic activity Council supports artists at all stages of their careers to make excellent work and develop their practice, as well as building markets and audiences – including showcasing Australian arts in 61 countries and reaching audiences of more than 2.1 million in regional and remote Australia.

The Council continued to implement an enhanced program of strategic activity across international, capacity building, advocacy, research and co-investment during 2016-17.

This year the Council delivered 48 strategic international development initiatives through an investment of more than \$2.0 million. More Australian art is being seen and presented through initiatives and programs that strengthened ties with more countries than ever before. This activity includes Council led market delegations across emerging and established arts markets to fast-track profile and capability, and high impact professional development opportunities through our residencies program.

The Council has a unique national role in building knowledge about Australian arts and leveraging that evidence to advocate for the importance of the arts in our individual lives and its ability to strengthen our communities. Our enhanced research program launched this year, made publicly available through the new Arts Nation online platform. Key research and data released this year included Showcasing Creativity, the Local Arts Engagement dashboard, Reading the Reader and Connecting Australians: Results of the National Arts Participation Survey.

Developing co-investment opportunities which provide additional support to Australian arts is a priority for Council. 2016-17 successes include delivering the first round of the Marten Bequest scholarships, introducing a second Red Ochre Award supported in partnership with the Sydney Opera House, and The Mordant Family Fellowship. The Council also announced a new partnership with the Macquarie Group to deliver a First Nations Emerging Curator Award. I am delighted that these programs, including the Australia Council Workplace Giving Program, will contribute over \$775,000 to Australian arts. This was in addition to the outstanding achievement of raising \$2 million to support the 2017 Venice Biennale project. I would like to sincerely thank Venice Commissioner Naomi Milgrom AO for leading this campaign and extend our thanks to all the donors and partners for their support. (Refer pages 68 and 69).

The Council remains committed to First Nations art and artists as a priority and 2016-17 saw more than \$13.1 million invested in First Nations artists and communities through the Council. Highlights include support for First Nations led organisations which doubled through the Four Year Funding program and 1,620 new works by First Nations artists and organisations supported. First Nations arts remained a focus in our research and co-investment activities, with high impact strategic programs delivered this year including Chosen, Signature Works, international curators programs and the annual National Indigenous Arts Awards.

This annual report is an important tribute to Australia's artists from all areas of practice who work across Australia and internationally to realise their artistic and cultural ambitions. Our Annual Performance Statement framework outlines the targets that

we have achieved against our Corporate Goals and our areas of focus. Following these statements each area of strategic priority highlights key outcomes for this reporting period.

This report confirms that investment in the arts is powerful, significant and necessary; that the arts contribute to meaningful public discourse; and that support for the arts has a major impact across Australian society including in education, health, trade, diplomacy, innovation and social cohesion.

I would like to acknowledge the individual artists, arts organisations, arts administrators and the enormous network of audiences, philanthropists and supporters that together continue to realise Australia's cultural ambitions. I would like to offer my deepest thanks to the Council's Chair, Rupert Myer AO and the Board for their commitment and leadership, as well as the invaluable contributions of our panel members, peers and partners. The outcomes of 2016-17 would not have been achieved without the tireless efforts of the Australia Council staff, expertly led by my colleagues on the executive team.

Tony Grybowski

Chief Executive Officer
Australia Council for the Arts

ABOUTAUSTRALIA COUNCIL

OUR PURPOSE

The Australia Council (the Council) is the Australian Government's principal arts funding and advisory body. The Council is the national advocate for the arts and its purpose is to champion and invest in Australian arts. This national leadership role is achieved by supporting and building Australia's arts ecology by fostering excellence in the arts and increasing national and international engagement with Australian arts.

The Council's purpose is reflected in its Corporate Plan and its outcome statement outlined in the 2016-17 Portfolio Budget Statements. The Council's overarching outcome is to support Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad.

OUR VISION AND GOALS

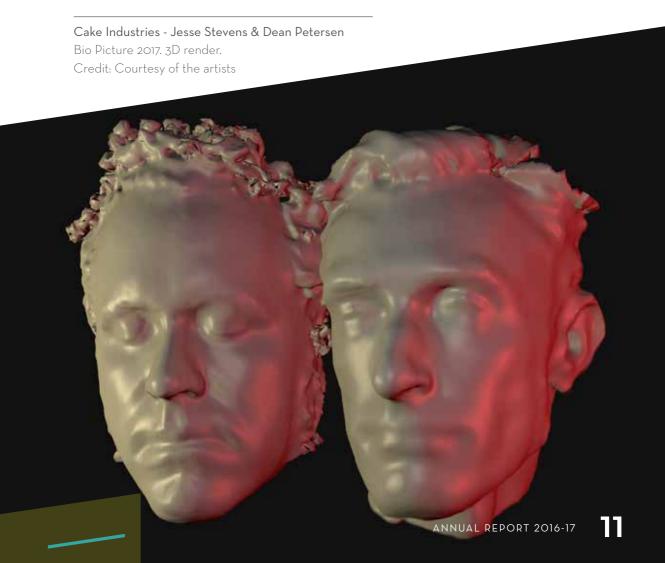
The Council's Corporate Plan 2016-20 works to realise the four strategic goals of its Strategic Plan 2014-19: A Culturally Ambitious Nation.

- · Australian arts are without borders
- · Australia is known for its great arts and artists
- The arts enrich daily life for all
- Australians cherish Aboriginal and Torres Strait Islander arts and cultures

GUIDING PRINCIPLES

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

- 1. The 'arm's length principle', embodied in section 12 of the Australia Council Act 2013 (the Act), which provides that the Minister must not give a direction in relation to the making of a decision by the Council, in a particular case, relating to the provision of support (including by the provision of financial assistance or a guarantee).
- 2. The 'peer assessment principle', whereby decisions on grants are made following assessment 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.



Credit: Andy Hatton, Studio Aton

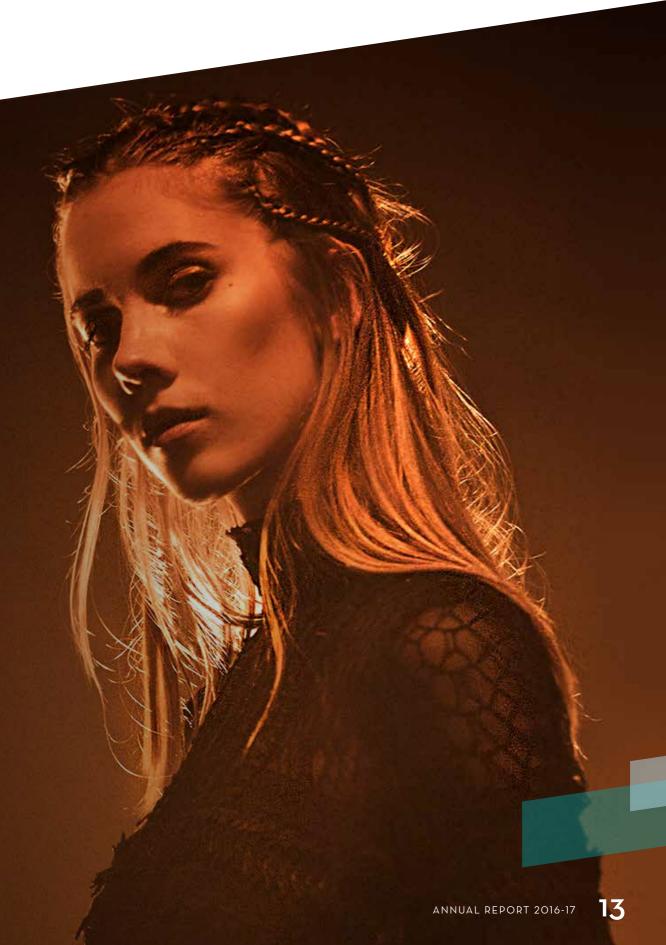
THE AUSTRALIA COUNCIL ACT 2013

The Council's operations were independently reviewed in 2012, and the Australia Council Act 2013 (the Act) commenced on 1 July 2013.

Pursuant to the Act, the Council's functions are to

- support Australian arts practice that is recognised for excellence;
- foster excellence in Australian arts practice by supporting a diverse range of activities;
- support Aboriginal and Torres Strait Islander arts practice;
- support Australian arts practice that reflects the diversity of Australia;
- uphold and promote freedom of expression in the arts;
- promote community participation in the arts;
- recognise and reward significant contributions made by artists and other persons to the arts in Australia;

- promote the appreciation, knowledge and understanding of the arts;
- support and promote the development of markets and audiences for the arts:
- provide information and advice to the Commonwealth Government on matters connected with the arts or the performance of the Council's functions;
- conduct and commission research into, and publish information about the arts;
- evaluate and publish information about the impact of the support the Council provides;
- undertake any other function conferred on it by the Act or any other law of the Commonwealth;
- do anything incidental or conducive to the performance of any of the above functions.



AUSTRALIA COUNCILSUPPORT FOR THE ARTS

The Australia Council invests in and champions Australian arts through an integrated suite of programs and strategies. These are designed to be complementary, supporting artists throughout their careers, and building the capacity and artistic vibrancy of the national arts sector.

The Council invests in diverse and excellent art being made and experienced, and creates opportunities for artistic and cultural exchange. We deliver a responsive grants program as well as evidence-based strategic activity which develops new markets for Australian work, opportunities for innovative collaborations and leadership capability. Through enhanced research and advocacy capabilities the Council seeks to inform program and policy development, and create greater awareness and appreciation of the arts. We leverage our networks and expertise to broker connections, provide strategic advice, increase co-investment and build the profile of Australian arts.

The Council supports individual artists and their career pathways, and promotes the essential contribution of artists to the cultural fabric of our nation. The Council plays a lead role in fostering sustainable and dynamic small, medium and large arts organisations as key creators, presenters and producers of artistic work, and developers of artists and audiences.

As a core priority the Council supports the artistic and cultural expressions of Australia's First Nations people - the longest continuous arts and culture makers on earth. This is also part of our commitment to support and advocate for a national arts sector that reflects and celebrates Australia's diversity, is accessible to all Australians, and is internationally connected and recognised.

The Council achieves this through:

- grants to support artists and arts organisations across a range of art forms
 - project and development grants for individuals and groups
 - · fellowships for individuals
 - · artists with disability funding
 - project grants for small to medium arts organisations
 - Multi Year core program funding for small to medium arts organisations
- Australian Government directed initiatives and frameworks that support the government's broader priorities for Australian arts and culture
 - · Major Performing Arts Framework
 - · Visual Arts and Craft Strategy
 - · National Regional Touring Programs
- strategic investment to build audiences nationally and internationally and enhance the capacity of Australian arts and artists
 - · international arts development
 - · national sector development
 - · international residencies
 - · capacity building and leadership programs
 - · co-investment
- strategic research, evaluation and analysis
- advocating for Australian arts and artists



Fikaris for FeatureWalls , Sheffield UK 2016 Credit: Chris Saunder / Bradbury & Blanchard

Australia Council Grants Program Updates

2016-17 was the second financial year under the Council's new streamlined, responsive grants model and included implementation of its final pillar - the Four Year funding program. Our peer assessed grants program for individuals, groups and organisations promotes artistic excellence and freedom of expression. It also supports creation, innovation and experimentation across broad and evolving areas of practice.

Continued improvement in the accessibility of our grants program remains an ongoing commitment, and grant applicants can submit applications in a range of accessible formats including online via AUSLAN, audio, video, printed, dictated, electronic and handwritten formats, or offline. This year the Council received over 5,347 applications, and awarded 1,396 grants, including a significant proportion to first time applicants. These outcomes demonstrate the new grants program provides greater access to applicants who have not previously received funding from the Council.

Arm's length decision making and peer assessment are two fundamental principles that underpin the Council's grants program. While the role of peer assessment is central to the grants model it has immense value to the Council, peers and broader Australian arts sector which extends far beyond the assessment process.

Applications are independently assessed by artists and arts professionals with deep knowledge and expertise across areas of practice. Through a deliberative decision making process peer assessment ensures that grants are offered to artists and arts organisations whose proposals, in competition with those of other applicants and within budget constraints, demonstrate the highest degree of merit.

Since 2014 the new peer assessment model has enabled greater diversity among our expert peers and draws on the knowledge of hundreds of artists and arts professionals representing all states and territories. The peers represent a wide range of perspectives from different career stages, cultural backgrounds and an extraordinary diversity of practice. In 2016-17 the peer pool was refreshed and now includes more than 760 expert peers. This depth of expertise strengthens the assessment process and ensures that Council's sector knowledge is constantly enriched and updated, informing our own activity and the advice provided to government about Australian arts. The peers see their participation as an opportunity to support the national arts sector while gaining professional development. The deep discussions had during the assessment process enable a unique exchange of knowledge about emerging artistic practice, innovative collaborations, region specific developments and much more. This cross-pollination strengthens the national sector and enriches the excellent artistic work being experienced by local and international audiences.

ANNUAL PERFORMANCE STATEMENTS

The Board of the Australia Council presents the 2016-17 annual performance statements of the Australia Council, as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). In the Board's opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.

In 2016-17 the Council supported Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad.

The objectives of the Corporate Goals were captured by a range of measures set out on pages 5-12 of the 2016 to 2020 Corporate Plan. Where available the quantitative results have been reported on for 2016-17. Additional measures that capture the results of this reporting period have been included. These measures align with the 2017 to 2021 Corporate Plan.

PBS	Outcome 1: - Supporting Australian artists and arts organisations to create and present excellent art that is accessed by audiences across Australia and abroad. Program 1.1 - To champion and invest in Australian arts through grants and initiatives that foster and develop Australia's arts sector and raise the profile of Australian arts nationally and internationally.				
Corporate Plan	The number of artists and arts organisations collaborating across borders nationally and internationally.	The number of presentations by Australian artists and arts organisations internationally.	The number of Australian artists and arts organisations working internationally.	The audience numbers for Australian work presented internationally.	
16-17	624	2,278	421	2.4m	
ocus	The Council invests in artistic and market development which expands the mobility and profile of Australian artists and organisations and promotes a reciprocal approach to international engagement through partnerships and collaborations.				

	Number of countries presented in:		Number of initiatives that strengt ties with other countries:		
	Target:	50	Target:	30	
Performance Targets	Achieved:	61	Achieved:	48	
Pel	Refer pages: 32, 53		Refer pages: 32, 38, 53		
Focus	The Council's International Arts Str targeted strategic opportunities wh responsive support for individuals, Since its 2015 launch the new grant in the international impact of work	ich i grou s ma	respond to market trends with ps and organisations to work godel has delivered a consistent	flexible, lobally.	

AUSTRALIA IS KNOWN FOR ITS GREAT ART AND ARTISTS

The number of new Australian works produced.	The proportion of funding towards experimental practice by artists and organisations.	The audience numbers for excellent diverse work.	The proportion of project funding awarded to culturally diverse artists and organisations identifying diverse target audiences.
6,546	4%	3.8m	23%

The Council's arm's length funding model supports excellence and freedom of expression through investment in diverse artistic work which embraces innovation, experimentation and risk-taking. The Council embeds support for diversity across all its activities, and has increased the commitments in this area through its Cultural Engagement Framework.

Number of new Australian artwork projects:		Number of culturally diverse projects/events funded:	
Target:	5,700	Target:	135
Achieved:	6,546	Achieved:	353
through the total funding of:		through the total funding of:	
Target:	\$7.5m	Target:	\$9.3m
Achieved:	\$10.06m	Achieved:	\$15.6m
Refer page: 30, 37, 41			

The Council's grants program draws on the deep knowledge of hundreds of expert peer assessors who represent all art forms and regions of Australia. The streamlining of the grants program and reforms to the peer assessment process have resulted in a high level of support for projects which deliver new Australian work. In 2016-17 the Council increased support for First Nations arts through Multi Year organisational funding, strategic initiatives and new co-investment partnerships and grants. The Council has also increased the focus on diversity reporting which is producing more comprehensive data in this area.

	THE ARTS ENRIC	H DAILY LIFE FOR	ALL	
16-17 Corporate Plan	The average audience numbers for Australia Council funded projects.	Participation and funding in the arts increasingly reflects Australia's diversity.	The number of artistic experiences by, with, and for children and young people.	The level of funding and support for the arts from private sources.
71-91	11,338	80%*	34,644	1.55m
Focus	audiences through Survey released in with the arts and in that young people leverages public fu developed co-investand the Sydney Open	grants and strategic June 2017 demonstraceasingly recognise are the highest cons nding to attract new stment partnerships	perienced by local as activity. The National activity. The National activity and period that 98% of Au exits value in their lives sumers and creators as support for the arts with Perpetual, the as building on the support.	al Arts Participation estralians engage es, it also confirmed of art. The Council and in 2016-17 Macquarie Group

Jce	Total number of attendances at Australia Council supported arts activities:		Total number of visits to the Australia Council website:	
Performance Targets	Target:	11m	Target:	0.55m
Perform Targets	Achieved:	16.3m	Achieved:	0.5m
Pe Tai	Refer pages: 30, 38, 42			
Focus	Overall attendance figures increareas up by 14%. Significantly absupported activities can be attrinvestment in the creation of ne reaching other countries. This ir of Australian artists and compardevelopment work undertaken	oove targibuted in work, ncreasing	get attendance figures at Counc n part to a higher than anticipat number of presentations and p g support demonstrates the suc the strategic market and audie	ed projects access

^{*} Australia Council for the Arts 2017, Connecting Australians: Results of the National Arts Participation Survey, June 2017, Sydney (p49).

AUSTRALIANS CHERISH ABORIGINAL AND TORRES STRAIT ISLANDER ARTS AND CULTURE

The level of participation of First Nations people in First Nations arts.	The number of new works created by First Nations artists and arts organisations.	The level of audience engagement with and appreciation of works by First	The diversity of sources of funding in support of First Nations arts.
38%**	1,620	Nations artists. 35%*	46%

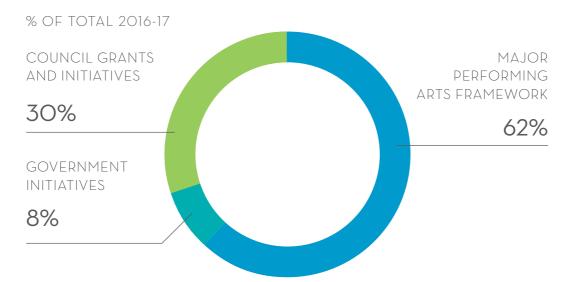
The Council is committed to supporting the creation, presentation and appreciation of First Nations arts. More than 70% of the projects supported through the Aboriginal and Torres Strait Islander Arts panel include the creation of new work. The Council is in the final stage of a significant research series which seeks to understand and increase engagement with First Nations performing arts. Our strategic activities include Chosen which enables inter-generational knowledge transfer vital to maintaining cultural practices.

Number of artistic works exhibite performed and published:	d,	Total funding for research and development projects:	
Target:	4,500	Target:	\$1m
Achieved:	6,897	Achieved:	\$0.76m
Refer page: 30, 37, 41, 46, 53		Refer page: 60	

The number of artistic works exhibited, performed or published reflects a higher than anticipated investment in the creation of new work and projects reaching other countries; the success of Australian artists and companies; and the strategic market and audience development work undertaken by the Council. The reduction in funding for research and development projects reflects that one less project was funded in this area compared to the previous year.

^{**} First Nations people who creatively participate in First Nations arts (make arts or crafts; perform music, dance or theatre; or write or tell stories) and/or who attend First Nations festivals. Based on ABS data, customised report 2017, National Aboriginal and Torres Strait Islander Social Survey, 2014-15.

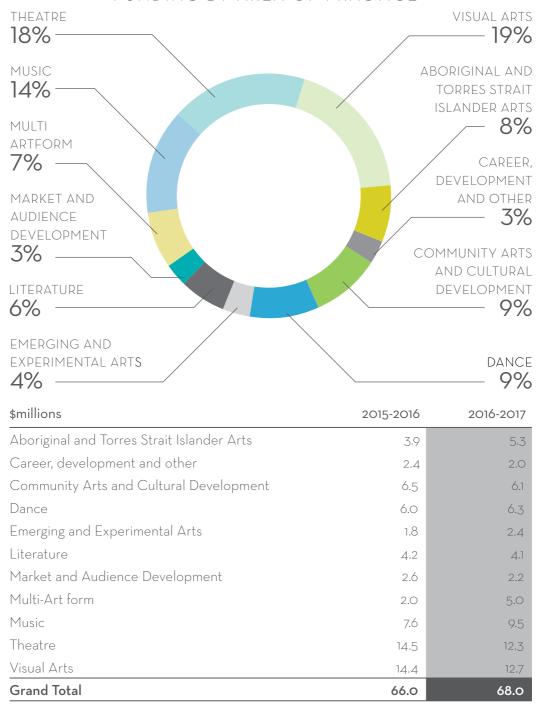
FIGURE 1 | FUNDING OVERVIEW



\$millions	2011 -2012	2012 -2013	2013 -2014	2014 -2015	2015 -2016	2016 -2017
Major Performing Arts Framework	97.3	100.6	103.1	106.0	107.8	109.1
Government Initiatives	16.1	20.7	28.0	28.6	15.4	14.1
Council grants and initiatives	29.7	32.4	45.3	33.8	28.0	24.8
Small to Medium Multi Year	21.4	21.1	22.8	23.1	22.6	29.0
Grand Total	164.5	174.8	199.2	191.5	173.7	177.1

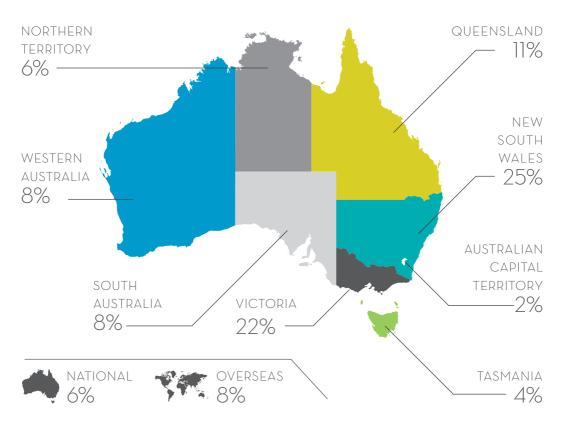
- The Major Performing Arts (MPA) Framework consists of 28 leading companies in the fields of dance, theatre, circus, opera and orchestral and Chamber music. The MPA Framework is Australian Government policy and the Australia Council administers funding to the companies on behalf of the Australian Government and state governments.
- The Australia Council delivers a range of funding on behalf of the Australian Government through Government Initiatives that include the Visual Arts and Craft Strategy, Playing Australia and the Contemporary Music Touring Program.
- Australia Council Grants and Initiatives include the Council's peer assessed grants program, Multi Year funding for small to medium organisations and a wide range of strategic development activity delivered nationally and internationally.

FIGURE 2 | GRANTS PROGRAM AND INITIATIVE FUNDING BY AREA OF PRACTICE*



^{*} Includes Council grants and initiatives, Government Initiatives, and small to medium Multi Year funding. An additional \$109.1 million is invested nationally through the MPA framework.

FIGURE 3 | GRANTS PROGRAM AND INITIATIVES FUNDING BY LOCATION*

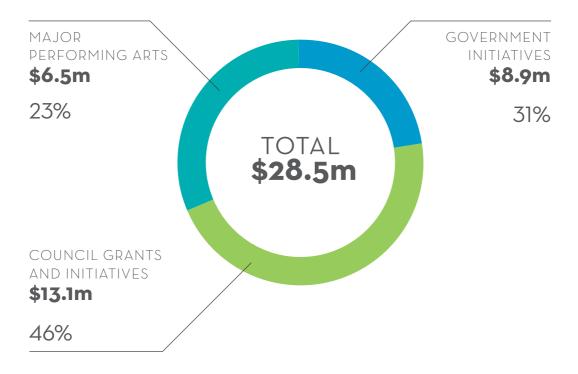


\$millions	2014-2015	2015-2016	2016-2017
New South Wales	22.4	20.4	16.8
Victoria	19.2	13.9	14.8
Queensland	8.1	6.4	7.5
South Australia	6.4	5.2	5.8
Western Australia	5.0	3.8	5.2
Tasmania	3.1	2.3	2.5
Northern Territory	3.6	2.9	4.3
Australian Capital Territory	1.5	1.4	1.4
National	7.5	3.9	4.2
Overseas	8.7	5.8	5.5
Grand Total	85.5	66.0	68.0

^{*} Includes Council grants and initiatives, Government Initiatives, and small to medium Multi Year funding. An additional \$109.1 million is invested nationally through the MPA framework.

FIGURE 4 | FUNDING IN REGIONAL AUSTRALIA 2016-2017

The Australia Council directly invested \$28.5 million in funding for the arts in regional Australia in 2016-17. This investment includes grants made directly to individual artists, arts organisations and communities resident in regional areas, as well as through government initiatives such as Playing Australia, Contemporary Music Touring Program and the Visual Arts and Craft Strategy. The investment in Australian art and artists ensured that regional audiences had access to excellent Australian work produced in regional and remote communities, and through ensuring the mobility of diverse and excellent work to regional Australia.



In addition to direct funding (Figure 4), core funding to metropolitan based MPA companies and Multi Year funded small to medium organisations delivered benefits to artists and audiences in regional and remote Australia through their programs and activities.

In 2016-17, over 2.1 million people attended 16,862 events that took place in regional and remote Australia which represents a 15% increase on 2015-16. These events included 1,705 performances of which 418 performances were supported with Australia Council project and program funding and 1,271 were regional performances by MPA companies and Multi Year funded organisations. 337 exhibitions were visited by 1.4 million visitors, whilst 345,000 participated in 14,851 workshops and classes.

FIGURE 5 | NATIONAL AND INTERNATIONAL AUDIENCES

The Australia Council invests in audience development through a range of programs. These programs include project grants, Multi Year organisation funding, Government initiatives and strategic projects that support the development of national and international audiences. This figure provides attendance numbers at events supported by the Council including performances, workshops, seminars and exhibitions. The key organisations data includes performing arts, visual arts, literature and multi-art form activity.

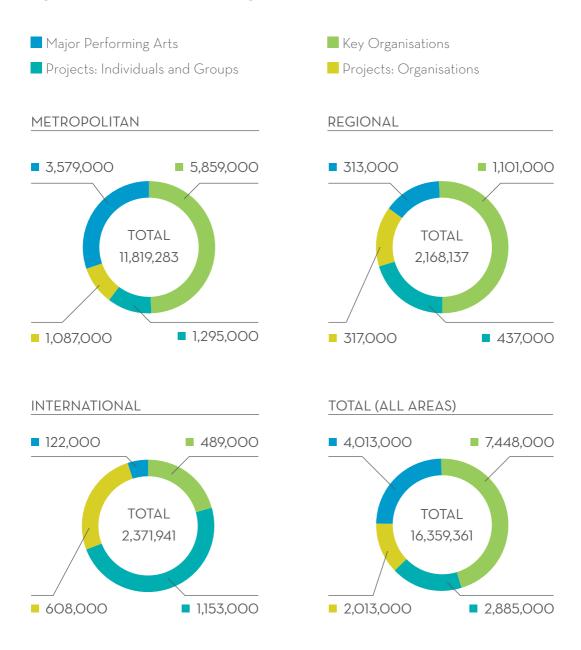


FIGURE 6 | INTERNATIONAL AUDIENCE REACH BY CONTINENT

Australia Council supported activities took place in 61 countries outside Australia, including Multi Year funded organisations who reached 35 international markets. Australia Council funded projects and programs reached 55 international markets with noticeable growth in India and China.



INDIVIDUAL ARTISTS

Artists are at the heart of Australia's cultural life. Through their creative expressions they enrich, entertain, empower and enlighten. They tell our stories, reflect our humanity and challenge us to experience different perspectives. More than three in four Australians agree that artists make an important contribution to Australian society and are proud when Australian artists do well overseas.'

The Australia Council has a long history of championing and supporting Australian artists at key points in their careers – nurturing new talent, providing opportunities for emerging artists to innovate and flourish, sustaining and developing mid-career artists, and celebrating and backing established artists.

\$14.6M

TOTAL
FUNDING
FOR ARTISTS

The Council supported 765 individual artists through grants and strategic activity in 2016–17. Opportunities for artists included:

- career development grants for individuals
- arts project grants for individuals and groups, supporting a broad range of activities including the creation and presentation of works, publishing, recording, promotion, experimentation, and practice based research
- the Chosen and Signature Works programs, supporting artistic and cultural expression and intergenerational knowledge transfer between First Nations artists
- · dedicated funding for artists with disability
- fellowships and awards recognising outstanding Australian artists
- international residencies, delegations and exchanges

¹ Australia Council for the Arts 2017, Connecting Australians: Results of the National Arts Participation Survey, June 2017, Sydney.



- national and international market development support
- capacity building initiatives such as market readiness, leadership and mentoring (refer page 57)
- Visual Arts and Craft Strategy funding for individuals
- touring support through the National Regional Touring Programs
- participation in the Council's peer assessment process.

Australia Council Awards and the National Indigenous Arts Awards

Exceptional Australian artists are recognised through our prestigious national awards programs, the Australia Council Awards and the National Indigenous Arts Awards.

The 2017 Australia Council Awards recipients were Kate Grenville (Literature), Lyn Williams OAM (Music - Don Banks), Stephen Page (Dance), Madeleine Flynn (Emerging & Experimental Arts), Susan Cohn (Visual Arts), Rosemary Myers (Theatre), Steve Mayer-Miller (CACD - Ros Bower) and Ali Kadhim (CACD - Kirk Robson).

765
INDIVIDUAL
ARTISTS
SUPPORTED IN
2016-17



The Council hosted the 10th annual National Indigenous Arts Awards in May 2017, marking the 50th anniversary of the 1967 Referendum and the 25th anniversary of the Mabo decision. The Red Ochre Award recipients were Torres Strait Islander sculptor, visual and performing artist Dr Ken Thaiday Senior and Noongar performing artist and director of Indigenous theatre and film Lynette Narkle. The Dreaming Award went to musician, singer-songwriter and spoken word artist Teila Watson / Ancestress. The Australia Council Fellowship was awarded to Mer and Yidinji actor, singer, writer and producer Lisa Maza.

Australia Council Fellowships

The Council offers fellowships annually to support outstanding, established artists' creative activity and professional development. Seven accomplished Australian artists received Australia Council Fellowships in November 2016, each worth \$80,000 over two years - Bec Reid (Community Arts and Cultural Development), Brooke Stamp (Dance), Dr Sarah Jane Pell (Emerging and Experimental Arts), Julia Leigh (Literature), Sandy Evans (Music), Katerina Kokkinos-Kennedy (Theatre) and Danie Mellor (Visual Arts).

Project funding – creating and presenting work

In 2016-17 the Council provided 765 project grants to support individuals and groups. Individual artists and groups supported through our grants programs presented 3,434 new Australian works in 2016-17, 221 creative developments and a further 5 new productions, arrangements or remounts of existing Australian works. These artists presented 32 world premieres of non-Australian works, and 2,885,000 people benefited from attending a performance, school activity

Danie Mellor

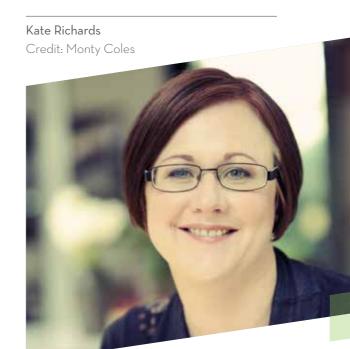
Credit: Joanne Kennedy, 2016



or workshop supported through the Council's project funding. This included performing arts audiences of over 262,000 and a further 2,577,000 people who visited exhibitions by Australian artists.

Artists with disability

In 2016-17 the Council delivered on the final year of a four year commitment and \$1.3 million in dedicated funding to support artists with disability to create, develop, present and promote work, and access opportunities for career development. As part of the final round of this program, the Australia Council invested almost \$360,000 in project and career development grants to individuals and groups. The Council has seen increasing numbers of artists with disability coming through the core grants program, securing residencies and other opportunities to progress their practice.







RLIVES

International engagement

The Council invests in international development activity through a range of initiatives which develop artistic practice and market opportunities for individual artists. The Council supported 361 individual artists to work internationally in 2016–17. Individuals and groups supported by the Council's grants funding and international strategic investment raised the global profile of Australian arts by engaging 1,153,000 attendees at 1,289 performances, exhibitions and workshops outside of Australia.

Ali Kadhim Credit: Helen Tran

Individual artists benefited significantly from the delegations led by Council to 25 international platforms, art fairs and markets in Europe, North America, North Asia and South Asia over the past year. 135 artists and arts workers were directly supported through strategic travel grants, with a further 79 receiving on-the-ground support from Council staff. 29 artists embarked on Council residencies in 11 cities across Europe, North America and North Asia, and for the first time three professional placements were available for Australian arts workers in leading Chinese arts organisations.

Providing advisory, advocacy and brokerage services for Australian artists (regardless of whether they are funded by Council), the Council's International Development Managers responded to over 2,000 requests during 2016-17, more than double that of the previous year



ARTS ORGANISATIONS

Bringing a national perspective to the management of funding for arts organisations, the Australia Council supports a diverse range of organisations who create, produce, present and promote the arts across all areas of practice. Council has a unique leadership role which includes direct and indirect engagement. Charged with the role of champion and investor, the Council promotes artistic vibrancy, innovation and sustainability. This is delivered through project and Multi Year funding for organisations of all sizes, government initiatives and frameworks, national and international strategic development, and capacity building programs.

Overall, 631 organisations received funding through the Council in 2016-17.

Investment in Australian arts organisations through the Council includes support for:

TOTAL FUNDING \$162.5M

TOTAL ARTS ORGS FUNDED 631

- project grants and Multi Year core program funding for small to medium organisations via the Four Year Funding program
- Multi Year funding for Major Performing Arts (MPA) companies
- support for small, medium and major organisations through the Visual Arts and Craft Strategy and the National Regional Touring Programs
- national and international strategic development support for arts organisations to build markets, audiences and organisational capacity, as well as fostering artistic and cultural development.



ANNUAL REPORT 2016-17

Crazy Times, Sydney Dance Company

Credit: Aimee Campo

SMALL TO MEDIUM ARTS ORGANISATIONS

The hundreds of organisations in the small to medium arts sector occupy the significant territory between individual arts practitioners and larger scale companies. They play a critical role in the Australian arts landscape, and can be viewed as a leading 'public activator' of Australia's arts and cultural life. Their work embraces and engages local artists, and is collaborative and highly accessible to national and international audiences. The small to medium arts sector is responsive and exceptionally diverse, providing an environment for creative risk, innovation and experimentation, and a platform for new and emerging work.

The Council supported over 590 small to medium organisations through our grants program, strategic activity and government initiatives in 2016–17.

Funding:

- \$29 million for Multi Year funding through the Four Year Funding program (commenced January 2017)
- \$12.7 million in project grants and strategic development activity to support small to medium organisations
- \$11.7 million for small to medium organisations through government initiatives, including the Visual Arts and Craft Strategy and the National Regional Touring Programs.

Multi Year Core Program Funding

In 2016–17, the Council implemented the final pillar of its responsive new grants model through the Four Year Funding program. For the first time, all small to medium organisations seeking Multi Year funding were assessed at the same time, enabling organisations to be viewed as part of a national framework across areas of practice and the arts sector as a whole. The program is part of the Council's integrated approach to arts investment through grants and strategic activity, which resulted from a significant reform process.

The 128 organisations receiving Multi Year funding are of significant regional, national or international standing and represent diverse art forms, types of practice and provide services to develop the arts sector. The organisations supported include strong representation from regional Australia, First Nations-led organisations, youth arts companies and companies that are producing and touring disability-led and mixed-ability arts practice.

The Four Year Funding program replaces the Key Organisations program. Current contractual arrangements for the Key Organisations concluded on 31 December 2016, and Four Year Funding contracts commenced in January 2017.

\$53.4M
INVESTED
IN OVER
590
SMALL
TO MEDIUM
ARTS ORGS

Project grants

Project grants for small to medium organisations fund a range of activities, including the creation of new work, practice based research, creative development, professional skills development, experimentation, collaborations, touring, festivals, productions, exhibitions, performances, publishing, recording, services to develop the arts sector, promotion and marketing, and market development activity. In 2016–17 the Council provided \$12.7m to support 376 small to medium organisations through project grants and initiatives.

Creating and presenting work

Small to medium companies are leading presenters of new Australian work. In 2016–17 small to medium companies supported through project grants staged 1,884 new Australian works, 51 creative developments and a further 14 new productions, arrangements or remounts of existing Australian works. Key Organisations presented 1,093 new Australian works, 240 creative developments and a further 92 new productions, arrangements or remounts of existing Australian works in 2016.²

² Key Organisations reported for the calendar year to December 2016. Four Year funded organisations were not required to report statistical data if they were not an existing Key Organisation.

Audiences

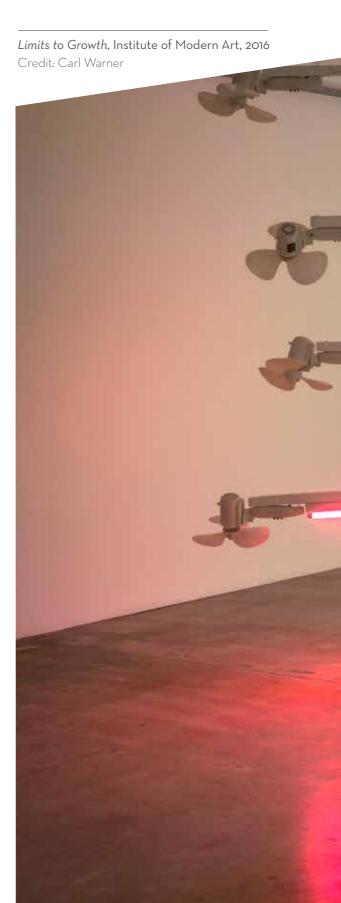
Small to medium arts companies bring artistic talent and innovation into Australian communities. In 2016-17 2,013,000 people attended a performance, exhibition, workshop or school activity presented by small to medium companies supported through project grants. 7,448,000 people attended a performance, exhibition, workshop or school activity presented by small to medium companies supported through Key Organisations funding in 2016.

International engagement

The small to medium sector takes
Australian arts across borders,
strengthening international partnerships
and enabling Australian artists to develop
and flourish overseas. In 2016-17 19 small
to medium companies funded by Council
project grants delivered 211 performances
overseas, attended by 30,000 people.
Key Organisations delivered 796
performances overseas, attended by
285,000 people in 2016.

Strategic development and capacity building

The Council supports small to medium arts organisations through a range of strategic development, market development and capacity building activities. These include delegations, projects, exchanges, in market representation, leadership programs and a new Arts Governance Program launched in April 2017.







State Theatre Company South Australia,

Things I Know To Be True (2016)

Credit: Manuel Harlan

MAJOR PERFORMING

MAJOR PERFORMING ARTS COMPANIES

The major performing arts (MPA) sector is an integral part of the arts in Australia. It comprises 28 leading companies in the fields of dance, theatre, circus, opera and orchestral and chamber music. The MPA companies support the careers of Australian performing artists and creatives, bring works of scale to Australian and international audiences, and are critical to some of Australia's most iconic venues, festivals and other arts infrastructure.

The MPA companies are jointly funded by Commonwealth and state governments through the National Framework for Governments' Support of the Major Performing Arts Sector (2011). The national framework enables companies to plan strategically by providing financial certainty, while harmonising reporting processes across two levels of government.

The Australia Council plays a lead role in monitoring and maintaining the framework in partnership with state funding bodies. The Council is supported by the MPA Panel, an advisory body that helps to oversee MPA company performance and provides expert strategic advice on sector trends and opportunities.

\$109.1M TOTAL FUNDING

Creating and presenting work

Collaborations with the small to medium sector continue to feature in MPA company programs, helping to ensure the sustainability and vibrancy of the arts ecology and bringing new works to Australian audiences. In 2016 the MPA companies presented 445 works, including 139 world premieres of new Australian works and 26 creative developments.



Audiences

The MPA companies provide high quality arts experiences to Australians in metro and regional communities. More than four million people across Australia attended a performance, exhibition, workshop, or school activity presented by an MPA company in 2016. This included an audience of 3.3 million people at over 6,000 performances; around 36,000 visitors at six exhibitions; and 698,000 participants in workshops or classes. Many of the MPA companies have high profile partnerships and programs to support arts and disability practice, community engagement, and access programs to reach audiences with disability.

International engagement

The MPA sector grew the international profile of Australian arts in 2016, showcasing our artists on the international stage and captivating global audiences with diverse Australian work. Fourteen MPA companies delivered 169 performances overseas, attended by over 100,000 people – double the number of performances delivered internationally in the previous year, with a 36% increase in attendance. Notable highlights included the West Australian Symphony Orchestra's tour to China and



West Australian Symphony Orchestra's tour to China and Abu Dhabi Credit: Alan Lindsay

Abu Dhabi, the company's first international tour in ten years; and the State Theatre Company of South Australia's London season and five city UK tour of their first international co-production, *Things I Know to be True*, with Frantic Assembly. Sixteen MPA companies collaborated internationally in 2016–17.

Employment and turnover

The MPA companies are a major employer of Australian artists, creatives and arts workers. They nurture talent and skills that are the life blood of the creative industries and broader Australian workforce. In 2016 the MPA companies employed 10,462 people, including 4,938 artists, 723 creatives, 2,346 technicians and a further 2,455 people in education, marketing and arts administration.

10,462
PEOPLE EMPLOYED

The MPA companies achieved a record year of \$558 million combined turnover in 2016. Just under a third of this was from government sources (31%), including 19% from the Australia Council. The companies received \$96 million of private sector income, which includes philanthropy, fundraising, sponsorship and donations. Overall, these organisations leveraged \$2.19 of further revenue for each \$1 of government funding in 2016

GOVERNMENT INITIATIVES

\$14.1M TOTAL FUNDING The Australia Council delivers a range of funding on behalf of the Australian Government. These grants support regional touring of performing arts, contemporary music and visual arts exhibitions; and the contemporary visual arts and craft sector. The grants support and promote the creative work of Australian artists and organisations, and deliver greater access to enriching arts experiences for all Australians.

PLAYING AUSTRALIA

Grant allocation: \$7.2 million

Playing Australia is the Australian Government's regional performing arts touring program. It provides grants to tour professionally produced performing arts to regional and remote communities – providing opportunities for Australian artists and creatives, and increasing the audience reach of Australian arts. The three Playing Australia rounds in 2016–17 attracted 58 applications and delivered 28 successful grants. Four companies are in receipt of Multi Year funding as part of the National Touring Status stream of Playing Australia.

Tours supported by Playing Australia in 2016–17 included a national tour of *Simon's Final Sound*, a new Tasmanian theatre work from Blue Cow Theatre, written by multi-award winning playwright Finegan Kruckemeyer. The national tour played 17 performances in 13 communities. It engaged an audience of 1,162 people with an exciting new Australian work that showcased Tasmanian talent.

CONTEMPORARY MUSIC TOURING PROGRAM

Grant allocation: \$0.4 million

The Contemporary Music Touring Program assists Australian musicians to tour original contemporary music to regional and remote areas. It supports Australian music and



musicians' careers, and connects musicians with audiences across the country. The two rounds in 2016-17 attracted 84 applications and delivered 23 successful grants.

A 2017 national tour by all-female singer-songwriter foursome All Our Exes Live in Texas, was supported by the Contemporary Music Touring Program. The tour marked the release of the group's successfully crowdfunded album *When We Fall*, and came at a pivotal point in their upward trajectory that includes international profile-building and landmark artistic collaborations. Their tour targeted regional and remote communities, and included song-writing, performance and choral singing workshops with a focus on young women.

THE VISUAL ARTS AND CRAFT STRATEGY

Grant allocation: \$6.4 million

The Council delivers the Visual Arts and Craft Strategy (VACS) in partnership with state and territory governments to support the Australian contemporary visual arts sector. In 2016–17 the Council provided \$1,040,000 in VACS funding to 44 individual artists, \$4,182,000 to 28 National Leadership organisations in the visual arts, \$568,000 to National Initiatives and \$577,000 for the Contemporary Touring Initiative.

Contemporary Touring Initiative

The Contemporary Touring Initiative is part of the VACS. It supports significant exhibitions by living contemporary visual artists and craft practitioners. The program is targeted at ambitious organisations whose projects demonstrate innovation, as well as strong partnerships and impact in regional communities. One round was offered in February 2017 and four of seven applications were funded.

FIRST NATIONS ARTS

First Nations arts are contemporary expressions of rich knowledge systems and unbroken storytelling stretching back for millennia. They are a source of strength, resilience and pride for First Nations peoples and are central to Australia's narrative and identity. The vast majority of Australians agree that First Nations arts are an important part of Australia's culture, and more Australians than ever are attending First Nations arts across art forms.³

The Australia Council is committed to long-term support for First Nations arts, as one of the four goals of our strategic plan for a culturally ambitious nation. The Council undertakes a broad range of activity to support First Nations arts and cultural expressions, including investment through project grants and Multi Year organisational funding; targeted investment through the Chosen and Signature Works programs; capacity building and strategic development nationally and internationally; the National Indigenous Arts Awards; and research which investigates the First Nations arts ecology and promotes greater access and participation in First Nations arts experiences by all Australians.

Investment

The Council invested more than \$13.1 million in First Nations artists and communities in 2016–17. The Council's support for First Nations led organisations doubled through the Four Year funding program, which commenced in January 2017. Of the 128 organisations supported, 13% are led by First Nations people and more than 40% of all organisations identified a First Nations arts and culture component to their work. During 2016–17 First Nations artists and arts organisations supported by the Council created 1,620 new works.

2016-17 was a remarkable year for co-investment opportunities in First Nations arts, including a new partnership with the Macquarie Group to deliver a First Nations Emerging Curator award. The Council was also delighted to partner with the Sydney Opera House to support a new Red Ochre Award, and to realise the Badu Gili project which has garnered global attention as the iconic sails are lit with First Nations art.

³ Australia Council 2017, Connecting Australians: Results of the National Arts Participation Survey, June 2017, Sydney.



The Australia Council has created a program of intensive workshop labs called Signature Works. This program allows artists to develop concepts from production to distribution. The 2016 innovation lab led to five successful pitches funded by Council in 2016-17, including Gina Williams' major festival show for national and international touring, which will see classic Australian contemporary songs translated into Noongar and vice versa. Gina has translated Steve Kilby's work 'under the Milky Way', and is performing nationally with his band The Church, preserving the Noongar language through song. Another successful pitch developed through Signature Works is a project by Nareetha Williams to map her Wiradjuri DNA sequencing and traditional Wiradjuri song cycles, creating new and experimental compositions. Nareetha presented her first development of this project 'Cryptex' at Yirramboi First Nations Arts Festival in May 2017.

MORE THAN \$13.1M
INVESTED IN FIRST NATIONS ARTISTS AND COMMUNITIES

The Chosen program aims to ensure the vibrancy of cultural inheritance for future generations of First Nations artists by supporting the intergenerational transfer of artistic and cultural knowledge and its expression. The most appropriate way to build

capacity in any sector or community is to listen to what the community wants. Chosen empowers First Nations communities and arts sectors to develop their own cultural apprenticeships and residencies, with the early career artists they identify. In 2016-17, 16 projects were supported through Chosen with an investment of \$763,000.

Capacity building and strategic development

The Council has a strong commitment to capacity development for First Nations organisations and artists. This includes mentoring and leadership programs, support for increased First Nations representation at showcases such as the Australian Performing Arts Market and BIGSOUND, and capacity building for First Nations artists to be market ready and leverage opportunities.

As part of our strategic development work a First Nations publishing workshop was held in May 2017. The workshop brought together First Nations writers and publishers of all sizes to explore the challenges and opportunities in First Nations publishing, editing and writing. The program also supported First Nations writers, publishers and arts workers to leverage opportunities at the Sydney Writers' Festival and Council's Visiting International Publishers (VIPS) program running in tandem.

In March 2017 the Council sent a delegation of presenters and programmers, to Yirramboi First Nations Arts Festival, where they experienced and discussed work, networked, and developed curatorial capacity in First Nations arts.

1,620
WORKS
CREATED BY
FIRST NATIONS
ARTISTS AND
COMMUNITIES

First Nations Curators Exchange and the Venice Biennale

The Council is a partner in an exchange program that brings together First Nations curators from New Zealand, Canada and Australia. Creative New Zealand hosted the 2016 exchange in Aotearoa, enabling curators to build on networks and relationships formed at APT8 in Brisbane in 2015. The exchange led to a collaborative exhibition at the Pataka gallery in Wellington.

Many of the First Nations curators also participated in the First Nations Curators Exchange at the 2017 Venice Biennale. This aligned with a deep First Nations focus by Australia at this year's Biennale, with Tracey Moffatt the first solo Indigenous artist to represent Australia. The Council supported professional

development opportunities for 40 visual arts professionals at the 2017 Venice Biennale, with two thirds identifying as First Nations peoples - the largest representation to date.

Kluge-Ruhe Residency

The Council partners with the University of Virginia to offer the opportunity for First Nations visual artists to undertake a four week residency at the Kluge-Ruhe Aboriginal Art collection. This year, two Indigenous visual artists attended the Kluge-Ruhe residency in Virginia, USA; South Australian artist of Ngarrindjeri and Chinese descent, Damien Shen, and Torres Strait Islander artist Janet Fieldhouse. The Kluge-Ruhe Collection of the University of Virginia is the only museum in the United States dedicated to the study and interpretation of Australian Aboriginal art.



First Nations Curators, Venice Biennale

Research

The Council commissioned two deep-dive research studies, *Building Audiences* (2015) and *Showcasing Creativity* (2016) with the aim of supporting the sector to increase the availability of and attendance at First Nations arts. Fieldwork for the third study in the series was commissioned in June 2017, exploring the creation of artistic works. Results from the 2016 National Arts Participation Survey indicate that First Nations arts attendance has substantially increased to 35% of the population – double the 2009 level.

In 2016-17 the Council commissioned the Australian Bureau of Statistics to produce detailed nationally representative data about First Nations peoples' participation in arts and cultural expression, based on the National Aboriginal and Torres Strait Islander Social Survey (NATSISS). The aim is to make arts data collected through the NATSISS more accessible. The Council also worked with the Centre for Aboriginal Economic Policy Research at the Australian National University on analysis of the relationship between First Nations arts participation and wellbeing. The NATSISS data and wellbeing analysis will be published later in 2017, building the evidence base about the importance of arts and culture to resilient, connected First Nations communities

REGIONAL ARTS

The stories of Australia's regional and remote communities are integral to the fabric of a culturally ambitious nation, and the artistic excellence among regional artists is critical to a vibrant arts sector that reflects Australia's depth and diversity. Creativity is strong in the regions, with residents of regional Australia as likely to creatively participate in the arts as residents of metropolitan Australia, and more likely to create visual arts and craft. Council research also shows that living in a regional area does not substantially affect arts attendance, with around seven in ten people attending the arts in regional Australia (69%) compared to metropolitan Australia (73%). ⁴

People in regional and remote Australia are focus communities within the Council's Cultural Engagement Framework. The Council champions and invests in the arts in regional Australia through a broad range of programs and strategies, and through our core business activities such as peer services, outreach and research. Our commitment to supporting regional arts and artists, and increasing regional audiences' access to the arts, is embedded across our work.

\$28.5M
INVESTED INFUNDING ARTS
IN REGIONAL AUSTRALIA

Investment

In 2016–17 the Council invested \$28.5 million in funding for the arts in regional Australia. This was provided through Multi Year and project funding for small to medium organisations; project grants for regionally based artists making work for local and metro audiences; capacity building and strategic development; and government initiatives and frameworks such as the National Regional Touring Programs, Visual Arts and Craft Strategy, and Major Performing Arts Framework. One quarter of the 128 successful applicants for the Council's Four Year Funding program are based in regional or remote areas.

⁴ Australia Council 2017, Connecting Australians: Results of the National Arts Participation Survey, June 2017, Sydney.

These funding programs supported the touring of diverse and excellent Australian work to regional audiences, professional development for regional leaders, and the creation of art with and by regional communities and artists.

Audiences

In 2016-17 the Council supported 16,862 performances, exhibitions and educational events for children and adults in regional and remote Australia, reaching an audience of 2.2 million. This included 1,705 performances, reaching audiences of 380,000; 337 exhibitions, reaching more than 1.4 million visitors; and 14,836 workshops and classes, reaching 359,000 attendees. Attendances in regional areas increased by 15% compared with 2015-16.

REGIONAL AUDIENCE ATTENDANCE INCREASED BY

Capacity building and strategic development

Through a partnership with the Australian Rural Leadership Foundation the Council is investing \$200,000 over three years to support arts professionals who will lead in rural, regional and remote Australia into the future. This year eight presenters across art forms took part in the Council's pilot Regional Presenter Program which aims to increase the capacity of leaders to attract, diversify and retain audiences in regional areas.

16,862
PERFORMANCES IN REGIONAL AUSTRALIA

The Council's leadership programs included components held in Dubbo and the Gold Coast hinterlands in 2016-17. Participants engaged with 45 local leaders through leadership exchanges, facilitating valuable knowledge-sharing within a regional context and the opportunity to explore the challenges faced in rural Australia.

Outreach and peers

The Council works closely with state and territory jurisdictions, local government authorities and arts service organisations to deliver targeted bespoke grant information sessions. The sessions are presented in a variety of formats with a particular focus on engaging with artists and arts workers in regional Australia. In 2016–17 the Council delivered grant information sessions and outreach activities in more than 20 regional locations as well as live streaming information sessions nationally.

The peer assessment model implemented in 2014 has enabled greater geographic, demographic and artistic diversity among our expert peers, strengthening both the assessment process and enriching the Council's sector knowledge. 22% of the peers used in 2016-17 were from regional or remote Australia and the recent peer pool refresh included targeted recruitment to increase that participation further.

'I have found it really important to be a voice for artists and arts workers who live in regional or rural Australia and to speak to the unique challenges that face us.'

Multi-arts peer

Research

The Council launched a Local Region Arts Engagement Dashboard in January 2017. The data demonstrates how people engage with the arts in their local communities – providing a valuable tool for government, locally-based artists and arts organisations, touring programs and businesses operating in the sector. The Council also highlighted regional trends across our 2016–17 research outputs, such as Showcasing Creativity: Programming and Presenting First Nations Performing Arts and Connecting Australians: Results of the National Arts Participation Survey.





INTERNATIONAL

The Council provides a wide range of support for Australian artists and arts organisations to work internationally through our grant programs, strategic initiatives and through the Major Performing Arts Framework.

In 2016-17, the Council delivered 48 initiatives that strengthened ties with other countries and provided 532 grants supporting Australian arts and artists to work internationally. We supported more than 400 artists and organisations to present 2,476 performances and exhibitions in 61 countries, attracting 2.4 million attendees – bringing Australian work to global audiences and building markets for Australian artists.

In 2016-17 the Council invested \$2.0 million through strategic international activity, which included support for inbound and outbound delegations, international presentations, exchange projects, market representation, capacity building, residencies, scouting and research.

ACTIVITY	NO. IN 2016-17	LOCATION
Delegation - Inbound	4	Dance Massive, Visiting International Publishers, The National Curators Program, Asia TOPA
Delegation - Outbound	16	North Asia, South Asia, Western Europe, North America
Exchange Projects	7	North Asia, Western Europe, North America
In Market Representation	2	Western Europe
International Capacity Building Activities	7	North Asia, South Asia, Western Europe, North America
Residencies	18	UK, New York, Canada, Spain, Italy, France, Finland, USA, Germany, Japan

The Council leads a range of international market delegations across emerging and established international arts markets – fast-tracking growth in international profiles and capability by building networks, awareness and sales. In 2016–17 the Council led delegations to 25 international platforms, art fairs and markets in Europe, North America, North Asia and South Asia. The Council continued to test new markets for Australian art leading performing arts delegations for the first time to the Shanghai China International Arts Festival and Berlin Performing Arts Festival, as well as a delegation of curators to the India Art Fair and Kochi Muziris Biennale in India.

\$2.0M
INVESTED
THROUGH
STRATEGIC
INTERNATIONAL
STRATEGY

Inbound delegations showcase our thriving, diverse arts sector and stimulate ongoing exchange between Australian artists and their international counterparts. To promote the export of Australian arts and culture the Council supported 46 international curators, publishers, literary agents, presenters and producers to attend major Australian contemporary arts events in 2016–17. These included the Sydney Writers' Festival, The National: New Australian Art, and Asia TOPA.

Delivered alongside the Sydney Writers' Festival in May, the highly successful and longstanding Visiting International Publishers (VIPs) program engaged 16 international publishers with Australia's literary culture, and provided insight into global publishing trends and opportunities for Australian authors and publishers.

In addition to providing a critical opportunity for Australian publishers to meet and do business with international rights sales buyers, a 2017 evaluation revealed that Australian attendees attributed, at a minimum, \$4.1 million in rights sales to the program from 2011-2015. \$3.8 million in rights sales were made directly to attending VIPs and a further \$300,000 in sales arose indirectly through referrals from VIPs.

The Council's international residencies program provided exceptional opportunities for artists and aligns with priority regions in Western Europe, North America, North Asia and South Asia. These residencies enabled the artists to articulate their practice within a global context and build knowledge, networks and partnerships. The current suite of residencies includes new programs in China and India, and in 2016-17 the Council also offered three new professional placements for Australian arts workers in leading Chinese arts organisations. These placements will increase knowledge around working in China and strengthen relationships prior to touring or presenting work in China.

The Venice Biennale is one of the most prestigious events on the international visual arts calendar, presenting a powerful opportunity to promote Australian artists to international audiences. The Council's Venice Project manages Australia's national participation in this global exhibition as part of the international arts strategy. In 2017, Tracey Moffatt represented Australia at the 57th International Art Exhibition with her exhibition MY HORIZON, curated by Natalie King. MY HORIZON attracted record numbers on the opening day of the Vernissage, with an attendance of 6,164. The exhibition has continued to attract record numbers with a total attendance of 61,712 visitors over the first 31 days. The response from visitors and global media has been overwhelmingly positive.

PROVIDED

532

GRANTS
SUPPORTING
AUSTRALIAN
ARTS AND
ARTISTS

documentα is a significant visual arts exhibition held every five years in Kassel in Germany, and in Athens, Greece for the first time in 2017. Three Australian artists supported through the Council's grants program to create and present new work, Dale Harding, Bonita Ely and Gordon Hookey, were included in the 2017 documentα as a result of Associate Curator Hendrik Folkerts participation in the Council's incoming visitors program for the Asia Pacific Triennial 8 in Brisbane.

The First Nations Curators' Exchange reconvened in New Zealand in December 2016 and at the Venice Biennale in May 2017. Celebrating the presence of Australia's Tracey Moffatt and New Zealand's Lisa Reihana, the exchange at Venice brought together First Nations curators from Australia, Canada, New Zealand and Norway to share practice, ideas and responses to the Biennale.

Responding to sector interest in connecting with First Nations colleagues from Asia, the Council supported an inaugural exchange of First Nations performing arts professionals from Australia and Taiwan. Delivered through one month reciprocal residencies, the inaugural program sought to build understanding and networks for First Nations theatre companies through a partnership between Ilbijerri and the Taiwan Indigenous Performing Arts Connection.

The Asian Producers' Platform is a partnership between Korea, Taiwan, Japan and Australia designed to create a network of independent producers who can work effectively across Asia, sharing and developing artistic works, skills and cultural practices through a four year strategy. Bringing together more than 30 producers from nine countries across Asia, the inaugural gathering was held in Korea in 2014, Taiwan in 2015, Japan in 2016, and in Melbourne alongside Asia TOPA in 2017.

Dance Massive is a partnership between Melbourne's Arts House, Dancehouse and Malthouse Theatre to bring high quality Australian dance works to audiences and raise the profile of the art form through a biennial festival. In 2017, the Council supported 26 international presenters and producers of contemporary dance to attend Dance Massive from Europe, North America, and North Asia. The Council-supported international visitors program delivered maximum exposure to the programmed Dance Massive work and networking opportunities with the wider dance sector. Through the Dance Massive 2017 Project Fund, the Council supported 13 tours to festivals and performing arts centres in Berlin, Paris, Geneva, Hong Kong, Ottawa, Vancouver, and New Caledonia, along with presentations in several other cities.

The Council's team of three International Development Managers (IDMs) answer a need for an ongoing and active presence in key international markets. Our IDMs work actively in Western Europe, North Asia and North America to increase audiences for Australian arts and create connections for Australian artists with their international peers to foster collaboration and exchange. The demand for advisory, advocacy and brokerage services for Australian artists (regardless of whether they receive Council funding) is high with IDMs responding to more than 2,000 requests in 2016-17. The IDMs delivered a program of outbound market development delegations, in market showcase platforms and developed network connections and opportunities for future engagement.



CAPACITY BUILDING

The Council contributes to the long term resilience and sustainability of the Australian arts community by delivering a high performing suite of capacity building programs. More than 360 arts leaders benefited from these programs in 2016-17.

The programs develop arts leaders who are equipped to deal with a changing environment and have the skills to solve complex problems. They are designed to leverage the rich knowledge and capability of the sector, and to activate knowledge-sharing and network-building across regions and areas of practice.

Responding to the needs of the sector, the programs are targeted to the small to medium arts sector, individual artists and arts workers at all career stages. Opportunities include:

- Arts Leaders and Future Leaders programs
- Arts Governance Program
- market readiness programs
- delegations and audience development initiatives
- scholarships and secondments
- mentoring and partnerships.

360

ARTS LEADERS
PARTICIPATED
IN CAPACITY
BUILDING
PROGRAMS

Arts Leaders and Future Leaders are the Council's flagship capacity building programs. In 2016-17 these leadership programs supported 46 emerging, mid-career and established artists and arts workers to participate in residentials, workshops, a leadership project and peer-to-peer engagement. Exchanges in Dubbo and the Gold Coast hinterlands also enabled participants to expand their understanding of regional arts.

To address a significant gap the Council launched a new Arts Governance Program in April 2017 to promote best practice governance through a program specifically designed for the arts. The program enables managers and board directors to refresh and improve their governance practices and more than 190 leaders have participated in the first few months

As an experienced director, the Arts Governance Program gave me an excellent opportunity to discuss governance issues with like-minded directors and to refresh my knowledge.'

Arts Governance Program participant

The Council's dedicated First Nations capacity building program provided a range of professional development opportunities to Aboriginal and Torres Strait Islander artists, including market readiness programs to artists in maximising outcomes at marketplaces such as BIGSOUND and the Sydney Writers' Festival.

The Council invests in leaders in regional Australia through the Rural Leadership Program, a partnership with the Australian Rural Leadership Foundation. The program addresses leadership, advocacy, media, international relations and community programs through residential sessions across rural, regional and remote Australia. In 2016–17 the Council delivered a pilot Regional Presenter Program, an audience development initiative to increase the capacity of venues and festivals to build and retain audiences in regional areas.

In 2016–17 the Council continued to invest in mentoring for arts leaders with disability who had previously participated in the Sync Leadership programs. An evaluation of Sync Leadership has commenced, to explore future avenues of leadership development for artists with disability and the arts and disability sector.

In May 2017 the Council supported six emerging and mid-career leaders from the youth arts sector to join a delegation to the 19th ASSITEJ World Congress and International Theatre Festival for Children and Young People in Cape Town, South Africa. The delegation built leadership capacity, advocacy skills and global networks for Australia's youth arts sector.

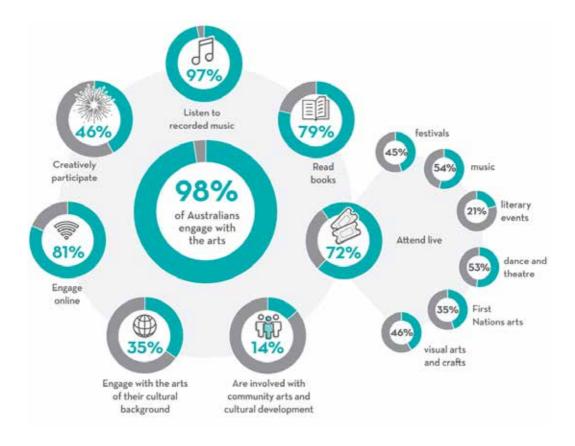
The Council also supports performing arts leaders to build their international networks and enrich their practice by providing three year fellowships in partnership with the International Society for the Performing Arts. These fellowships support mid-career leaders to engage with leading international performing arts organisations, and have led to new commissions, international representation and touring opportunities. Simon Abrahams (Melbourne Fringe), Ben Graetz (ILBIJERRI Theatre Company), Fiona MacDonald (Imaginary Theatre), Viv Rosman (Polyglot Theatre) and Deanna Smart (Dancenorth) commenced their fellowships in 2017.

RESEARCH AND EVALUATION

Through research and evaluation the Australia Council builds essential knowledge about Australian arts. Our evidence base informs decision making, strategic planning and policy; leverages new investment opportunities; and supports the sector with insights on arts practice, audiences and markets. The Council has a legislative mandate to conduct and commission research about the arts, and to evaluate the impact of the Council's support. The Council's national leadership role in research and evaluation is a critical foundation of our advocacy.

Arts Nation: Research and data on the arts in Australia is the new online home for the Council's research and knowledge management. In 2015 the Council published Arts Nation: An overview of Australian arts, establishing a set of indicators and measures of arts and culture in Australia. In May 2017 Arts Nation became an interactive web presence. It expands the work of the original publication, presenting the full range of the Council's research and analysis in a dynamic, continuous release form.





Connecting Australians: Results of the National Arts Participation Survey was published in June 2017. The 2016 National Arts Participation Survey is the third in a landmark series by the Council, following editions in 2009 and 2013. This series provides a comprehensive picture of the evolving relationship Australians have with the arts in their daily lives. The findings confirm the significant and increasing value Australians place on the impacts of the arts, and the ways they strengthen communities and build social cohesion.

Showcasing Creativity: Programming and presenting First Nations performing arts was published in September 2016. Showcasing Creativity reports on First Nations performing arts programming in Australia's mainstream venues and festivals. It provides an evidence base for the sector to examine decision making processes about programming, presenting and marketing First Nations works to Australian audiences. It has successfully inspired important national and international discussion and action about what is needed to achieve a culturally ambitious nation that cherishes First Nations arts.

Reading the reader: A survey of Australian reading habits was published in May 2017. The Council partnered with Macquarie University on the final stage of their book industry study: A National Survey of Readers. The research explores the ways Australians choose, acquire and value books, and builds the evidence base for the book and literature sectors.

The Local Region Arts Engagement Dashboard was launched in January 2017. The interactive dashboard looks at attendance and participation with the arts at a local region level across Australia. Using Australian Bureau of Statistics data, the user-friendly platform enables comparisons between regions.

Evaluation

The Council is uniquely positioned as the custodian of the nation's most comprehensive data set about the arts. In 2016-17 the Council worked to continuously improve data, analysis and reporting for individual artists, the small to medium sector, the Major Performing Arts companies and strategic projects. This data will progressively be uploaded onto the Arts Nation platform as a publicly accessible resource.

Evaluations undertaken in 2016-17 included:

- analysis of the outcomes of the Council's Visiting International Publishers (VIPs)
 program over the last five years. It found that for every \$1 invested in the VIPs
 program, \$5.45 is generated for the Australian literature sector a 445% financial
 return on investment.
- a detailed review of the Council's 2014-16 Disability Action Plan (DAP). This included
 feedback from artists and arts organisations that informed development of the
 Council's next DAP. A summary evaluation report was published in a range of
 accessible formats in December 2016, including Easy English and audio.

Australia Research Council (ARC) linkages

The Council was an industry partner in six arts-related projects funded by the ARC in 2016-17, providing financial and in-kind support for new research across a range of disciplines and arts practice areas, including arts-science collaborations.

Research Fellow

A new position of Research Fellow was appointed in January 2017. The Fellow plays an important role in the coordination of national and international arts research.

ADVOCACY

Following the most significant period of reform in our history, the Australia Council has embraced its enhanced national leadership role in advocating for Australian arts. Our advocacy is implicit in the functions defined in the Australia Council Act 2013 and is reflected in the goals of our Strategic and Corporate Plans.

The Council seeks to inform and influence policy development, arts activity and public debate through evidence based advice which leverages deep arts knowledge and the dissemination of robust, relevant research and analysis about the arts. 2016-17 marked the launch of Arts Nation, a new online platform which reflects the Council's strengthened research function. Arts Nation will continue to develop as a leading public source of trusted and accessible knowledge and data about Australian arts and culture. Over the past year Council leveraged the Showcasing Creativity, Local Arts Engagement and National Arts Participation Survey projects to promote increased opportunities to engage with First Nations performing arts and awareness about the ways in which Australians view, value and participate in the arts.

During 2016-17, the Australia Council's expert analysis of major developments in Australian arts and culture meant we were able to make a strong contribution to the Government's policy agenda, contributing to the realisation of our vision for Australian arts. As a Commonwealth agency, the Council works with the government of the day and their policies. We work collaboratively with other agencies, in particular



the Department of Communications and the Arts, to build awareness across government of Australia's arts and cultural interests and to increase understanding of the intrinsic and instrumental value of the arts. We were actively involved in policy reforms affecting arts and culture, such as copyright reform, freedom of artistic expression, the innovation agenda, tax reform and policy development which supports Indigenous arts and culture.

The Council advocates for increased public and private investment in the arts and 2016-17 saw significant advancements in both areas. Council continued to build on the success of our existing partnerships to pursue new sources of co-investment, leveraging our funding and expertise to increase support for Australian arts. This has resulted in a range of new strategic partnerships, including with the Mordant Family, Perpetual, the Sydney Opera House and the Macquarie Group.

The global visibility of Australian arts and culture featured prominently on the Australia Council agenda. We advocated through our International Development Managers and by leveraging the activities of our international arts strategy which supports individual artists and arts organisations. We strengthened our engagement with Australia's overseas network of diplomatic posts, and worked closely with the Department of Foreign Affairs and Trade in the delivery of the Australia Now program in Germany to increase awareness of Australian arts and build linkages between our respective cultural sectors.

Across our advocacy, Council is committed to ensuring that the diversity of Australian arts and culture is supported and celebrated, and that our art reflects our diverse nation. The Australia Council believes that Australia's diversity is one of its greatest assets, and leads to greater artistic vibrancy and innovation. We also believe that participation in and enjoyment of the arts should be available all Australians and not determined by social, physical, geographic or personal circumstances.



CO-INVESTMENT

The Council is committed to growing the public, private and philanthropic funds available to support the arts. Our Co-Investment Strategy builds on the Council's experience partnering with philanthropic foundations, corporations and individual donors to develop innovative approaches to investing in the arts. Previous successes include the Venice Biennale Pavilion project and Keir Choreographic Award partnership which is in its third year. In 2016-17 we continued to realise remarkable new creative experiences and support the talents of extraordinary Australian artists.

Australia at the Venice Biennale

Australia's representation at the Venice Biennale began in 1954. The Council has managed this presence for three decades, embedding a highly successful public-private partnership model over many years. The 2017 project raised \$2 million from corporate and philanthropic sectors, and individual donors. In 2017, Tracey Moffatt represented Australia at the 57th International Art Exhibition with her exhibition *MY HORIZON*, curated by Natalie King. This was the second exhibition in the award-winning Australian Pavilion in Venice's Giardini. A First Nations Curators Exchange at the 2017 Biennale was generously supported by Sam Meers and the Nelson Meers Foundation. Australia's Commissioner for 2017 is business leader and entrepreneur, Naomi Milgrom AO.

The Mordant Family / Australia Council Affiliated Fellowship

In 2016-17 the Council offered a new visual arts fellowship in Rome thanks to the generous support of the Mordant family. The fellowship, worth \$40,000 per annum, will be offered annually for three years. In April 2017, leading contemporary visual artist Lynne Roberts-Goodwin was announced as the inaugural fellow. She will spend two months in Rome as part of the American Academy in Rome's (AAR) Affiliated Fellowship Program.

2017 Marten Bequest

The Council administers travelling scholarships from the Marten Bequest on behalf of Perpetual as trustee. The scholarships offer talented young artists the chance to explore, study and develop their artistic skills through interstate or overseas travel. By leveraging the Council's expertise a larger than usual cohort of artists could be supported in 2017. \$600,000 in scholarships will be awarded to 12 recipients across a range of arts practice areas to develop their artistic practice and establish valuable networks globally.



Marten Bequest recipient, 18 year old ballet dancer Harrison Lee can now complete his training at The Royal Ballet School. Credit: Damian Tierney.





A new Red Ochre Award

The 10th National Indigenous Arts Awards marked the 50th anniversary of the 1967 Referendum. To mark this important anniversary, the Council partnered with the Sydney Opera House to support a new \$50,000 Red Ochre Award. Lynette Narkle was the recipient of this award, acknowledging her lifetime of extraordinary achievements in theatre, film and television.

NEW
RED OCHRE
AWARD
SUPPORTED IN
PARTNERSHIP
WITH
SYDNEY
OPERA HOUSE

Macquarie Group First Nations Emerging Curator Award

In June 2017, the Council announced an exciting new partnership with the Macquarie Group to support an emerging First Nations visual arts curator. The award celebrates the 50th Anniversary of the 1967 Referendum and the 30thAnniversary of the Macquarie Group Collection, *The Land and Its Psyche*. The award includes \$30,000 and support to attend professional development activities in Australia and internationally. The recipient will also curate an exhibition with the Macquarie Group collection, mentored by senior curators.

Workplace giving

Workplace giving to the arts through the Australia Council Donations Funds is a new initiative. Staff and board members are invited to play a very personal role in creating new opportunities to support an area of need in the arts.

OUR CO-INVESTMENT PARTNERS

AUSTRALIA AT THE 2017 VENICE BIENNALE

MAJOR PARTNER



SUPPORTING PARTNERS

NAOMI MILGROM FOUNDATION



Neilson Foundation Maddocks

VENICE VISIONARIES

Marc Besen AC and Eva Besen AO

Catriona and Simon Mordant AM

Annabel and Rupert Myer AO

Mark and Louise Nelson

Roslyn Oxley OAM and Tony Oxley OAM

Peter Weiss AO

Carla Zampatti AC

NELSON MEERS FOUNDATION



COMMISSIONER'S COUNCIL

Naomi Milgrom AO -

Commissioner

Susan Armitage

Hamish Balnaves

Daniel Besen

Luisa Bosci

Andrew Cameron AM

Deborah Cheetham AO

Penny Clive

Debbie Dadon

Dr Paul Fliadis

Johanna Featherstone

Adrian Fini OAM

Jan Frolich

Helen Gannon

Professor Charles Green

Mark Henry

Jo Horgan

Peter Jopling AM QC

Roslyn Morgan

Paris Neilson

Dr Dick Quan

Carol Schwartz AM

Eleonora Triguboff

Dr Terry Wu

Mark and Tracey

Van Weelde

WITH THANKS TO OUR CHAMPIONS, DONORS AND STATE AND TERRITORY PARTNERS

THE MORDANT FAMILY / AUSTRALIA COUNCIL AFFILIATED FELLOWSHIP

Mordant Family

RED OCHRE AWARD



Led by Louise Herron AM and Helen Lynch AM

MARTEN BEQUEST



MACQUARIE GROUP FIRST NATIONS EMERGING CURATOR AWARD



AUSTRALIA COUNCIL WORKPLACE GIVING

Led by Rupert Myer AO, Lee-Ann Buckskin, Enid Charlton and Louisa O'Toole

For information on the Venice Biennale project and a full list of donors please visit our website: australiacouncil.gov.au

THE ALIA AUSTRALIA COUNCIL BOARD

Under the Act, the Australia Council is overseen by the Board. Its membership comprises a range of expertise across artistic practice, arts management, business, management, public policy, corporate governance and administration, regional issues, gender, multicultural and Indigenous community participation in the arts, finance, philanthropy, legal affairs, corporate strategy and research.

The Board has a maximum of twelve (12) members, not including the Chief Executive Officer (CEO) who is an Executive (Ex-Officio) member of the Board. Board members who served during the year are as follows:

- Chair, Mr Rupert Myer AO (Vic)
- Deputy Chair, Ms Robyn Archer AO (SA) - term concluded 18 August 2016
- Chief Executive Officer, Mr Tony Grybowski (NSW)
- Mr Waleed Aly (Vic) term concluded 30 September 2016
- Ms Lee-Ann Buckskin (SA) appointed Deputy Chair 10 October 2016, Board member since 1 July 2013
- Mr Leigh Carmichael (Tas) appointed 10 October 2016
- Mr Adrian Collette AM (Vic)
- Mr Khoa Do (Vic)

- Ms Kate Fielding (WA) appointed 10 October 2016
- Ms Zoe McKenzie (Vic) appointed 10 October 2016
- Ms Sophie Mitchell (Qld)
- Ms Samantha Mostyn (NSW) term concluded 30 September 2016
- Mr Tim Orton (Vic) term concluded 30 September 2016
- Mr Sam Walsh AO (WA) appointed 10 October 2016
- Ms Rebecca Weisser (NSW)
- Mrs Christine Simpson Stokes (WA)

Terms of appointment for members of the Board are generally three years. Members are eligible for re-appointment, however, appointments are limited to a total of nine years.

BOARD GOVERNANCE

The Board and Council staff are guided by internal policies and guidelines. Key to ensuring good corporate governance is Council's Governance Manual. The Governance Manual outlines the expected and appropriate ethical standards for Board members and staff to uphold including:

- · directors' obligations
- confidentiality and disclosure of the Council's business
- · conflicts of interest
- sponsored travel and acceptance of gifts or benefits.

A Code of Conduct, with which every member of the Council, its Board and committees, are expected to comply, is provided with the Governance Manual. It outlines the responsibility entrusted to these members and the fundamental principles and values that guide the work of the Council.

If a Board member requires legal advice on any matter, the Chair advises the CEO to make arrangements for obtaining this advice. There were no requests for legal advice by a Board member for 2016-17.



Mr Rupert Myer AO (Chair)

Mr Myer is a Director of AMCIL Limited, Healthscope Limited, The Myer Family Investment Pty Ltd, Creative Partnerships and eCargoHoldings Limited; Member of the University of Melbourne Faculty of Business and Economics Advisory Board; Board Member

of Jawun Indigenous Corporate Partnerships and The Yulgilbar Foundation; Chair of the Aranday Foundation; Emeritus Trustee National Gallery of Victoria; Member, International Advisory Board of the Hong Kong Arts Development Council; and Member, Felton Bequests' Committee. Mr Myer was formerly Chair, National Gallery of Australia, Chair, Federal CVAC Inquiry, Board Member of Museum of Contemporary Art Australia and National Gallery of Victoria.



Ms Robyn Archer AO FAHA (Deputy Chair) Term concluded 18 August 2016

Ms Archer is Chevalier de l'Ordre des Arts et des Lettres; Officer of the Crown (Belgium); Strategic Advisor, Arts and Culture, City of Gold Coast; Chair, Arts Centre Gold Coast; Chair, Master of Fine

Arts (Cultural Leadership) NIDA; Patron, Brink Productions; Australian Script Centre; Australian Art Orchestra; Arts Law Society; Restless Dance Theatre; Mildura Print Triennial; Ambassador Adelaide Football Club; International Women's Development Agency; Member, The European House of Culture;. Ms Archer was the Creative Director, Centenary of Canberra 2013, won the Helpmann Award for Best Cabaret Performer 2013, and was crowned Cabaret Icon at the 2016 Adelaide Cabaret Festival. She holds Honorary Doctorates from Flinders and Griffith Universities, and from the Universities of Sydney, Canberra and Adelaide, and is an Honorary Fellow of the Australian Academy for the Humanities.



Mr Tony Grybowski (NSW) - (Chief Executive Officer) Ex-Officio Board Member



Mr Waleed Aly (Vic)
Term concluded 30 September 2016

Mr Aly is an award-winning author, broadcaster, academic and lecturer in politics at Monash University; Director, Tigers in the Community Foundation; Director, Macent Pty Ltd (Trading as Salam Café); and Ambassador, Possible Dreams International. Mr Aly is also a practising musician.



Ms Lee-Ann Buckskin (SA) – Deputy Chair Board member - 1 July 2016 – 30 September 2016 Appointed Deputy Chair 10 October 2016

Ms Buckskin is the Aboriginal Strategy Executive at the South
Australian Film Commission and member of the National Museum
of Australia's Indigenous Advisory Committee. She was previously
member of the Indigenous Champions Group for the Barangaroo redevelopment site
in Sydney and Co-Chair of South Australia's 2015 International Aboriginal Visual Arts
Festival. Ms Buckskin is a Narungga, Wirangu, Wotjobaluk woman.



Mr Leigh Carmichael (Tas) Appointed 10 October 2016

Mr Carmichael is Creative Director and Brand and Marketing Director for the Museum of Old and New Art and the Dark Mofo festival in Tasmania. He is an experienced graphic designer and successful art and creative director for small to medium arts, cultural and design organisations.



Mr Adrian Collette (Vic) Reappointed 10 October 2016

Mr Collette was previously CEO, Opera Australia for 16 years; currently Vice-Principal (Engagement), University of Melbourne; Executive Board Member, Committee for Melbourne; Board member,

The Ian Potter Museum of Art; Melbourne University Sport; Life Member, Australian Entertainment Industry Association's Executive Council; previously Managing Director, Reed Books; former Member, Victorian Council for the Arts.



Mr Khoa Do (Vic)
Reappointed 10 October 2016

Mr Do is a film director, producer and screenwriter. He has received awards across the spectrum of film, television and community theatre. He is also an international keynote speaker, community and youth

worker and leader who won the Young Australian of the Year Award in 2005. In 2014 he received the Australian Director's Guild Award for Best Direction in a TV Mini Series.



Ms Kate Fielding (WA)
Appointed 10 October 2016

Ms Fielding is a nationally recognised cultural strategist, an experienced board member, writer, editor and passionate advocate for regional arts in Australia. Ms Fielding is based in Kalgoorlie-

Boulder, having worked in regional, remote and very remote parts of Australia, including Ngaanyatjarra Lands in Western Australia, and overseas in Yogakarta, Indonesia. As a cultural strategist, Ms Fielding has worked with government, not-for-profit and private organsations, and has an in-depth knowledge of Australia's arts, cultural development and creative industries. Ms Fielding is currently Chair of Regional Arts Australia, and Goldfields-Esperance Development Commission; and has been recognised through two national awards: Sidney Myer Creative Fellowship (2014-2015), and Churchill Fellowship (2012). Ms Fielding holds a B. Arts (Hons.) in History (University of Melbourne), a B. Creative Arts in Writing (Victorian College of the Arts) and is an Australian Institute of Company Directors graduate.



Ms Zoe McKenzie (Vic) Appointed 10 October 2016

Ms McKenzie has extensive expertise in governance, trade and investment, international engagement, education, policy design, media and communications and the arts and cultural sectors. Ms McKenzie

is a Board member of the University of Melbourne Humanities Foundation, the French Australian Chamber of Commerce and Industry and Chair of the Australian Services Roundtable. She is founder and principal of Trade and Investment Advisory. Ms McKenzie previously been a senior policy adviser to governments at State and Federal levels in Australia and France, a senior lawyer at Herbert Smith Freehills and has held senior roles in administration for KPMG.



Ms Sophie Mitchell (Qld) Reappointed 10 October 2016

Ms Mitchell is Trustee, Queensland Performing Arts Trust; Director, Morgans; Director, Silver Chef Limited; Director, Flagship Investments Limited; Director, Morgans Foundation; Member, Australian

Government Takeovers Panel; Queensland Advisory Board for Australian Super and Chairman of Norna Limited.



Ms Samantha Mostyn (NSW) Term concluded 30 September 2016

Ms Mostyn is the President of the Australian Council for International Development, Chair of Citibank Australia and Carriageworks, and Deputy Chair of the Diversity Council of Australia. Ms Mostyn is

a board member of Virgin Australia, Transurban Group, Mirvac, and CoverMore; and member of the Global Commission of Business and Sustainable Development. Ms Mostyn has previously held senior executive roles at Insurance Australia Group, Optus Communications and Cable & Wireless plc. Ms Mostyn was the first woman appointed to the AFL Commission, and served on the Chief of the Defence Force's Women's Advisory Group, and was a member of the Human Rights Commission Review of the Treatment of Women in the Australian Defence Force. Ms Mostyn previously served for 10 years on the Board of the Sydney Theatre Company.



Mr Tim Orton (Vic)
Term concluded 30 September 2016

Mr Orton is Chair, Rhodes Scholarships in Australia; Executive Board Member, Committee for Melbourne; Managing Director, Nous Group; Director, Jianguo Pty Ltd; and a former Chair of Geelong Performing Arts Centre.



Mrs Christine Simpson Stokes (WA)

Mrs Simpson Stokes is a Trustee of Western Australia's Children's Charity Telethon, Ambassador for Legacy Australia, Director of ACE (Kimberleys) Pty Ltd. and Executive Director of a Private Art Collection of significance. Mrs Simpson Stokes is a former

Patron of the Young Indigenous Women's leadership program 'Kimberley Girl', and served as a member of the Advisory Council of the Jackman Furness Foundation for the Performing Arts. Mrs Simpson Stokes has extensive experience in business management and media, and is a philanthropist and supporter of the arts.



Mr Sam Walsh (WA)
Appointed 10 October 2016

Mr Walsh is Chair, Art Gallery of Western Australia, Accenture Global Mining Executive Council (UK), and Perth Diocesan Trust; President, Chartered Institute of Procurement and Supply; Trustee,

Perth Diocese Trust; Chair Elect, Royal Flying Doctor Service WA Board; Director, Mitsui & Co; Patron, Western Australian Symphony Orchestra; and Life Member, WA Chamber of Arts & Culture. Mr Walsh has held numerous senior executive roles in the mining and automotive industries including Board Director and Chief Executive Rio Tinto, Chief Executive of Rio Tinto productions groups Aluminium and Iron Ore, and has held senior leadership roles at General Motors and Nissan Australia. Mr Walsh is a Fellow of the Australian Institute of Management, the Australasian Institute of Mining and Metallurgy, the Chartered Institute of Purchasing and Supply, the Australian Academy of Technological Sciences and Engineering, and was previously a member of the International Council on Mining and Metals. Mr Walsh holds a Bachelor of Commerce from Melbourne University and has completed a Fellowship Program at Kettering University in Michigan. Mr Walsh was previously Chair, Black Swan Theatre Company; Western Australia Chamber of Arts and Culture, Chair, Western Australian Division of ABAF; former Patron, WA State Library Foundation, and former Director, Royal Opera House and Ballet (Covent Garden).



Ms Rebecca Weisser (NSW)

Ms Weisser is a journalist, editor and public policy and communications consultant. Ms Weisser is a regular contributor to Quadrant, The Australian, The Spectator Australia and The Drum, and has appeared on Q&A, ABC News 24, and Sky's Paul Murray Live and

Cameron and Kenneally. Ms Weisser has held senior editorial roles at The Australian, and was previously a career diplomat with the Department of Foreign Affairs and Trade. Ms Weisser has worked in communications and public affairs at Qantas and the Australian Catholic University. Ms Weisser has a First Class Honours degree in Arts from the Australian National University and a Graduate Diploma in Foreign Affairs and Trade.

Schedule of attendance at board meetings in 2016-17

NAME	ELIGIBLE TO	MEETINGS
	ATTEND MEETINGS	ATTENDED
Mr Rupert Myer AO	6	6
Ms Robyn Archer AO	1	1
Mr Tony Grybowski	6	6
Mr Waleed Aly	2	2
Ms Lee-Ann Buckskin	6	5
Mr Leigh Carmichael	4	4
Mr Adrian Collette AM	6	6
Mr Khoa Do	6	6
Ms Kate Fielding	4	3
Ms Zoe McKenzie	4	4
Ms Sophie Mitchell	6	6
Ms Samantha Mostyn	2	2
Mr Tim Orton	2	2
Mrs Christine Simpson Stokes	6	4
Mr Sam Walsh AO	4	4
Ms Rebecca Weisser	6	6

Changes to Board membership in 2016 - 17

Ms Robyn Archer AO's term concluded on 18 August 2016.

Mr Waleed Aly was reappointed to the Board from 1 July 2016 - 30 September. His term concluded on 30 September 2016.

Ms Lee-Ann Buckskin was reappointed as Board member 1 July 2016 - 30 September 2016, and appointed Deputy Chair on 10 October 2016 for the period until 30 June 2019.

Mr Leigh Carmichael was appointed to the Board on 10 October 2016 for the period until 30 June 2019.

Mr Adrian Collette AM was reappointed to the Board on 10 October 2016 for the period until 31 October 2018.

Mr Khoa Do was reappointed to the Board on 10 October 2016 for the period until 31 October 2018.

Ms Kate Fielding was appointed to the Board on 10 October 2016 for the period until 30 June 2019.

Ms Zoe McKenzie was appointed to the Board on 10 October 2016 for the period until 30 June 2019.

Ms Sophie Mitchell was reappointed to the Board on 10 October 2016 for the period until 31 October 2018.

Ms Samantha Mostyn was reappointed to the Board from 1 July 2016 - 30 September 2016. Her term concluded on 30 September 2016.

Mr Tim Orton was reappointed to the Board from 1 July 2016 - 30 September 2016. His term concluded on 30 September 2016.

Mr Sam Walsh AO was appointed to the Board on 10 October 2016 for the period until 30 June 2019.

DEPARTMENT OF COMMUNICATIONS AND THE ARTS AND GOVERNMENT POLICIES

Responsible Minister

The Minister responsible for the Council was Senator the Hon Mitch Fifield, Minister for Communications and the Arts for the 2016-17 period.

Department of Communication and the Arts

The Department of Communications and the Arts attends Council Board meetings as an observer. During 2016-17 Ms Sally Basser, First Assistant Secretary of the Arts, represented the Department.

Ministerial Directions and Rules

The Council is bound by the Australia Council Rule 2013 issued for the purpose of section 48(1)(a),(b) and (c) of the Act.

Section 48(1) of the Act provides for restrictions on financial transactions and requires that ministerial approval is sought in writing for an amount prescribed by the rules. The Australia Council Rule 2013 prescribes the amount of \$1,000,000 for the purposes of section 48(1)(a), (b) and (c) of the Act.

No ministerial directions were received in 2016-17.

General Policy Orders and Government policies

No General Policy Orders or government policies affecting the Council were issued in 2016-17. Previously issued General Policy Orders and government policies continued to be noted.

COMMITTÉES TEES

Pursuant to section 31 of the Act, the following committees and panels provided specialist advisory services and recommendations to the Board and management for consideration and approval:

- 1. Audit and Finance Committee
- 2. Nominations and Appointments Committee
- 3. Strategy Committee
- 4. Decisions Review Committee
- 5. Rescission of Decisions Committee
- 6. Appeals Committee
- 7. Peer Assessment Panels
- 8. Aboriginal and Torres Strait Islander Arts Strategy Panel
- 9. Major Performing Arts Panel
- 10. Research Strategy Panel concluded 31 December 2016

AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee was chaired by Board member Ms Sophie Mitchell during 2016–17.

The committee provides oversight of Council's financial reporting and budgeting functions, internal and external audit processes, risk management, the system of internal controls and compliance with legal and regulatory requirements.

The Chair of Council, the Chief Executive Officer, the Chief Financial Officer and General Counsel have a standing invitation to attend committee meetings. The committee met four (4) times during the year. The Audit and Finance Committee reviews its Charter annually. The Committee's compliance with the Charter was reviewed and reported to the full Board during 2016-17.

Representatives from the Council's internal and external auditors were invited to attend the committee meetings. The Chair of the Committee reported on relevant matters at the following Board meetings.

Attendance at Audit and Finance Committee meetings

NAME	ELIGIBLE TO ATTEND	MEETINGS
	MEETINGS	ATTENDED
Ms Sophie Mitchell (Chair)	4	4
Mr Adrian Collette AM	4	2
Mr Khoa Do*	1	1
Mr Tim Orton**	1	1
Mr Samuel Walsh AO***	3	2
Ms Zoe McKenzie***	3	3
Mrs Christine Simpson Stokes****	2	2

^{*}Term concluded in October 2016 / ** Term concluded 30 September 2016

NOMINATIONS AND APPOINTMENTS COMMITTEE

The Nominations and Appointments Committee is chaired by the Deputy Chair of the Board, Miss Lee-Ann Buckskin. The committee facilitates and oversees the nominations process for the Council's peer and strategy panels in consultation with senior management. The committee considers all nominations at its meetings and then makes recommendations to the Board for appointment of the endorsed nominees. The Board considers each recommendation and approves the relevant appointments. The committee met four times in 2016-17.

Attendance at Nominations and Appointments Committee meetings

NAME	ELIGIBLE TO ATTEND	MEETINGS
	MEETINGS	ATTENDED
Ms Lee-Ann Buckskin* (Chair)	4	3
Mr Leigh Carmichael**	4	3
Mr Khoa Do	4	4
Ms Kate Fielding**	4	4
Ms Rebecca Weisser**	4	4

^{*} Term as Chair of Committee commenced 27 October 2016

The Nominations and Appointments Committee was chaired by the Deputy Chair of the Board, Ms Robyn Archer AO until her term concluded on 18 August 2016.

^{***} Term commenced 27 October 2016 / **** Term commenced 23 March 2017

^{**}Term commenced 27 October 2016

STRATEGY COMMITTEE

The Strategy Committee is chaired by Board member Ms Zoe McKenzie. The committee met once in 2016-17.

Attendance at Strategy Committee meetings

NAME	ELIGIBLE TO ATTEND	MEETINGS
	MEETINGS	ATTENDED
Ms Zoe McKenzie*(Chair)	1	1
Mr Leigh Carmichael*	1	0
Mr Khoa Do*	1	1
Ms Kate Fielding*	1	1

^{*} Term commenced 2 June 2017

The Strategy Committee was chaired by Board member Mr Tim Orton until the end of this appointment on 30 September 2016. Ms Robyn Archer AO, Mr Waleed Aly, and Ms Samantha Mostyn were members until the end of their terms as set out on page 70. Ms Lee-Ann Buckskin was a member until 27 October 2016.

DECISIONS REVIEW COMMITTEE

The Board has empowered the Decisions Review Committee, under the Council's Authorisations Framework and the Act, to determine requests for review of grant related decisions. To meet the requirements for review, the applicant must establish a relevant administrative ground to dispute a decision.

The Decisions Review Committee does not assess the artistic merit of applications. Its purpose, under the Board's direction, is to ensure the peer assessment panels and senior officers have followed procedural fairness in making decisions. The membership comprises the CEO, the Chair of the Audit and Finance Committee, a member of the Nominations and Appointments Committee and one additional Board member. As at 30 June 2017, Mr Tony Grybowski was Chair of the committee. Further information is available at australiacouncil.gov.au/funding/appealing-a-grant-decision.

The Decisions Review Committee met once in 2016-17.

RECISSION OF DECISIONS COMMITTEE

The Board has empowered the Rescission of Decisions Committee, under the Council's Authorisations Framework and the Act to:

- Suspend a decision by a Panel, Committee, Officer(s) or Employee(s) approving a grant or loan of money or the provision of a scholarship, fellowship, award, or other benefits, until such time as a decision is made whether to rescind or confirm it; and
- 2. Rescind or confirm a decision by a Panel, Committee or Officer(s) or Employee(s) approving a grant or loan of money or the provision of a scholarship, fellowship, award, or other benefits.

The Rescission of Decisions Committee consists of the Deputy Chair and the CEO. The Chair may exercise the power in unison with the CEO when the Deputy Chair is absent. The authority shall only be exercised where the project outcomes contemplated in a grant application or funding decision under review may not comply with all applicable laws, or could reasonably be deemed to have the effect of bringing the Council into disrepute.

The Rescission of Decisions Committee did not meet in 2016-17.

APPEALS COMMITTEE

The Board has empowered the Appeals Committee, under the Council's Authorisations Framework and the Act, to consider and determine any appeal from a Board or committee member or senior officer of the Council against a decision by the Rescission of Decisions Committee to rescind a previously approved decision.

The Appeals Committee consists of the Chair (or the Deputy Chair where the Chair has participated in the decision to rescind or confirm the subject of the appeal) and three Board members, as elected by the Chair (or Deputy Chair) providing that the Board members have not been involved in the decision under appeal. At least one committee member is to have experience as an arts practitioner.

The Appeals Committee did not meet in 2016-17.

PEER ASSESSMENT PANELS

A peer is a practising artist, arts worker or industry expert with knowledge and experience of the Australian arts sector. Decision making on funding based on the assessment of artistic merit by a panel of peers is a core principle of the Council. Council convenes assessment panels across a range of arts practices, with membership changing between assessment meetings rather than remaining static.

The Council has a large and diverse pool of more than 750 peers to select from when forming assessment panels. In March 2017, Council refreshed the pool of peers. This pool is approved by the Board following self-nomination by peers and a rigorous review process by the Nominations and Appointments Committee. Peers are chosen for their experience and knowledge, which enables them to make an informed assessment about the work in a particular art form or area within the arts sector. Close monitoring ensures there is an appropriate mix across a number of diversity characteristics.

The Australia Council has a robust governance structure for the peer assessment process. Peers must declare all actual, potential or perceived conflicts of interest in accordance with the Council's Conflicts of Interest Policy (which is included in the Peer Assessment Handbook). Governance matters are also discussed during a peer's induction to the role and are reiterated during assessment meetings.

Recommendations made by peers are considered by certain senior officers of the Council who are authorised to make grants and pursue particular purposes already approved by the Board or its committees. The senior officers consider the ranking reports by panels of peer experts when allocating the grant budget.

There were 353 opportunities for peers to participate in one of the 49 assessment meetings during 2016-17, involving 292 individual peer assessors.

ABORIGINAL AND TORRES STRAIT ISLANDER ARTS PANEL

The Aboriginal and Torres Strait Islander Arts Strategy (ATSIA) Panel assists Indigenous people to claim, control and enhance their cultural inheritance by supporting the development and promotion of traditional and contemporary arts practices. The panel encourages new forms of cultural expression by Aboriginal and Torres Strait Islander people who practise any art form and live in urban, regional and remote areas.

Membership of the ATSIA Strategy Panel as at 30 June 2017*

Mr Wesley Enoch	NSW	Chair
Mr Tristan Schultz	QLD	Member
Ms Jeannette James	TAS	Member
Ms Franchesca Cubillo	NT	Member
Mr Peter White	ACT	Member

^{*} Board member Ms Lee-Ann Buckskin (SA) held observer status on the panel during 2016-17.

MAJOR PERFORMING ARTS PANEL

The Major Performing Arts (MPA) Panel is authorised by the Board to maintain the National Framework for Governments' Support of the MPA sector, to monitor the performance of the MPA companies and provide strategic advice on critical sector issues.

Membership of the MPA Panel as at 30 June 2017

Mr Adrian Collette AM	VIC	Chair
Ms Helen Cook	WA	Member
Mr Chris Freeman AM*	Qld	Member
Ms Kate Brennan	Vic	Member
Ms Rachel Healy	SA	Member
Mr Derek Young AM	Vic	Member
Ms Larissa Behrendt	NSW	Member
Mr Greg Mackie OAM	SA	Member
Ms Rosheen Garnon	NSW	Member

^{*} Term concluded 23 May 2017

RESEARCH STRATEGY PANEL

The Research Strategy Panel provides guidance to the Council's research program in line with Council's Strategic and Corporate Plans. The panel provides recommendations on applications of research across Council. The panel also monitors research outcomes of the Research and Knowledge Management Unit. The Panel concluded on 31 December 2016. Council continues to engage with external industry experts on an as needs basis.

Membership of the Research Strategy Panel as at 31 December 2016

Prof John Daley	NSW	Chair
Prof David Throsby AO	NSW	Member
Ms Megan Brownlow	NSW	Member
Dr Hilary Glow	VIC	Member

Representatives from the Australian Bureau of Statistics and the Meeting of Cultural Ministers Statistics Working Group also sat on the panel.

ACCOUNTABILITY

Service charter

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

The Council's service charter reflects its commitment to quality client service. It describes the service standards that clients and other stakeholders can expect.

The Council service charter can be found at: australiacouncil.gov.au/about/service-charter.

FREEDOM OF INFORMATION

The Council is a Commonwealth agency subject to the Freedom of Information Act 1982. As such, it is required to publish information for the public as part of the Information PublicationScheme. The Council website provides details of the information published in accordance with the Information Publication Scheme requirements. The information can be found at australiacouncil.gov.au/about/freedom-of-information

Risk Management

The Council has a Risk Management Policy and an associated Risk Management Framework that provides a comprehensive approach to managing risk in a systematic and transparent manner. The Framework provides principles and guidelines to assist staff to identify, evaluate and effectively manage all significant risks. The Framework also requires that Council prepare a Risk Management Report for the Board's review every six months, which is an essential component to ensuring the Framework's principles are being implemented.

The Council has a Fraud Control Policy, which provides guidance on what constitutes fraud, the Council's responsibility for managing fraud and the process for addressing and reporting suspected incidents of fraud.

These documents are reviewed and updated annually to ensure alignment with current legislation and best practice. Each year Council also produces a Risk Management Annual Plan and a Fraud Control Annual Plan, which detail specific activities to be performed under these areas, such as internal audit reviews. These plans are approved by the Audit and Finance Committee.

The principles outlined in these documents are embedded in the diverse decision making processes across the organisation.

The current Risk Management Policy, Risk Management Framework and Fraud Control Policy and their respective annual plans are available on the Council's intranet.

Internal Audit

During 2016-17 Council's internal auditors O'Connor Marsden conducted four internal audits covering the areas of Payroll, a Post Implementation Review of the Grants Management System - Phase 2, Fraud Control and I.T. and Security Access.

Grants

Information on awarded grants is available online at: https://online.australiacouncil.gov. au/ords/GrantsList

Project Control Group

The Project Management Office and Project Control Group (PCG) continued to ensure a consistent organisation wide approach towards the management of projects which significantly contribute to the achievement of the Council's strategic goals and corporate objectives.

The PCG comprises members of the Executive team, and it approves, endorses, monitors and provides guidance for strategic project activity, which has an impact across the entire organisation. The PCG also shapes the following year's budget and forward estimates in relation to project work.

Workplace Forum staff representatives

A Workplace Forum staff representative presents a staff report at each Board meeting which contains information on current staff issues. The representative may be invited to participate in discussion about the staff report at the discretion of the Chair.

Attendance by Workplace Forum staff representatives at Board meetings during 2016-17 was either in person or via teleconference by invitation of the Chair.

Ms Bronwyn Papantonio and Ms Clara Edwards commenced the 2016-17 year as Workplace Forum staff representatives, with Ms Papantonio taking parental leave in October 2016 and Ms Edwards in December 2016. Ms Stacey Sidley commenced her role as a Workplace Forum staff representative in November 2016 following the nomination process as outlined in the Workplace Forum Charter. A further nomination process and subsequent election resulted in Ms Jennifer Teale filling the further vacant position from May 2017.

New Workplace Forum staff representatives participated in an initial induction to understand the nature of the role and the confidentiality required to perform it. The Workplace Forum staff representatives are subject to the Workplace Forum Charter in carrying out their roles.

EXTERNAL REVIEW

Changes affecting the Council

No significant external changes affected the Council in 2016-17.

Judicial decisions and reviews by outside bodies

During 2016-17, there were no judicial decisions or decisions of administrative tribunals that have had, or may have, a significant impact on the Council's operations.

External Audit

Under section 7 of the *Auditor General Act 1997* the Auditor-General acts as the external auditor for the Commonwealth. The Australian National Audit Office (ANAO) supports the Auditor-General, whose primary client is the Australian Parliament.

The ANAO conducted a performance audit of the efficiency of Council's administration of Grants during 2016–17. The final report on the outcome of this audit was tabled in Parliament on 22 August 2017.

Insurance

The Council's insurance policies for 2016-17 included cover for directors' and officers' liability. The premium paid for this insurance cover was \$ 27,691. This covered a liability limit of \$100 million.

Significant events

No significant events in the context of section 19 of the PGPA Act occurred during 2016-17.

This section requires the Council to notify the responsible Minister of events such as proposals to form a company, partnership or trust, to acquire or dispose of a significant shareholding in a company or commence or cease business activities or to make other significant changes.

MANAGEMENTA OF HUMAN RESOURCES

INDUSTRIAL RELATIONS AND WORKPLACE CONSULTATION

The Australian Government Industry Award (AGI Award) took effect from 15 August 2016, replacing the Australia Council Award 2000. Consultation was undertaken with the CPSU for the terms and conditions of the AGI Award which apply to the Australia Council. The Australia Council Enterprise Agreement reached its nominal expiry date on 15 November 2014 and continues to provide the current terms and conditions for employees until it is renewed. The Enterprise Agreement covers all employees, other than the Senior Management and Executive teams. Bargaining for a new Enterprise Agreement commenced on 18 October 2016 with a draft agreement under review at 30 June 2017.

In addition to consultative obligations upheld under our Enterprise Agreement, our Workplace Forum provides for effective communication within the organisation. The forum's objectives are to foster a healthy working environment and positive workplace culture; encourage active participation by all staff in the work the organisation; and develop and promote positive workplace relations across all levels of the organisation. In 2016–17 the forum comprised up to two staff and two management representatives, being the Director Human Resources and Facilities and the CEO.

PROMOTING A HEALTHY AND SAFE WORKPLACE

In 2016-17 Council continued to ensure the workplace health, safety and welfare of its employees and contractors, with no reportable incidents or investigations, one lost time injury and two near misses.

Workplace safety is monitored by the Workplace Health and Safety (WHS) Committee and a Health and Safety Representative in collaboration with the Director Human Resources and Facilities. The WHS Committee is chaired by a staff member with elected staff representatives from all work areas and two management

representatives. The Committee meets bi-monthly with workplace inspections conducted prior to the meeting. WHS Committee meeting minutes are made available to all staff through electronic and physical means.

WHS activities and reporting are undertaken through the Human Resources and Facilities teams. There are systems in place for staff to readily report any hazards, near misses, injuries or incidents, including First Aid assistance. Identified hazards, near misses and risks have corrective action applied when reasonably practicable to do so, and are acted on in a timely manner. Training for staff is recognised as one of the key elements in achieving and maintaining a high standard of workplace safety.

STAFF PROFILE

Employees are appointed under section 43 of the Act with the majority of staff covered by the terms and conditions set out in the Enterprise Agreement. Members of the Council's Executive and Senior Management teams are employed on individual employee agreements.

As detailed in Figure 7, on 30 June 2017 there were 98.7 full-time equivalent (FTE) employees with several vacant positions being recruited. This represents a decrease from 102.3 in 2015–16, and 113.9 in 2014–15. The average staffing level (ASL) for the year was 101.1 for 2016–17 compared with the previous year's 108.1. Going forward an ASL of 109.3 is budgeted for 2017–18 which includes the fulfilment of vacancies.

Figure 7: Number of staff (FTE) by division at 30 June 2017

Division	FTE
Strategic Development and Advocacy	35.8
Grants and Engagement	27.0
MPA and National Engagement	5.0
Corporate Resources	21.4
Office of the CEO	9.5
Total	98.7

Arts Practice Directors report across two divisions. For financial reporting purposes 5.2 FTE are included in Grants and Engagement division and 0.8 FTE in MPA and National Engagement (the latter has one vacant position at 30 June).

The Council's staff profile continues to reflect the diversity, flexibility and skills required to meet the changing needs of a dynamic arts sector. The representation of employees in targeted equal opportunity groups at 30 June 2017 is shown as a percentage of total employees in Figure 8. Representation of women at Council remained consistent at approximately 65% of staff, including 50% of our Executive and Board memberships.

Figure 8: Representation of Employees in Equal Employment Opportunity Groups at 30 June 2017

EEO groups at 30 June 2017	FY2014-15	FY2015-16	FY2016-17
Aboriginal and Torres Strait Islander People	5.1%	5.7%	6.9%
People with disability	3.4%	2.9%	3.9%
Culturally and Linguistically Diverse	15.4%	15.2%	11.8%
Women	67.5%	65.7%	65.0%

DEVELOPING OUR PEOPLE

Council provided a number of secondments and promotional opportunities and higher duties arrangements over the year. Human Resources implemented key programs addressing organisational development requirements, alongside identified training and development needs of staff.

RECOGNISING OUR PEOPLE

In addition to Council's formal annual performance review process and recognition of achievements at All Staff presentations, six staff award categories were presented to recipients on 15 December 2016. Five awards were nominated by management and/or staff and confirmed via the Executive team, with a sixth award determined through staff nomination and confirmed by the Workplace Forum Staff Representatives.

ADVERTISING

Council uses advertising for a limited 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 \$11,342 compared to \$8,675 in 2015–16. The cost of advertising for all other purposes was \$52,574 in 2016–17 compared to \$4,681 in 2015–16.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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

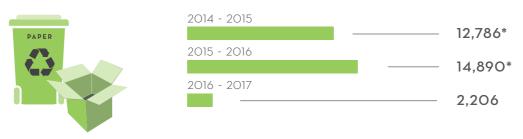
ENERGY CONSUMPTION



PAPER CONSUMPTION | REAMS PER YEAR (80GSM PAPER)



RECYCLED PAPER / CARDBOARD | WEIGHT (KG)



^{*} This increased figure is due to the disposal of a significant volume of out of date publications 2014-15 and 2015-16

ORGANISATIONAL STRUCTURE

The CEO is responsible to the Board for the day-to-day administration of the Council. In conjunction with the Chair, the CEO liaises with the Minister concerning Government arts policies and the Council's budget, statutory powers and functions. The CEO also liaises with the Department of Communications and the Arts concerning the Australian Government's arts policies.

The Office of the CEO manages government reporting and secretariat support for the Board and Strategy Panels. Aboriginal and Torres Strait Islander Arts sits within the office and leads cultural strategies that increase the appreciation, understanding and experience of Indigenous arts.

Grants and Engagement delivers applicant focussed grant programs supported by high quality artist services. This includes the development of a diverse pool of expert peers and managing their involvement in the grants assessment process for individual artists, groups and arts organisations. Specialist arts practice knowledge enables strategic advice and representation to the sector to enhance artistic vibrancy and sustainability.

Major Performing Arts and National Engagement promotes sustainability and excellence through management and support for the Major Performing Arts Framework. Specialist knowledge enables strategic advice and representation to the sector within the national context. The division manages key relationships with state and territory funding bodies. It also maintains an investment strategy and financial oversight of Major Performing Arts companies, providing analytical and evidence-based outcomes and trends for the benefit of the Australian arts ecology.

Strategic Development and Advocacy leads the Council's advocacy and communications for the arts, and government engagement. The Division builds sustainability in the arts ecology, undertakes strategic research, analysis and evaluation, and invests in building the capacity of arts organisations and individuals. Through strategic work at both the national and international level the division leverages specialist knowledge to deliver strategic projects, partnerships and activities that support artistic development, and builds audiences and markets for Australian arts.

Corporate Resources delivers specialist services in finance, financial business analysis, human resources management, workplace health and safety, legal and governance, project controls and risk management, IT infrastructure, business information services including operations help desk facilities, records management, and facilities management.

EXECUTIVE TEAM



Tony GrybowskiChief Executive Officer



Tim BlackwellExecutive Director,
Corporate Resources



Lydia MillerExecutive Director,
Aboriginal and Torres
Strait Islander Arts



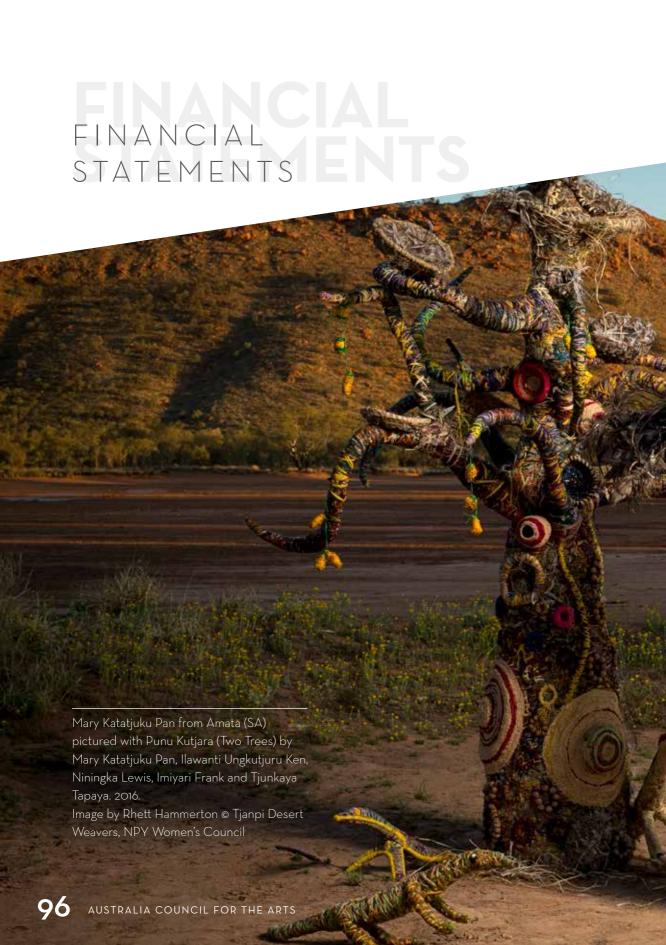
Lissa TwomeyExecutive Director,
Major Performing Arts
and National Engagement



Frank Panucci
Executive Director,
Grants and Engagement



Wendy Were
Executive Director,
Strategic Development
and Advocacy









INDEPENDENT AUDITOR'S REPORT

To the Minister for the Arts

Opinion

In my opinion, the financial statements of the Australia Council for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards Reduced Disclosure Requirements and the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015; and
- (b) present fairly the financial position of the Australia Council as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Australia Council, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Board, Chief Executive and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- · Cash Flow Statement; and
- Notes to the financial statements, comprising significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Australia Council in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants to the extent that they are not in conflict with the Auditor-General Act 1997 (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountability Authority's Responsibility for the Financial Statements

As the Accountable Authority of the the Australia Council the Board Members are responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Board Members are also responsible for such internal control as the Board Members determines are necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are responsible for assessing the Australia Council's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Board Members are also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

GPO Box 707 CANBERRA ACT 2601 19 National Circuit BARTON ACT Phone (02) 6203 7300 Fax (02) 6203 7777 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or
 error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
 sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material
 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,
 forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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
 entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office

Rebecca Reilly Executive Director

Delegate of the Auditor-General

Canberra 30 August 2017

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STATEMENT BY THE BOARD, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

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

Rupert Myer AO

Chair 30 August 2017 Antony Grybowski

Aly Lot

Chief Executive Officer 30 August 2017 Timothy Blackwell

Executive Director Corporate Resources (CFO) 30 August 2017

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2017

				ORIGINAL
	NOTES	2017	2016	BUDGET
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee Benefits	1.1A	12,391	13,177	12,905
Suppliers	1.1B	10,281	9,811	10,651
Grants	1.1C	177,088	173,750	169,725
Depreciation and amortisation	2.2A	729	795	830
Finance Costs	1.1D	(15)	24	-
Losses from asset sales	1.1E	-	25	-
Other Expenses	1.1F	38	51	-
Total expenses		200,512	197,633	194,111
Own-Source Income				
Own-source revenue				
Interest	1.2A	1,558	2,400	1,300
Rental Income	1.2B	502	180	387
Other Revenue	1.2C	10,121	10,597	9,000
Total own-source revenue		12,181	13,177	10,687
Net (cost of)/contribution by services		(188,331)	(184,456)	(183,424)
Revenue from Government	1.2D	188,424	184,526	183,424
Surplus on continuing operations		93	70	
Total other comprehensive income		93	70	

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

BUDGET VARIANCES COMMENTARY

Employee Benefits expenses are lower than budget by \$514k due to vacancies in some staff roles during the year.

Suppliers expenses are lower than budget by \$370k due to a positive contribution from the reorganisation of the office premises more than offsetting additional program costs for the Venice exhibition (which was funded by higher third party income).

Grants Expenditure is higher than budget by \$7,363k due to an additional \$5 million of revenue from Government (see below) to support the small to medium arts sector, together with additional interest, rental and other income and savings in staff and supplier expenses.

Interest Income is above budget by \$258k due to higher yield on investment funds.

Rental Income is above budget by \$115k due to additional sub tenants occupying surplus lease space at the Surry Hills premises.

Other Revenue is higher than budget by \$1,121k due to increase of Venice donations, returned grants and other income associated with Council Initiatives.

Revenue from Government includes increased funding of \$5 million received by Council in *Appropriation Act (No.3) 2016–2017.* As noted on page 10, this was enabled by Council utilising its reserves.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

				ORIGINAL
	NOTES	2017	2016	BUDGET
ACCETC		\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and Cash Equivalents	2.1Å	10,210	17,933	20,551
Trade and Other Receivables	2.1B	7,773	5,297	4,180
Total financial assets		17,983	23,230	24,731
Non-financial assets				
Land and buildings	2.2A	8,538	8,472	8,762
Property, plant and equipment	2.2A	906	225	384
Computer software	2.2A	1,230	1,237	1,478
Other	2.2A	371	376	755
Prepayments	2.2B	502	456	471
Total non-financial assets		11,547	10,766	11,850
Assets held for sale	2.2A	384	384	_
Total assets		29,914	34,380	36,581
LIABILITIES				
Payables				
Suppliers	2.3A	1,928	1,569	2,945
Grants	2.3B	4,153	3,691	4,509
Deferred Revenue	2.3C	493	98	-
Other Payables	2.3D	655	319	835
Total payables		7,229	5,677	8,289
Provisions		•		
Employee Provisions	3.1A	2,179	1,949	2,091
Other Provisions	2.4A	2,096	3,437	3,589
Total provisions		4,275	5,386	5,680
Total liabilities		11,504	11,063	13,969
Net assets		18,410	23,317	22,612
EQUITY				
Reserves		8,014	8,502	7,886
Retained surplus		10,396	14,815	14,726
Total equity		18,410	23,317	22,612

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

BUDGET VARIANCES COMMENTARY

Trade and Other Receivables is higher than budget by \$3,593k primarily due to higher GST receivables which were collected shortly after balance date.

Within **Total Non Financial Assets** additional equipment was purchased for the Venice Pavilion and as part of the office reorganisation. Other non-financial assets have been reduced by the reclassification of the violoncello as an Asset held for sale.

Total Payables are lower than budget by \$1,060k due to timing of payments for grants and to suppliers, which is reflected in the lower cash balance.

Total Provisions are lower than budget by \$1,405k primarily due to a reduction in the provision for surplus lease space by \$1,233k, following completion of the office reorganisation in 2017.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2017

				ORIGINAL
	NOTES	2017	2016	BUDGET
		\$'000	\$'000	\$'000
RETAINED EARNINGS				
Opening balance				
Balance carried forward from		14,815	15,361	14,726
previous period		14,015	15,501	14,/20
Adjusted opening balance		14,815	15,361	14,726
Comprehensive income				
Surplus for the period		93	70	_
Distribution of equity		(5,000)	_	_
Total comprehensive income		(4,907)	70	-
Transfers (from)/to Reserves				
Transfer from/(to) Venice Biennale Reserve		487	(556)	_
Transfer from/(to) Venice Pavilion Reserve		(30)	(60)	_
Transfer from/(to) Asher Bequest Reserve		31	_	_
Sub-total transfers (from)/to Reserves		488	(616)	-
Closing balance as at 30 June		10,396	14,815	14,726
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from		- /	- /	- /
previous period		1,625	1,625	1,625
Adjusted opening balance		1,625	1,625	1,625
Closing balance as at 30 June		1,625	1,625	1,625

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2017

				ORIGINAL
	NOTES	2017	2016	BUDGET
		\$'000	\$'000	\$'000
OTHER RESERVES				
Opening balance				
Balance carried forward from		6,877	6,261	6,261
previous period		0,0//	0,201	
Adjusted opening balance		6,877	6,261	6,261
Transfers (from)/to Reserves				
Transfer (from)/to Venice Biennale Reserve		(487)	556	-
Transfer (from)/to Venice Pavilion Reserve		30	60	-
Transfer (from)/to Asher Bequest Reserve		(31)	_	
Sub-total transfers (from)/to Reserves		(488)	616	_
Closing balance as at 30 June		6,389	6,877	6,261
TOTAL EQUITY				
Opening balance				
Balance carried forward from		07 717	07.047	22 612
previous period		23,317	23,247	22,612
Adjusted opening balance		23,317	23,247	22,612
Comprehensive income				
Surplus for the period		93	70	-
Distribution of equity		(5,000)		
Total comprehensive income		(4,907)	70	_
Closing balance as at 30 June		18,410	23,317	22,612

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

BUDGET VARIANCES COMMENTARY

Total Equity balance at 30 June 2017 is lower than budget by \$4,202k primarily due to a distribution of equity of \$5,000k relating to a transfer of money to the Official Public Account (OPA) via the Department of Communications and the Arts. This transfer offsets the \$5 million of additional revenue from government received by Council in Appropriation Act (No.3) 2016-2017. The Council effectively used \$5 million of its reserves to support the small to medium arts sector in 2017.

The transfer from Venice Biennale Reserve of \$487k relates to donations received for the Venice Biennale exhibition in the financial years up to 2016 and utilised in 2017. The balance as at 30 June of \$70k (2016: \$557k) represents funds received for future exhibitions.

The Venice Pavilion Reserve represents philanthropic donations received and taken to income in the financial years up to and including 2017 and which were specifically used to fund the Venice Pavilion capital rebuild project. The balance at 30 June 2017 was \$6,319k (2016: \$6,289k).

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2017

FOR THE PERIOD ENDED 30 JUNE 2017				ORIGINAL
	NOTES	2017	2016	BUDGET
		\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		188,424	184,526	183,424
Receipts from Government		8,000	8,650	8,000
Interest		1,551	2,406	1,300
Net GST received		15,580	15,968	
Other		2,762	2,335	1,387
Total cash received		216,317	213,885	194,111
Cash used				
Employees		12,096	13,768	12,905
Suppliers		12,102	12,189	10,651
Distribution of equity		5,000	-	-
Grants and programs		193,273	191,015	169,725
Total cash used		222,471	216,972	193,281
Net cash from/(used by) operating activities		(6,154)	(3,087)	830
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and		1,569	356	700
equipment		1,509	250	700
Total cash used		1,569	356	700
Net cash from/(used by)		(1,569)	(356)	(700)
investing activities		(1,507)	(556)	
Net increase/(decrease) in cash held		(7,723)	(3,443)	130
Cash and cash equivalents at the		17,933	21,376	20,421
beginning of the reporting period			,0,,-	- 1-1
Cash and cash equivalents at the	2.1A	10,210	17,933	20,551
end of the reporting period		•		·

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

BUDGET VARIANCES COMMENTARY

The Cash Flow Statement presented in the Portfolio Budget Statements was GST exclusive and those presented for 2017 and 2016 are GST inclusive. The major variances are: a. the additional \$5 million used from reserves to support higher grant payments to the small to medium arts sector; b. higher capital expenditure; c. higher GST recoverable and, d. lower grant and supplier payables.

OVFRVIFW

OBJECTIVES OF THE COUNCIL

The Australia Council (the Council) is an Australian Government controlled entity. It is a not-for-profit entity.

The purpose of the Council is to champion and invest in Australian arts.

The Council is structured to meet one outcome:

Supporting Australian artists and art organisations to create and present excellent art that is accessed by audiences across Australia and abroad.

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.

THE BASIS OF PREPARATION

The financial statements are general purpose financial statements and are required by section 42 of the Public Governance, Performance and Accountability Act 2013.

The financial statements have been prepared in accordance with:

- a. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR) for reporting periods ending on or after 1 July 2015; and
- b. Australian Accounting Standards and Interpretations Reduced Disclosure Requirements 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.

NEW ACCOUNTING STANDARDS

Adoption of New Australian Accounting Standard Requirements

All (new/revised/amending standards and/or interpretations) that were issued prior to the signoff date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

All other (new/revised/amending standards and/or interpretations) that were issued prior to the signoff date and are applicable to future reporting period(s) are not expected to have a future material effect on the Australia Council's financial statements.

TAXATION

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

EVENTS AFTER THE REPORTING PERIOD

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

FINANCIAL PERFORMANCE

This section analyses the financial performance of Australia Council for the year ended 30 June 2017.

1.1 EXPENSES

	2017	2016
1.1A: EMPLOYEE BENEFITS	\$'000	\$'000
Wages and salaries	10,789	11,278
Superannuation		
Defined contribution plans	1,127	1,186
Defined benefit plans	245	269
Leave and other entitlements	230	(142)
Separation and redundancies		586
Total employee benefits	12,391	13,177

ACCOUNTING POLICY

Accounting policies for employee related expenses are contained in the People and Relationships section.

1.1B: SUPPLIERS

Core

Goods and services supplied or rendered	5,051	4,338
Total goods and services supplied or rendered - core	5,051	4,338
Other suppliers - Core		
Operating lease rentals in connection with External Parties		
Minimum lease payments	2,227	2,225
Provision for surplus lease space	(1,233)	186
Workers compensation expenses	69	65
Total other suppliers	1,063	2,476
Programs		
Goods and services supplied or rendered	4,167	2,997
Total goods and services supplied or rendered - programs	4,167	2,997
Total suppliers	10,281	9,811

	2017	2016
1.1B: SUPPLIERS (continued)	\$'000	\$'000

LEASING COMMITMENTS

Operating lease commitments payable include commitments for IT leases and related services, overseas studios and the office lease at 372 Elizabeth Street, Surry Hills, NSW. Property lease payments are subject to an annual increase in accordance with contractual terms. Commitments are shown GST inclusive where relevant.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	4,394	3,965
Between 1 to 5 years	4,903	7,704
More than 5 years	83	83
Total operating lease commitments	9,380	11,752
GST Recoverable on commitments for the non-cancellab	olo.	
operating leases are as follows:	ле	

Total GST recoverable on operating lease commitments	801	1,037
Between 1 to 5 years	420	689
Within 1 year	381	348

ACCOUNTING POLICY

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

1.1C: GRANTS

Council Grants and Initiatives	24,892	28,039
Government Initiatives	14,140	15,438
Small to medium arts organisations	28,994	22,562
Major Performing Arts	109,062	107,711
Total grants	177,088	173,750

	2017	2016
1.1C: GRANTS (continued)	\$'000	\$'000
Grants commitments comprise the following major categor	ries:	
Major Performing Arts Companies		
Within 1 year	119,951	119,020
Between 1 to 5 years	25,251	145,795
Total Major Performing Arts Companies	145,202	264,815
Small to medium art organisations		
Within 1 year	32,259	21,683
Between 1 to 5 years	63,118	63,805
Total small to medium art organisations	95,377	85,489
Commitments in 2017 and 2016 relate to the Four Year Fund program.	ding for Organisat	ions
program.	ding for Organisat	ions
	ding for Organisat 5,242	ions 5,170
Program. Visual Arts and Craft Strategy		
Visual Arts and Craft Strategy Within 1 year	5,242	5,170
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy	5,242 5,615	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants	5,242 5,615 10,857	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants Within 1 year	5,242 5,615 10,857	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants Within 1 year Between 1 to 5 years	5,242 5,615 10,857	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants Within 1 year	5,242 5,615 10,857	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants Within 1 year Between 1 to 5 years	5,242 5,615 10,857 7,087 5,833	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy	5,242 5,615 10,857 7,087 5,833	5,170 10,925
Visual Arts and Craft Strategy Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Catalyst Novated Grants Within 1 year Between 1 to 5 years Total Visual Arts and Craft Strategy Other Grants	5,242 5,615 10,857 7,087 5,833 12,920	5,170 10,925 16,094 - -

For organisations under MPA, Small to medium arts, Visual Arts and Craft Strategy and Catalyst Novated Grants, the quantum of commitments will be determined by the point in time at which the balance date falls within the funding agreement cycle.

	2017	2016
1.1C: GRANTS (continued)	\$'000	\$'000
Total grant commitments		
Within 1 year	168,407	151,333
Between 1 to 5 years	103,214	221,475
Total grant commitments	271,621	372,808
GST Recoverable on commitments for grants payable:		
Within 1 year	15,279	13,696
Between 1 to 5 years	9,381	20,120
Total GST recoverable on grants payable commitments	24,660	33,816

ACCOUNTING POLICY

Grants and program 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 the Council and costs associated with implementing government initiatives.

Grants and program liabilities are recognised at the amounts approved by the Council for disbursement as contractually payable.

1.1D: FINANCE COSTS

Change in discount rate or unwinding of discount (Refer note 2.4)	(15)	24
Total finance costs	(15)	24
1.1E: LOSSES FROM ASSET SALES		
Loss on disposal of Library	-	1
Impairment of computer software	-	24
Total losses from asset sales	_	25
1.1F: OTHER EXPENSES		
Realised foreign exchange losses	36	38
Unrealised foreign exchange losses	2	13
Total other expenses	38	51

1.2 OWN-SOURCE REVENUE AND GAINS

OWN-SOURCE REVENUE

	2017	2016
1.2A: INTEREST	\$'000	\$'000
Deposits	1,558	2,400
Total interest	1,558	2,400

ACCOUNTING POLICY

Interest revenue is recognised using the effective interest method.

1.2B: RENTAL INCOME

Operating lease	502	180
Total rental income	502	180

Subleasing rental income commitments

The Council in its capacity as lessor has subleasing arrangements in place for office space at 372 Elizabeth Street, Surry Hills. The lease payments receivable are subject to annual increase in accordance with contractual terms. Lease Commitments shown are GST inclusive.

Commitments for sublease rental income receivables are as follows:

Within 1 year	742	394
Between 1 to 5 years	888	882
Total sublease rental income commitments	1,630	1,276
GST Payable on commitments for sublease rental income:		
Within 1 year	68	36
Between 1 to 5 years	81	80
Total GST Payable on sublease rental income commitments	149	116

	2017	2016
1.2C: OTHER REVENUE	\$'000	\$'000
Returned grants	406	673
Income from fundraising:	400	0/3
		0-7
Venice Biennale	1,190	856
Venice Pavilion	30	60
Attorney General's Department:		
Get Reading!	-	25
Sounds Australia	50	600
Department of Communications and the Arts:		
Commonwealth Grant Agreement -	8,000	8,000
Reallocation of funding to Australia Council	0,000	0,000
Department of Foreign Affairs and Trade:		
Visiting International Publishers	27	29
State funding agencies		
APAM	-	51
Contributions from other non-government entities		
Venice Biennale sponsorship	68	25
Venice Biennale PD programme	72	8
Other	278	270
Total other revenue	10,121	10,597
Commitments for Commonwealth Grant receivables		
are as follows:		
Within 1 year	-	8,000
Between 1 to 5 years	_	16,000
Total commitments for Commonwealth Grant receivables	-	24,000

ACCOUNTING POLICY

Revenue

For reciprocal grants (i.e. equal value is given back by the Council to the provider), such as 'Sounds Australia', the Council is deemed to have assumed control when the Council has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the Council is deemed to have assumed control when the grant is receivable or received.

	2017	2016
1.2D: REVENUE FROM GOVERNMENT	\$'000	\$'000
Appropriations		
Departmental appropriations	188,424	184,526
Total revenue from Government	188,424	184,526

ACCOUNTING POLICY

Revenue from Government

Funding received or receivable from the Council's portfolio department (appropriated to the Department for payment to the Council) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

FINANCIAL POSITION

This section analyses the Australia Council assets used to conduct its operations and the operating liabilities incurred as a result.

Employee related information is disclosed in the People and Relationships section.

2.1 FINANCIAL ASSETS

	2017	2016
2.1A: CASH AND CASH EQUIVALENTS	\$'000	\$'000
Cash on hand or on deposit	10,210	17,933
Total cash and cash equivalents	10,210	17,933

ACCOUNTING POLICY

Cash and cash equivalents includes cash on hand and at call deposits in bank accounts 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.

Cash and cash equivalents includes \$225k (2016:Nil) for monies held in trust for The Marten Bequest offset in other payables in Note 2.3D. Refer to Note 5.1A for further information.

2.1B: TRADE AND OTHER RECEIVABLES

Goods and services receivables

External parties	350	18
Total goods and services receivables	350	18
Other receivables		
GST receivables	7,309	5,246
Interest	40	33
Other	74	_
Total other receivables	7,423	5,279
Total trade and other receivables (gross)	7,773	5,297
Total trade and other receivables (net)	7,773	5,297

Trade and other receivables have not been impaired and therefore the gross balance is equal to the net balance.

	2017	2016
2.1B: TRADE AND OTHER RECEIVABLES (continued)	\$'000	\$'000
Trade and other receivables (net) expected to be recovered		
No more than 12 months	7,773	5,297
Total trade and other receivables (net)	7,773	5,297
Trade and other receivables (gross) aged as follows		
Not overdue	7,773	5,292
Overdue by		
More than 90 days	-	5
Total trade and other receivables (gross)	7,773	5,297

Credit terms for goods and services were within 30 days (2016: 30 days). Sub-lease tenants invoices are payable in advance of the rental period.

ACCOUNTING POLICY

Receivables

Trade receivables and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as 'Receivables'.

Receivables, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed as at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

2.2 NON-FINANCIAL ASSETS

2.2A: RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES FOR 2017

	LAND	BUILDINGS	PLANT AND EQUIPMENT	COMPUTER SOFTWARE	OTHER	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2016						
Gross book value	149	12,264	837	5,202	382	18,834
Accumulated depreciation,		(7.041)	(410)	(7.045)	(4)	(0 =0.4)
amortisation and impairment	_	(3,941)	(612)	(3,965)	(6)	(8,524)
Total as at 1 July 2016	149	8,323	225	1,237	376	10,310
Additions						
Purchase	-	283	809	372	-	1,464
Depreciation and amortisation		(217)	(128)	(379)	(5)	(729)
Total as at 30 June 2017	149	8,389	906	1,230	371	11,045
Total as at 30 June 2017 represented by						
Gross book value	149	12,547	1,646	5,574	382	20,298
Accumulated depreciation, amortisation and impairment	-	(4,158)	(740)	(4,344)	(11)	(9,253)
Total as at 30 June 2017	149	8,389	906	1,230	371	11,045

Plant and Equipment includes computer equipment and office furniture and fittings. Other Assets includes Works of Art.

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

A violoncello is expected to be sold within the next 12 months and consequently it has been reclassified as Assets held for sale.

Revaluations of non-financial assets

All non-financial assets were assessed for revaluation in accordance with the revaluation policy. Information was obtained on the movement in market and other underlying drivers of value from independent valuers. On that basis it was assessed that a fair value adjustment is not required.

RECONCILIATION OF THE OPENING AND CLOSING BALANCES OF PROPERTY, PLANT AND EQUIPMENT FOR 2016

	LAND	BUILDINGS	PLANT AND EQUIPMENT	COMPUTER SOFTWARE	OTHER	TOTAL
•	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015						
Gross book value	149	12,243	929	5,077	778	19,176
Accumulated depreciation, amortisation and impairment	-	(3,746)	(609)	(3,624)	(9)	(7,988)
Total as at 1 July 2015	149	8,497	320	1,453	769	11,188
Additions						
Purchase	_	21	66	239	_	326
Assets held for sale or in a disposal group held for sale	-	-	-	-	(384)	(384)
Depreciation and amortisation	-	(195)	(160)	(431)	(9)	(795)
Cost	_	-	(158)	(114)	_	(272)
Accumulated depreciation and amortisation	-	-	157	90	-	247
Total as at 30 June 2016	149	8,323	225	1,237	376	10,310
Total as at 30 June 2016 represented by						
Gross book value	149	12,264	837	5,202	382	18,834
Accumulated depreciation, amortisation and impairment	-	(3,941)	(612)	(3,965)	(6)	(8,524)
Total as at 30 June 2016	149	8,323	225	1,237	376	10,310

ACCOUNTING POLICY

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.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, 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 entity where there exists an obligation 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

Following initial recognition at cost, property, plant and equipment are carried at latest revaluation less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended 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 reversed 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 reversed 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 entity 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:

	2017	2016
Buildings on freehold land	40-50 years	40-50 years
Buildings on leasehold land	50-75 years	50-75 years
Leasehold improvements	Lease terms	Lease terms
Plant and equipment	3 to 50 years	3 to 50 years
Other - musical instruments	15-100 years	15-100 years
Other - works of art	50-250 years	50-250 years

Impairment

All assets were assessed for impairment at 30 June 2017. 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.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Computer Software

The Council's computer software comprise internally developed software for internal use as well as some purchased software. 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 Council's internally developed softwares are 7 years (2016: 7 years) and purchased softwares are 3 years (2016: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2017.

	2017	2016
2.2B: PREPAYMENTS	\$'000	\$'000
Prepayments	502	456
Total prepayments	502	456
Other non-financial assets (prepayments) expected to be reco	vered	
No more than 12 months	495	456
More than 12 months	7	_
Total other non-financial assets (prepayments)	502	456

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

2.3 PAYABLES

	2017	2016
2.3A: SUPPLIERS	\$'000	\$'000
Trade creditors and accruals	1,046	451
Operating lease rentals	882	1,118
Total suppliers	1,928	1,569
Suppliers expected to be settled		
No more than 12 months	1,379	687
More than 12 months	549	882
Total suppliers	1,928	1,569

Settlement was usually made within 30 days. Payments to suppliers include GST Payable.

Suppliers expected to be settled under 12 months includes \$333K (2016: \$236K) for operating lease rentals. Suppliers expected to be settled in more than 12 months comprise entirely of operating lease rentals.

	2017	2016
2.3B: GRANTS	\$'000	\$'000
Other	4,153	3,691
Total grants	4,153	3,691

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

This was usually within 30 days of performance or eligibility.

Grants expected to be settled

No more than 12 months	4,153	3,691
Total grants	4,153	3,691
2.3C: DEFERRED REVENUE		
Grant from Department of Communications and the Arts	250	_
Venice Biennale - future programs	123	_
States & Territories - future programs	49	_
Sounds Australia Government Initiative	-	50
Tri Nations Exchange program	16	20
Rental Income	55	28
Total Deferred Revenue	493	98
2.3D: OTHER PAYABLES		
Salaries and wages	251	178
Other	404	141
Total other payables	655	319

Other payables includes monies payable to The Marten Bequest which is offset in the cash and cash equivalents balance in Note 2.1A. Refer to Note 5.1A for further information.

Other payables to be settled

No more than 12 months	655	319
Total other payables	655	319

2.4 OTHER PROVISIONS

2.4A: OTHER PROVISIONS

	PROVISION FOR RESTORATION \$'000	PROVISION FOR SURPLUS LEASE SPACE \$'000	PROVISION FOR ORCHESTRA VICTORIA \$'000	TOTAL \$'000
	Ψ 3 3 3	φσσσ	φσσσ	φσσσ
As at 1 July 2016	893	1,744	800	3,437
Amounts used	_	-	(93)	(93)
Amounts reversed	_	(1,233)	-	(1,233)
Unwinding of discount or change in discount rate	(15)	-	-	(15)
Total as at 30 June 2017	878	511	707	2,096
			2017	2016
			\$'000	\$'000
		-		
Provision for restoration expec	ted to be settled			
More than 12 months			878	893
Total provision for restoration			878	893
Provision for surplus lease space	e expected to b	e settled		
No more than 12 months			220	1,229
More than 12 months			291	515
Total provision for surplus lease	•		511	1,744
Provision for Orchestra Victori	a expected to be	settled		
No more than 12 months			707	211
More than 12 months			_	589
Total provision for Orchestra V	ictoria		707	800

ACCOUNTING JUDGEMENTS AND ESTIMATES

Provision for Restoration

The Council currently has one (2016: one) agreement for the leasing of premises at 372 Elizabeth St Surry Hills, which has provisions 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.

Provision for Surplus Lease Space

A provision for surplus lease space at 372 Elizabeth St, Surry Hills, was created as at 30 June 2014, as the contracted space is considered to be in excess of the Council's ongoing operating requirements. Consequently, the Council was deemed to have a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs of meeting the lease obligations have been offset by estimated income from subleasing surplus space. The provision as at 30 June 2016 was based on the intention to sublease three levels. Since then a decision was made to sub lease only two levels entirely and part of a third level. As a result the provision has been decreased as at 30 June 2017. All space available for sublet has now been subleased as at the date this report was signed.

Orchestra Victoria Transition Support

In the financial year 2014, Council agreed to provide support to Orchestra Victoria, in relation to Orchestra Victoria's transition in ownership to The Australian Ballet. As at 30 June 2014 the Council committed to make available \$1.434m for transition costs and support for loss of proficiency payments required under the agreement which Orchestra Victoria has with its employees. The Council's obligations in this regard have been recognised and measured as a provision. The Council's obligation with regard to transition were fulfilled in the year 2014-15. The remaining provision reflects the obligations in regard to loss of proficiency payments, which are required to be maintained as per agreement until 1 July 2018 to meet any obligations in this regard. Payments of \$94,000 were made towards loss of proficiency in 2017 (2016: \$361,000).

PEOPLE AND RELATIONSHIPS

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

EMPLOYEE PROVISIONS 3.1

3.1A: EMPLOYEE PROVISIONS	2017	2016
	\$'000	\$'000
Leave	2,179	1,949
Total employee provisions	2,179	1,949
Employee provisions expected to be settled		
No more than 12 months	1,169	1,098
More than 12 months	1,010	851
Total employee provisions	2,179	1,949

ACCOUNTING POLICY

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

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

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.

The liability for long service leave is an estimate of the present value of the liability at 30 June 2017 and takes into account attrition rates and pay increases through promotion and inflation.

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

The Council's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

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 in the Department of Finance's administered schedules and notes.

The Council makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Council accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

3.2 KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Chief Executive/current Board members/former Board members who retired during the year/Executive Officers. Key management personnel remuneration is reported in the table below:

	2017	2016
	\$'000	\$'000
Short-term employee benefits	1,860	1,796
Post-employment benefits	192	179
Other long-term employee benefits	90	65
Termination benefits	-	_
Total key management personnel remuneration expenses	2,142	2,040

The total number of key management personnel that are included in the above table are 21 (2016: 17). The comparatives for 2016 have been adjusted to include remuneration of Board members in short term benefits and post-employment benefits.

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

3.3 RELATED PARTY DISCLOSURES

Related party relationships

The Australia Council is an Australian Government controlled entity. Related parties to the Australia Council are Board members, Key Management Personnel including the Portfolio Minister, the Executive and other Australian Government entities.

Transactions with related parties

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

The Australia Council received donations income of \$25,000 from The Aranday Foundation. Mr Rupert Myer AO was a director of The Aranday Foundation and also the Chair of the Australia Council at the time this transaction occurred. There is no balance outstanding at year end.

The Australia Council received donation income of \$25,000 from The Myer Foundation. Mr Rupert Myer AO was a board member of The Myer Foundation and also the Chair of the Australia Council at the time this transaction occurred. There is no balance outstanding at year end.

The Australia Council received rental income of \$11,131 from its sub tenant Creative Partnerships Australia. Mr Rupert Myer AO was a director of Creative Partnerships Australia and also the Chair of the Australia Council. There is no balance outstanding at year end.

The Australia Council made grants to The Ian Potter Museum to the value of \$55,000. During this time Mr Adrian Collette AM was the Chair of the Museum and also a Board member of the Australia Council. There is no balance outstanding at year end.

The Australia Council also received sponsorship income of \$75,000 from The University of Melbourne. Mr Adrian Collette AM is a Board member of the Australia Council and also holds a senior position at The University of Melbourne and which attributed to the sponsorship receipt being made. There is no balance outstanding at year end.

The Australia Council made grants to Regional Arts Australia to the value of \$42,350. During this time Ms Kate Fielding was the Chair of Regional Arts Australia and also a Board member of the Australia Council. There is no balance outstanding at year end.

The Australia Council made grants to the Art Gallery of Western Australia to the value of \$78,844. During this time Mr Sam Walsh AO was the Chair of the Art Gallery and also a Board member of the Australia Council. There is a balance outstanding of \$744 at year end.

The Australia Council made grants to Carriageworks to the value of \$468,530. During this time Ms Samantha Mostyn was the Chair of Carriageworks and also a Board member of the Australia Council. There is a balance outstanding of \$165,000 at year end.

The Australia Council also paid an annual membership fee to The Diversity Council of Australia to the value of \$1,612. During this time Ms Samantha Mostyn was the Deputy Chair of the Diversity Council and also a Board member of the Australia Council. There is no balance outstanding at year end.

MANAGING UNCERTAINTIES

This section analyses how the Australia Council manages financial risks within its operating environment.

4.1 FINANCIAL INSTRUMENTS

	2017	2016
4.1A: CATEGORIES OF FINANCIAL INSTRUMENTS	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	10,210	17,933
Total cash and cash equivalents	10,210	17,933
Receivables		
Receivables for goods and services	350	18
Interest receivables	40	33
Total loans and receivables	390	51
Total financial assets	10,600	17,984
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	1,203	616
Other payables	498	154
Grants and programs	4,153	3,691
Total financial liabilities measured at amortised cost	5,854	4,461
Total financial liabilities	5,854	4,461

ACCOUNTING POLICY

Financial assets

The Council has financial assets only in the nature of cash and receivables.

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.

Receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Receivables'. 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.

Financial liabilities

Financial liabilities are recognised and derecognised upon 'trade date'.

Supplier, grants 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).

		2017	2016
4.1B:	NET GAINS ON FINANCIAL ASSETS	\$'000	\$'000
Inter	rest revenue	1,558	2,400
Net ga	ins on financial assets	1,558	2,400

4.1C: FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying amount is equal to fair value.

	2017	2016
	\$'000	\$'000
Financial Assets		
Cash at Bank	10,210	17,933
Receivables for goods and services	405	51
Total financial assets	10,615	17,984
Financial Liabilities		
Trade and other creditors	1,701	770
Grants and programs	4,153	3,691
Total financial liabilities	5,854	4,461

4.1D: CREDIT RISK

The Council is exposed to minimum credit risk as 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 interest receivables (2017: \$405,000 and 2016: \$51,000).

Credit quality of financial assets not past due or individually determined as impaired

	NOT PAST DUE NOR IMPAIRED	NOT PAST DUE NOR IMPAIRED	PAST DUE OR IMPAIRED	PAST DUE OR IMPAIRED
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	10,210	17,933	-	-
Receivables for goods and services	405	46	_	5
Total	10,615	17,979	_	5

4.1E: LIQUIDITY RISK

The Council's financial liabilities are trade creditors and grant payables. The Council has sufficient available financial assets to meet all financial liabilities at 30 June 2017. The exposure to liquidity risk is based on the notion that the Council will encounter difficulty with regard to obligations associated with financial liabilities. This is highly unlikely due to liabilities being budgeted and adequately covered by the appropriation received by the Council.

Maturities for non-derivative financial liabilities in 2017

			BETWEEN	BETWEEN	MORE	
	ON	WITHIN 1	1 TO 2	2 TO 5	THAN 5	
	DEMAND	YEAR	YEARS	YEARS	YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade Creditors	-	1,701	-	-	-	1701
Grants and programs	-	4,153	-	-	_	4,153
Total	-	5,854	-	-	-	5,854
Maturities for non-deri	vative finar	ncial liabiliti	ies in 2016			
Trade Creditors	-	770	-	-	-	770
Grants and programs	_	3,691	-	_	_	3,691
Total	-	4,461	-	-	_	4,461

4.1F: MARKET RISK

Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Australia Council is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency.

Australia Council is exposed to foreign currency denominated in EURO, USD, Pound sterling, NZD, Indian Rupee, Canadian dollar, Renminbi and Yen.

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 in accordance with S 59 (1) of the PGPA Act 2013 and with its investment policy.

4.2 FAIR VALUE MEASUREMENT

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

ACCOUNTING POLICY

The Council values its non-financial assets at fair value as per AASB 13. The Council enlists professional external valuers for valuing its overseas properties. Freehold properties are valued on the basis of market comparables and leasehold properties with restrictions on sale are valued on the basis of deprival of market rent. Properties of a specialised nature (Venice Pavilion) and Leasehold improvements are valued on the basis of depreciated replacement cost. Musical Instruments and Works of Arts are valued on the basis of market comparables. Full professional valuations are performed every three to five years. In the interim years an update on the drivers of market value is obtained from the Valuers and an adjustment to fair value made only when material.

4.2A: FAIR VALUE MEASUREMENT

	2017	2016	CATEGORY (LEVEL 1, 2 OR 3) ¹	VALUATION TECHNIQUE(S)	INPUTS USED
Non-financial	\$'000	\$'000	, - 1		
assets					
Land	149	149	Level 2	Market	Price per
				comparables	square metre
					Market rate of interest
Freehold	339	332	Level 2	Market	Price per
Property				comparables	square metre
					Market rate of interest
Buildings on	599	599	Level 2	Market	Price per
Leasehold land				comparables	square metre
					Market rate
					of interest
Venice Pavilion	7,114	7,249	Level 2	Depreciated	Current
(Leasehold				Replacement	Replacement
Property) Leasehold		7.40	Level 2	Cost	Cost. estimated
improvements	337	142	Level 2	Depreciated Replacement	obsolescence and
Improvements				Cost	service capacity
Property, Plant	906	226	Level 2	Depreciated	Cost, estimated
and Equipment				Replacement	obsolescence and
				Cost	service capacity
Works of Art	371	377	Level 2	Market	Professional
				comparables	appraisals of
					similar artworks
Total non-	9,815	9,074			
financial assets					

^{1.} The remaining assets and liabilities reported by the Council are not measured at fair value in the Statement of Financial Position.

OTHER INFORMATION

5.1 ASSETS HELD IN TRUST

51Δ. ASSETS HELD IN TRUST

The Marten Beguest was established from the will of John Chisholm Marten. The Bequest monies are managed by Perpetual Trustee Company Ltd (Perpetual) for payment as travelling scholarships and awards across nine arts disciplines. The Australia Council uses its expertise to review applications for the scholarships and awards and to make recommendations to Perpetual as to possible beneficiaries. Australia Council also provides administration support to Perpetual by paying the approved scholarship and award amounts to the beneficiaries at the appropriate time. The agreed service period commenced in March 2017 until December 2021.

	2017	2016
	\$'000	\$'000
The Marten Bequest		
Donations and bequests		
As at 1 July	-	-
Receipts	300	-
Payments	(75)	
Total as at 30 June	225	_
Total monetary assets held in trust	225	

Non-monetary assets

Each year Perpetual pays to the Australia Council the total annual scholarships and awards amount. These monies are held in trust in a bank account by the Australia Council. During the year the Australia Council pays each beneficiary a quarterly sum based upon the scholarship/award conditions.

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Other Statutory Requirements

Section 516A of the Environment Protection and Biodiversity Conservation Act 1999 (Ecologically sustainable development and environment performance)

Archives Act 1983

Australian Electoral Commission Act 1918

Freedom of Information Act 1982

Privacy Act 1988

Public Interest Disclosure Act 2013

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